

Minutes

Finance and Economic Overview and Scrutiny Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Wednesday, 8 May 2024, 2.00 pm

**Council Chamber – South Kesteven
House, St Peter's Hill, Grantham, NG31
6PZ**

Committee Members present

Councillor Bridget Ley (Chairman)
Councillor Ben Green
Councillor Tim Harrison
Councillor Robert Leadenham
Councillor Max Sawyer
Councillor Murray Turner
Councillor Graham Jeal
Councillor Virginia Moran
Councillor Mark Whittington

Cabinet Members present

Councillor Ashley Baxter (Leader of the Council)
Councillor Phil Dilks (Cabinet Member for Housing and Planning)
Councillor Phillip Knowles (Cabinet Member for Governance and Licensing)
Councillor Rhea Rayside (Cabinet Member for People and Communities)
Councillor Paul Stokes (Cabinet Member for Leisure and Culture)

Other Members present

Councillor Harrish Bisnauthsing

Officers

Richard Wyles (Deputy Chief Executive and S151 Officer)
Graham Watts (Assistant Director for Governance and Public Protection, Deputy Monitoring Officer)
Emma Whittaker (Assistant Director for Planning)
Jeremy Barlow (Building Control Manager)
Gyles Teasdale (Head of Property Services and ICT)
Nick Hibberd (Head of Economic Development)
Debbie Roberts (Head of Corporate Projects, Policy and Performance)
Megan White (Project Support Officer)
Amy Pryde (Democratic Services Officer)

The Chairman adjourned the meeting for 15 minutes

83. Public Speaking

There were none.

84. Apologies for Absence

Apologies for absence were received from Councillors Lee Steptoe, Gloria Johnson and Nick Robins.

Councillor Virginia Moran substituted for Councillor Lee Steptoe.

Councillor Mark Whittington substituted for Councillor Gloria Johnson.

Councillor Graham Jeal substituted for Councillor Nick Robins.

85. Disclosure of Interests

There were none.

86. Minutes from previous meetings

It was proposed, seconded, and **AGREED** that the minutes stated below were a true and accurate record:

15 January 2024 (Extraordinary – restricted)
20 February 2024

87. Updates from previous meeting

All actions were completed.

88. Announcements or updates from the Leader of the Council, Cabinet Members or the Head of Paid Service

The Leader of the Council confirmed that the feasibility review on the Council Tax Scheme for Veterans had been delayed due to staff absence. The review would be brought to a forthcoming meeting of this Committee in the future.

It was highlighted that the Economic Development Strategy consultation was live, and all feedback was welcomed.

89. Maintenance Strategy (Corporate Property Assets)

The Leader of the Council presented the report which outlined a new strategy for corporate assets.

The absence of a maintenance strategy for corporate assets and a lack of investment in the past had meant that some of the Council owned buildings (car parks, leisure centres) were in a bad state of repair.

A condition survey of all corporate assets was being undertaken to enable a current position and baseline to be established.

The Deputy Chief Executive informed the Committee that the 2024-25 budget included £1m to support investment into the Council's assets. The condition survey and the framework set out in the Maintenance Strategy would drive forward how the Council prioritise repairs of assets.

The strategy would also provide a framework in order to target the finite resource in the best way against the Corporate Plan and service delivery.

It was noted that leisure assets were one of the most prominent asset bases where significant investment was required. These assets were heavily used by the public and any service interruption would cause a detrimental impact on the service offers.

The Maintenance Strategy linked to the Asset Management Strategy and the Disposal Strategy and all three strategy needed to complement each other.

Members may be requested to consider similar requests for funding in future budget years.

The Head of Property and ICT confirmed that the Council had invested in a new asset management system for the Corporate Property Team which would keep a record of the condition surveys and enable the Council to forecast accurate budgets going forward.

