

# MEETING OF THE RESOURCES POLICY DEVELOPMENT GROUP

THURSDAY, 16 MARCH 2017 2.00 PM



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## GROUP MEMBERS PRESENT

Councillor Michael Cook (Chairman)  
Councillor Mike Exton  
Councillor Graham Jeal  
Councillor Matthew Lee (Vice-Chairman)  
Councillor Charmaine Morgan  
Councillor Adam Stokes  
Councillor Brian Sumner  
Councillor Paul Wood

## EXECUTIVE MEMBER

Councillor Teri Bryant, Executive Member Finance & IT  
Councillor Mrs Frances Cartwright, Executive Member Governance  
Councillor Nick Craft, Executive Member Environment

## OTHER MEMBERS PRESENT

Councillor Jacky Smith

## OFFICERS

Strategic Director Corporate (Daren Turner)  
Executive Manager Commercial (Judith Davids)  
Business Manager People & Organisational Development (Elaine Pepper)  
Corporate Finance Manager (Richard Wyles)  
Executive Manager Environment (Ian Yates)  
Business Manager Street Care Services (Keith Rowe)  
Business Manager Venues & Facilities (Paul Stokes)  
Democratic & Civic Officer (Anita Eckersley)

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## 57. APOLOGIES

Apologies for absence were received from Councillor Bob Adams, the Leader and Executive Member Growth.

## 58. DISCLOSURE OF INTERESTS

No interests were disclosed.

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**59. ACTION NOTES FROM THE MEETING HELD ON 26 JANUARY 2017**

The action notes from the meeting held on 26 January 2017 were noted.

**60. UPDATES FROM PREVIOUS MEETING**

**Corporate Enforcement Policy (CEP):** The PDG was informed that the Executive Manager Environment would provide Members at a future meeting with examples of enforcement measures undertaken to assess the effectiveness of the Corporate Enforcement Policy (CEP) and associated service Enforcement Policies.

**Council's Current Asset Portfolio:** The PDG would be provided at a future meeting with information on the Council's current asset portfolio together with a summary of the purpose for which the assets were held.

**Local Pay Scheme Policy:** The Chair noted that he would contact the Executive Manager Commercial to arrange a date for a working group to review the Local Pay Scheme Policy once he had received a response from all the Members he had contacted.

**61. PEOPLE STRATEGY**

The Executive Manager Commercial explained that they were in the process of developing a new People and Organisational Development Strategy. The new strategy would build on the achievements from the previous strategy and would ensure the Council was fit for the future by having a motivated workforce with the right skills in the right place at the right time in order to deliver the agreed corporate priorities. This would be especially important in the current climate of government cut-backs where local councils were no longer seen as secure, and councils were competing to attract scarce skills to some of the more hard-to-recruit areas. The purpose of the presentation was to inform Members of the thinking and work to date in developing the new strategy and to take on board their views and feedback.

The Business Manager, People and Organisational Development began the presentation by outlining the background to the key successes of the existing People Strategy 2013-2016. An effective Talent Management Programme had been introduced; employee engagement had been strengthened through internal consultation, employee forums, staff conferences and Joint Staff Consultative Committees.

Values and behaviours were embedded through job descriptions and used in recruitment, selection procedures and annual appraisals. Leadership Development has been enhanced and a more structured Learning and Development programme has been rolled out across the organisation for all staff. A number of non-financial incentives such as the cycle-to-work and computer schemes had been introduced and would continue to be run under the new strategy.

A Well-Being Group had been established and had facilitated a number of activities throughout the year: the well-being week, walks, a pedometer challenge and health and eye checks.

Reference was made to the proposed outcomes:

- Continue to Create a culture that would support the delivery of the Corporate Plan
- Have clear defined values and ownership of the strategy, values and behaviours
- Employees feeling valued with an understanding of the organisation's business and how their role contributed to this;
- Roles would be built around the customer and would focus on a purpose and Council's priorities, and
- A new Performance Framework would be developed

Feedback from discussions with SMT, Executive and Business Managers, a cross section of colleagues from all services and staff discovery sessions would be incorporated in the new strategy. The following key areas had been highlighted from these consultations: Strategy; Customers; Leadership; Skills, Values and Behaviours, Communication and Engagement.

There would be three main themes in the new Strategy:

**Theme One: Right people, excellent skills and right culture.** Elements under this theme would include workforce planning, flexible recruitment processes, succession planning, effective induction, development opportunities and employee performance management.