The Cabinet Member for Housing and Planning confirmed that Lincolnshire County Council Executive, had approved funding of £850,000 for Deepings Leisure Centre. This figure would be given to Deepings Community Interest Group to assist with costs of refurbishment and operating the Deepings Leisure Centre building, subject to certain caveats.

One Member noted that some of the Council's assets included leasehold properties. It was queried whether the Council would maintain the leasehold properties in the future or would consider the disposal of the leasehold assets and rebuild elsewhere.

As a leaseholder, the Council had an obligation to keep certain buildings in a state of repair. Each lease agreement would be specific around the maintenance responsibilities of the Council.

(Councillor Max Sawyer joined the meeting at 14:25)

One Member queried whether there was any financial information available on the Cecil Family Trust.

The Leader of the Council confirmed that he would have a discussion with the Member on Cecil Family Trust, following the meeting.

It was suggested that the document be made clearer that it related to freehold assets only.

The Deputy Chief Executive clarified that the appendices provided a fairer representation of the asset base through the General Fund. The HRA had its own maintenance responsibilities, therefore, the maintenance strategy only related to any corporate property estate. Within those leasehold classifications, there were significant sums of money that were needed from the Council to prevent dilapidation issues arising when a lease was over.

It was queried whether Lincolnshire County Council had responsibility of Grantham library.

One Member suggested that some Grantham assets could be handed over to the newly established Grantham Town Council. Concern was raised that backlog of maintenance may complicate the process of handing over the assets.

The Deputy Chief Executive clarified that asset transfers had to be mutually agreed between the two parties involved. It was expected that any potential purchases would have their own condition survey and be fully sighted on the obligations they were taking on and be reflected in any financial transaction that takes place.

The Head of Property Services and ICT highlighted that historically, the Council had entered into a lease with the Issac Newton Centre owners and had sub-let Grantham library to Lincolnshire County Council. The Council were in the process of removing this clause enabling the Issac Newton Centre owners and Lincolnshire County Council to implement a lease directly between themselves.

Clarification was sought around the type of lease agreement Lincolnshire County Council had with Bourne Leisure Centre.

The lease agreement for Bourne Leisure Centre was a 99 year lease, signed in 1990. It was nominal rent, however, the lease included a full repair and insurance arrangement.

It was queried as to which out of the 10 leasehold properties listed, were non-repairing or repairing.

ACTION: For Members to receive clarification on which leases were non-repairing and repairing out of the 10 leasehold properties listed.

The report would be put forward for Cabinet approval at the earliest opportunity.

It was queried whether leasehold property owners carried out yearly or 5-yearly inspections.

Inspections were to the obligation of the owner of the building, not the Council. The Council had an obligation to keep assets in good repair.

That the Committee:

Recommend that the Maintenance Strategy be presented to Cabinet for approval at the earliest opportunity.

90. Update report in respect of the construction of the Waste Depot, Turnpike Close Grantham

The Leader of the Council presented the report.

Following budget approval, planning permission approval and the conclusion of a procurement process, the report set out the next steps required to enable the project to reach construction and delivery phase.

As the bid currently exceeded the budget allocation, successful bidders were asked to review their costings, source alternative third-party suppliers and revisit their proposals in order for the price to be reduced.

Subject to the completion of the value engineering process, it was expected that the contractor would begin mobilisation during October 2024.

One Member queried whether details of the outcome of the value engineering be brought back to the Committee in the future.

It was confirmed that the Cabinet delegated approval to the Deputy Chief Executive in consultation with the Cabinet Member for Property and Public Engagement to develop the submitted design.

Following the conclusion of the value engineering, delegation would be granted to enter into the construction contract. A further progress report would be brought back to the Committee in June 2024.

The Deputy Chief Executive clarified that an overview of the value engineering process would be brought back to the Committee, alongside a project dashboard would be brought to the Committee to provide an oversight of the key milestones, risks, unforeseen events etc.

One Member queried the figure of the costs that the Council would not exceed. A further breakdown of the estimation of costs was requested in relation to each part of the depot (office accommodation, surfacing etc).

The Deputy Chief Executive noted that the Council had set a budget on the project of £8.8m, which included the construction, project management and external consultants.

It was queried as to what the progress report in June 2024 would include and what milestones would have been met.

One Member noted that a project management software could be utilised for this project and whether this would be in place.

A project board for this project had been created, which consisted of consultants, key members of staff and Cabinet representation.

The Deputy Chief Executive provided the Committee with reassurance that weekly and monthly meetings were held for this project. An external project management support company had been appointed to support the project.

One Member queried that if the Council had not reduced the contingency fund by 9.8%, would the Council have had the money in place, if value engineering had not taken place.

The Deputy Chief Executive clarified that the contingency fund had not been reduced. The contingency fund was debated on whether the cost put forward by consultants was fit for purpose.

Concern was raised that the value engineering process had been delayed and whether further milestones would not be met on time as a result of this.

It was confirmed that the Council was not over budget, as no contracts had been signed as of yet. Some milestones were running in parallel, meaning no delays had been incurred at this stage. Certain milestones were out of the Council's control and were of the responsibility of third-party consultants and contractors.

That the Committee:

- 1. Notes the progress made and the next steps on the delivery of the new Depot at Turnpike Close Grantham.**
- 2. Requests that regular reports on the construction of the new Waste depot Turnpike Close Grantham are presented at each meeting.**

91. St Martin's Park Re-development Project, Stamford

The Leader of the Council presented the report that provided the Committee with an update on the re-development project at St Martin's Park, Stamford.

The Council had made a request to the Government for a Brownfield Land Release Fund application for a sum of £2.8m.

A report would be brought to a future Full Council meeting to ask for delegated authority to accept the funding, if made available.

It was queried as to how critical the possible funding could be to the Council and what level of risk this may have if the funding was not awarded.

The Leader of the Council clarified that the development may still go ahead in the future, regardless of whether the Council receives revenue for the entire project or not.

The Deputy Chief Executive reminded the Committee that at a recent Full Council meeting, the application for the Brownfield Land Release Fund application was one of the mitigations to offset the overall projected deficit on the project.

Concerns were raised on the monthly electricity standing charge and around the disconnection and reconnection of the site. It was queried what the disconnection and reconnection costs would be.

If the site was disconnected from the grid by the Council, a risk of another site utilising the capacity could occur meaning when the developers asked for reconnection that there was not enough capacity and costs higher. It was noted that building a sub-station was very high in cost. The exact cost of a disconnection/reconnection were unknown.

The Head of Corporate Projects, Policy and Performance confirmed that the Council were retaining the Cummins side of the site which would generate enough electricity for half of the future development. If this was disconnected, the site would be classed as unserviced and costs to the Council could be higher at the point of selling the site.

It was confirmed that all options previously discussed were still relevant, however, some of the Council's assets that could be sold, hadn't yet been sold. The report outlined updated on the points that Full Council had agreed to consider.

It was clarified that all legal issues outlined within the report had been resolved.

One Member questioned whether the site contamination had been resolved and if the contractors were fulfilling their contract.

The Head of Corporate Projects, Policy and Performance highlighted that two of the three stockpiles were in the process of being removed as they were certified clean. Legal discussions were taking place with the contractor around the other stockpile that was not certified and needed to be removed, as part of their contract.

It was further queried whether there were any penalties as part of the contract, if the works were not carried out.

If the works were not carried out, the Council would have to take a form of judgement route with external parties.

One Member queried when the forecast start date of works would begin to take place on the development.

It was noted that before development can commence, reserved matters applications would need to be considered by the Local Planning Authority.

A condition of the sale of the site was the removal of all three stock piles, power lines diversions and gas pipe removal.

One Member queried whether a possible buyer of the site had been found to purchase it.