**Theme Two: Engaging and valuing our people in order to run our business effectively.** Theme Two would focus on effective consultation, staff inclusion and involvement; clear direction; regular and constructive feedback; achievements being recognised and celebrated, effective communications, policies and procedures being in place.

**Theme Three: Effective Leadership to inspire and navigate change.** Elements under theme three would be clear expectations of leaders/managers and employees; managers leading and managing change effectively; clearer management communication; coaching and mentoring and sharing and showcasing best practice.

Members sought clarification on:

Talent Programme: Who would be involved in this programme, how often it took place and had it been successful – The programme was run annually with monthly development events and provided an opportunity for individuals to put themselves forward. Four members of staff who had participated in the programme had subsequently achieved promotion/development.

Performance Management: What areas would be reviewed and how performance management was bench marked – This was undertaken as part of the appraisal process where targets were set on an annual basis in line with service need. There was flexibility for adapting to service changes. A Check in form had been developed that would enable more up to date and frequent feedback on performance and needs.

Councillor engagement and involvement in the Strategy; would the strategy apply to Councillors as well – The strategy was for staff but Members views were being sought through the PDG and would be incorporated.

What involvement the Trade Unions had in the consultation process – Trade Unions had been involved in the consultation process. Joint Negotiation Committees with the Trade Unions took place for formal consultations but there were regular informal bi-monthly meetings. Regional reps were invited to discussions and would attend if there was involvement in a particular issue. It was recognised that a working relationship with the TUs was essential.

Outcomes and “Right Culture” – How were these defined and what outcomes were being sought – The right culture encompassed a “can do attitude”; being customer focussed and having a flexible attitude to ways of working within the policies and procedures.

Would any measures of success or failures from the previous strategy be reflected and would examples be provided; costs involved in the review and potential impact of subsequent changes. It was important for Members to have an idea of results, resource implications as well as costs – It had been difficult to benchmark and measure the success/progress of the current strategy as there was no baseline data or measurement from before the strategy was implemented against which progress could be measured.

Staff engagement: Frequency of Employee Forums (bi-monthly), staff Conferences (annually) and Joint Staff Consultative Committees and the methodology of internal consultation – Staff were invited to events such as “Delivering Change” and “Fit for the Future”, and communication was generally through e-mails, Internet, Evolve and line management.

Staffing issues: What service areas were experiencing issues with recruitment and what was being done to address this; a need for Members to have an understanding of any potential impact of costs; developing and enhancing required skills and standards; skills around change management how these would be facilitated and staff surveys.

It was noted that Planning, Building Control and Finance had experienced difficulties in recruiting staff. Staff surveys were undertaken but not on a regular basis however a series of mini-surveys would be included as part of the new strategy.

As the strategy developed and would take on board all feedback and comments. A detailed action plan would be developed which would include ways of consulting with staff, provide a direction of service and ensure the right staff with the right skills were in the right place at the right time.

**Action Note:**

The PDG welcomed the review of the strategy and noted that staff welfare, morale and feeling valued were important issues to be considered when faced with delivering the Council's services and outcomes, and

That the final strategy would be brought back to a future meeting of the PDG.

**62. REVIEW OF ALL DISCRETIONARY FEES AND CHARGES**

The Corporate Finance Manager presented report CFM415 on the review of discretionary fees and charges in accordance with the PDG work plan for 2017/18.

On 8 November 2016 the Resources PDG had considered a new methodology for setting discretionary fees and charges from 2018/19. This report set out the rationale and methodology for establishing fee levels going forward.

The main focus would be around discretionary charges where there was no statutory fee setting process already established. The Council provided a wide range of services for which a charge can be made – either statutory (set by the Government) or discretionary (set by the Council). This review would be undertaken through a planned programme of work.

By definition, local authorities could make a decision on setting the level of charges or even whether charges should apply for discretionary services. Accordingly, when setting these fees and charges, the Council's approach should be clear and in line with the principle established in the recently updated Medium Term Financial Strategy (MTFS):

*"Fees and charges should be reviewed annually and changes should have regard to the priority outcomes."*

At the November meeting, the Resources PDG recommended approach to reviewing charges going forward was fundamentally based on aligning the service to agreed outcomes. The proposed methodology was to consider the context in which the service was provided and the outcomes delivered and how charges contributed towards the outcomes being achieved. Consideration would also be required on whether the charges should be based on the principle of user pays or whether a subsidy level should be considered and what that level should be in financial terms.