The Leader of the Council confirmed that the site was split into two halves (half owned by Burghley and half owned by the Council). The Council had received interest from potential buyers of the land, which would be subject to conditions being met.

Members requested the worst- and best-case scenarios for the project, in terms of profits or loss.

All financial information had previously been considered by Full Council on the 29 February 2024.

It was queried whether the employment land was still within the development.

It was confirmed that the outline consented scheme was for employment land, retirement village and residential homes.

That the Committee:

Notes the progress made regarding the delivery of the St Martin's Park re-development project in Stamford.

92. Update on Financial Position of East Midlands Building Consultancy

The Cabinet Member for Housing and Planning provided an update report on the East Midlands Building Consultancy, which was a partnership between the Council, Newark and Sherwood District Council and Rushcliffe Borough Council.

Building Control was a statutory service which aimed to ensure the safety of buildings and the individuals who use them and sets standards for construction and refurbishment works in England.

The workload split between fee earning and non-fee earning activity was approximately 74/26 and was typical of a local authority building control service.

The non-fee earning work was a cost that must be borne by the Council and is charged to the general fund.

Whilst fee earning work was paid for by the customer, the Council was still required to have regard to the overriding objective of ensuring that as far as possible, charges are set at a level which equate to the cost of providing the service. This means the Council was not permitted to make a profit from the charges and cannot subsidise the statutory services from fee income.

East Midlands Building Consultancy competed with approved inspectors for fee earning work and currently wins an average of half of the market share. The economic climate had resulted in few applications and consequently the income was below the predicted budget. This was offset by vacancies within the team.

Members queried the understanding of success and how successful the income was.

The Assistant Director of Planning clarified that the partnership was set up in 2014 and was a stable and positive working relationship. Over the years, costs would have been reduced to each Local Authority in terms of the General Fund contributions. The previous year had been challenging in construction sectors, which impacted levels of applications across planning and building control.

The market share had remained fairly stable, which had affected approved inspectors. This had a negative impact on the predicted budget, however, it has been offset by salary savings and the Council having a number of vacancies and recruiting gradually, to control workload and staffing levels.

A surplus was being carried across the partnership via 'bumper' income in previous years. EMBC were not meant to make profit on the trading account and have a 3-5 year rolling average of no-profit.

It was proposed, seconded and **AGREED** that the Committee:

- 1. Notes the update regarding East Midlands Building Consultancy (EMBC) and agrees to receive an update in 12 months.**

93. Grantham Future High Streets Fund - May 2024 Update

The Leader of the Council presented the report. A brief overview was provided on each of the five subsets:

- Subset One: Public Realm Projects (Market Place and Station Approach)
- Subset Two: Conduit Lane Toilet Refurbishment
- Subset Three: Upper Floor Grants Programme
- Subset Four: Grantham Town Team
- Subset Five: A summary of engagement with the Department for Levelling Up, Housing and Communities (DLUHC).

Concerns were raised around opposition to the marketplace development in Grantham.

The Council had robust conversations with Lincolnshire County Council. It was noted that the Highways Cabinet Member for Lincolnshire County Council was also opposed to the scheme.

The options considered by the Council were either to pursue the scheme, which was agreed in 2019 and consulted on in 2020 or hand back £1.5m to the Government.

That the Committee:

- 1. Notes the report.**
- 2. Offers feedback to the Future High Street Fund Programme Board.**

94. Update on the development of the Economic Development Strategy 2024 - 2028

The Leader of the Council presented the report.

At the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee on 22 November 2022, the Committee considered and provided feedback on the first draft framework of the South Kesteven Economic Development Strategy (2023-2028).

Since that meeting, the draft Strategy had significantly evolved taking into account the newly adopted Corporate Plan. It was scheduled to be reported to this committee on 20 February 2024, however it was withdrawn allowing time for the newly appointed Head of Economic Development to reflect upon the document and to conduct a stakeholder consultation exercise.

At the 20 February FEOSC Committee meeting, Members debated a 'Flightpath', which detailed key milestones for the Strategy's completion and eventual approval by Cabinet in summer 2024. This document was circulated to committee members following the meeting.

The 'Flightpath' included the Leader's proposal to host a Members Workshop to broaden participation and to encourage consensus around the strategy. This meeting took place on 21 March 2024, following an invitation to all FEOSC Members.

Following this meeting Officers produced an updated draft Economic Development Strategy and accompanying Action Plan (Appendix A). Cabinet, at its meeting on 16 April 2024 approved a four-week consultation with Stakeholders on the draft Strategy.

Indicative key milestones were provided.

One Member outlined key themes identified within the strategy. Emphasis was given on the economic goals in regard to the Council's Corporate Plan.

It was noted that other bodies had their own economic strategy and development plans. It was queried how the Council's strategy would align with other strategies and what level of crossover or duplication there would be. It was suggested that the collaboration of one strategy for several authorities may produce more leverage.

The appendices to the report included a review of the strategic context where many of the regional, national and local had been reviewed and summarised. This has been taken into account and construction of the strategy document. The Council met with partners on a regular basis with Members of different partnerships across the region.

Part of the consultation exercise was to consult with stakeholders to inform the document in its next stages.

It was suggested that high attention be given to employment levels in Lincolnshire and local companies.

It was noted that the five-year plan had become a four-year plan. Members were pleased to see Devolution included within the strategy.

Members made observations of the information and wording included within the strategy in relation to St Martins Park and Stamford North development.

It was queried when details would be produced on how aspirations would be achieved within the strategy.

The Leader of the Council confirmed that outline approval for St Martins Park was granted in 2020. Stamford North was yet to receive outline planning permission.

Members were urged to respond to the strategy consultation or liaise with the relevant Officer, if they had any concerns.

The Head of Economic Development confirmed that the report included several areas of focus which was reflected within the Corporate Plan. Each member of the team would be allocated a different task which would be worked upon and delivered over the four-year timeframe.

One Member queried the ongoing timescale.

It was clarified that the timescale stated within the report related to 1-3 years.

Members welcomed the document. Further detailed information was requested to be included on aspirations, smart deliverables and Grantham Market.

A query was made on how the document would be publicised.

Member requested that corporate words be made clearer for easy-reading for members of the public.

It was highlighted that the aspiration for economic growth be included within the document.

The Leader of the Council emphasised that a Member workshop had taken place on feedback on the strategy.

It was confirmed that press releases, promotion on social media channels, promotion to business clubs in each town and people interested in the general economy.

One Member raised typographical/grammatical errors of the document. It was suggested that an amended copy of the document be published and provided on the consultation as soon as possible.

The Head of Economic Development confirmed that the document had been amended as a result of the Member workshop and had been approved by Officers and signed off by the relevant Cabinet Member.

One Member queried whether the consultation could be paused whilst the relevant amendments be made.

The strategy had previously been discussed at the previous meeting of the Finance and Economic Overview and Scrutiny Committee. Following this, a Member workshop had taken place.

The Leader of the Council welcomed any input from members of the public, whether it be grammatical or the content of the strategy.

Assurance was provided to the Committee that proof-reading and corrections would be completed as a matter of urgency. Checks would be undertaken with the software provider in terms of how the consultation documents could be updated.

That the Committee:

Notes the content of this report on the development of the Economic Development Strategy.

95. Work Programme 2024 - 2025

The Committee noted the Work Programme 2024-25.

A query was raised on the unscheduled items on the Work Programme.

Suggestions had been made on the items on which Committee meeting they may be heard at, however, they had not yet been confirmed.

It was requested that the End of year KPI'S be moved to the June 2024 meeting of Finance and Economic Overview and Scrutiny Committee.

96. Any other business, which the Chairman, by reason of special circumstance decides is urgent

There were none.

97. Close of meeting

The Chairman closed the meeting at 16:28.