As the Council was becoming more commercially focussed and operating in a

more business-like way it would be necessary to consider charges in a way that would support this ethos by stimulating demand and encouraging participation. It would also need to consider competition, market and customer segmentation as well as any limitations of contributions to fixed costs. Fees and charges would also be used strategically to encourage behavioural changes to support delivery of the corporate priorities.

Suggested criteria for undertaking the review was provided:

- The relative contribution towards the priorities of the council
- The basis on which fees should be set – consideration of whether the fees should be set at a cost recovery level or a subsidy level (i.e. a proportion of the cost to be recovered from the users of the service and the remainder of the unrecovered cost to be met by the tax payer).
- Benchmarking information, where possible, of similar charges for comparable authorities/service providers
- Demonstrable link between the charge and the cost of providing the service

The report was presented to provide an overview of the remit and criteria by which the PDG would begin the review of discretionary charges upon rising of this meeting.

A Member requested that Crematorium and burial charges be considered at a future meeting of the working group.

**Action Note:**

That the PDG notes the remit and criteria for reviewing the discretionary charges.

**63. FINANCIAL REPORT FOR 2016/17 QTR 3 FORECAST MONITORING INFORMATION**

The Corporate Finance Manager presented report number CFM410 on the budget monitoring information which included a summary of the forecast outturn position as at the end of Quarter 3 against the annual budget for 2016/17 for the General Fund Revenue Budget, the Housing Revenue Account Budget and Capital Programmes – General Fund and HRA.

Members were verbally informed there had been no significant variances and the outturn position was expected to be in-line with projections. The forecast outturn work undertaken on a quarterly basis by business areas enabled options to be considered on spending proposals for the remainder of the year. It was also used to identify any emerging financial issues that may need investigating so mitigating actions could be put in place if required.

The PDG was informed that the budget requirement for 2016/17 General Fund Revenue Budget was set at £12.403m and the budget was adjusted in year to allow budget virements, creation of set-asides and centralisation of key budget headings. The detail of variances was summarised by priority area in the report in Table A under “Adjusted Budget”

Table ‘B’ outlined the main factors impacting on the forecast variance position.

Table ‘C’ provided further detail on the general fund significant income streams. It was noted that the projected variance of £350K would be utilised to support funding of the Council’s priorities either by increasing the revenue contribution to the capital expenditure or providing set-asides and reserves to fund specific projects. This would be assessed in conjunction with the year-end outturn 2016/17.

There had been little movement on Table ‘E’, HRA Variance Analysis.

With regards to Capital Programmes and funding the main factors impacting on the Quarter 3 forecast variance position were outlined in Table G of the report.

Members discussed:

- Whether staff costs included agency and consultants fees.
- Percentage of Council Tax contributions in respect of the £350K variance.

**Action Note:**

The Resources PDG note the financial report for 2016/17 – Qtr 3 Forecast Monitoring information.

**64. COMMERCIAL INVESTMENT STRATEGY**

The Corporate Finance Manager presented report number CFM414 on the Commercial Property Investment Strategy which had been developed to provide a more business-like approach for the Council. The Resources PDG was being asked to review the proposed changes to the commercial asset strategy and recommend it to the Executive for approval.

The Commercial Property Investment Strategy focussed on identifying and securing investment opportunities in any business sector in order to secure a financial return. This initiative would be a significant contributor to the Council’s response to the funding challenges that lay ahead and would maximise the Council’s financial opportunities.

Members were reminded that an investment strategy was developed by Resources PDG and approved by the Executive in December 2015. At the time of its formation, the criteria proposed reflected the economic conditions prevailing at the time. The target yields had been set to what was appropriate for the commercial market and the borrowing costs (should borrowing be

required) at that time.

Since it had been approved, a number of opportunities had been identified but it had not been possible to secure any investments due to meeting some of the requirements of the current criteria. The main difficulties in identifying opportunities that fully met the criteria had been the target yield (financial return) and suitable location of the investment. There had also been concerns around the suitability and use of the potential asset.

Due to the limited number of other potential investments available for consideration, the opportunity had been taken to re-assess the investment strategy and consider amendments to the criteria to enable a wider range of opportunities to be considered. These were outlined in Appendix A. Specific areas reviewed had been the reduction in base rates, the target yield which had been reduced and the geographical location. Members of Resources PDG were being asked to consider and comment on the suggested amendments.

Discussion took place around:

The feasibility of purchasing local shops for both potential commercial and residential use;

The yield target and whether this should be aligned with the locality and particular potential investment;

Feasibility and knowledge of areas outside the South Kesteven area, which formed part of the strategy, and the use of advisors to highlight potential investment opportunities, and

Any opportunities would need to fit in with the criteria of the Strategy.

**Recommended:**

That after reviewing the proposed changes to the Commercial Asset Strategy the Resources PDG recommends to the Executive that the updated Commercial Asset Strategy is approved.

**Action Point:**

That the Communities and Growth PDGs are asked to consider the potential of social use for vacant shops in the town centres.

**65. WORK PROGRAMME**

The Work Programme was noted.

**66. EXEMPTIONS**

*In respect of Action Notes 67 and 68 it was proposed, seconded and*

***agreed that the press and public be excluded from the meeting in accordance with paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended, because of the likelihood that information exempt under that provision would be discussed.***

***The press and public were excluded from the meeting***

## **67. COMMERCIAL WASTE**

The Executive Manager Environment presented report ENV654 on the provision of a trade waste collection service to business customers. The purpose of the report was to present a proposal to introduce a trade waste collection service in South Kesteven. Members were being asked to consider the provision of a trade waste collection service to business customers, comment and support the recommendations in the detailed business case.

Under the Environmental Protection Act 1990 (EPA 1990), the Council had a duty to arrange for the collection of commercial waste. It was noted that currently, discharge of this duty was done by referring customers to private companies operating within the area. The EPA 1990 also imposed a legal responsibility of “any commercial activity” – whether run from home or its own premises – to manage the waste it produces. In practice the requirement was for businesses to have trade waste agreements in place.

Many local authorities did provide a trade waste service that offered a good value to local businesses in their areas. Currently, the local commercial waste market was covered by four large providers operating from outside the area and one smaller business within Lincolnshire.

Therefore this offered an opportunity to build on the existing domestic waste collection services the council provided by introducing a collection service to commercial organisations. The majority of the infrastructure for delivering this business proposal was already in place. This would be a hybrid model utilising existing assets and services. The only requirement would be for a small investment in employees. No significant start-up capital would be required.

Delivering a trade waste service in a commercial environment would be a new venture for the Council. It would require any offer to be tailored to customer need in order to be successful. The *confidential* Business Case outlined the market research undertaken, the competition and the possible costs and associated sales.

A range of questions to assist in deciding whether it would be appropriate for the Council to enter a market had previously been considered by the Resources PDG and these were noted in Appendix 1 of the report.

Due to many influencing factors outside the council’s control it was not possible to determine the take up of any proposal but it was envisaged that the market would adjust should a new competitor emerge or prices fell. This could mean

that the new service might initially lose potential income but the business community would benefit from lower prices. The only way to determine the level of demand would be to enter the market to see if it would be a sustainable new service. There would be potential for offsetting costs.

The confidential business case fully outlined the benefits and risks of the proposal. The intention would be to utilise existing Councils services for the early phase of the initiative.

Members discussed the *confidential* Business Case and issues around the impact and risks of joining this particular market. Members supported and agreed the proposal would be a suitable project to take forward.

**Recommendation:**

The recommendation in report number ENV654 was proposed, seconded and agreed subject to any caveats outlined during the PDGs debate.

**68. REVIEW OF DISCRETIONARY FEES AND CHARGES (PART II)**

The Venues and Facilities Manager attended the meeting and referred to the tabled confidential appendices relating to both the bus stations and market places. Members were reminded that the Resources PDG had recommended that there should be a review of fees and discretionary charges.

Members discussed the viability, frequency and location of the markets. Other issues raised were footfall; subsidies; costs; popularity of markets; the impact of superstores on markets in a town environment; supply and demand; layout of the markets and parking for visitors to the towns on market days.

Members felt they would require further information before they would be able to review the fees in relation to markets. Members were keen to see the development of a market strategy as part of the overarching economic development strategy; benefits to the towns; the wider impact; the number of stalls, the history and legalities behind the running of the market stalls, benchmarking, the parameters and costs would need to be understood as part of developing a strategy for markets. They also suggested that site visits to both the markets and bus stations would provide a greater insight when undertaking their deliberations.

In addition Members also queried whether the stall holders should be invited to put their views and whether this should be opened up to all councillors bearing in mind the geography of the district as a whole.

**Action point:**

That further information as outlined above is provided to Members before

they undertake the review of Fees and Discretionary charges.

**69. CLOSE OF MEETING**

The meeting closed at 17:20