

Meeting of the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Monday, 27 June 2022, 10.30 am

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

Committee Members present

Councillor Helen Crawford (Chairman)
Councillor Ben Green (Vice-Chairman)
Councillor Gloria Johnson
Councillor John Dawson
Councillor Phil Dilks
Councillor Philip Knowles
Councillor Susan Sandall

Other Members in attendance

Councillor Ashley Baxter

Cabinet Members in attendance

Councillor Adam Stokes (Deputy Leader of the Council)
Councillor Rosemary Trollope-Bellew (Cabinet Member for Culture and Visitor Economy)

Officers in attendance

Nicola McCoy-Brown (Director of Growth and Culture)
Graham Watts (Assistant Director of Governance)
Richard Wyles (Chief Finance Officer)
Alison Hall-Wright (Assistant Director of Finance)
Jon Hinde (Head of Economic Development)

1. Comments from members of the public

There were none.

2. Apologies for absence

Apologies for absence were received from Councillor Ian Stokes.

3. Disclosure of interests

There were none.

4. Minutes of the meeting held on 3 May 2022

The minutes of the meeting held on 3 May 2022 were proposed, seconded and **AGREED** as a correct record, subject to the following amendment:

- Resolution B that followed the Local Authority Search figures report was confirmed as irrelevant following reference that the Committee did not require any further monitoring. The Committee **AGREED** that the paragraph was to be deleted.

5. Updates from previous meeting

The Committee noted the action notes from the meeting held on 3 May 2022. It was confirmed that the walking tour of Grantham for Members would be arranged over the summer.

6. Scoping a new Economic Development Strategy for South Kesteven

The Head of Economic Development presented the report outlining plans to develop a new five-year Economic Development Strategy and short-term Action Plan for South Kesteven. The previous South Kesteven Economic Development Strategy spanned 2016 – 2021 and formed a key part of the strategy for the implementation of InvestSK Ltd, the wholly council owned regeneration and economic development company for the District. Following the economic impact of the covid pandemic and European Union exit, now was the right time to take forward a new strategy into 2028.

The timing of the new strategy was key, given the Government's levelling-up agenda and the decision to make Local Authorities accountable bodies for the UK Shared Prosperity Fund (UKSPF). Officers were currently consulting on this with a view to providing funding through to March 2025.

There were six economic development objectives for inclusion in the Strategy:

- Business and Job Creation, and Employment Safeguarding
- Skills development
- Growth and Regeneration
- Enhancing South Kesteven's tourism and visitor economy offer
- Income
- Securing Council

The intention was to have the draft Strategy ready for approval in November 2022 in preparation for full adoption from April 2023.

It was felt necessary to consult a wide-ranging group of Members, key stakeholders and partner organisations to ensure the essential evidence required to deliver an effective service was captured.

Members raised questions and observations in relation to the report:

- The report seemed to be Grantham-focused. Were Bourne, Stamford and the Deepings going to be fairly considered too?
- What was the result, including lessons learnt from the previous Strategy?
- What had the district of South Kesteven received for the £3,000,000 invested in InvestSK Ltd and what were the performance indicators for the new Strategy?
- Has InvestSK Ltd been closed down? The report noted the Strategy was supported by InvestSK colleagues.
- It was suggested that an analysis of the economy within South Kesteven would be welcomed to help Members understand the size, extent and nature of the local economy so clear decisions could be made with the intention of adding value and promoting sectors that had seen little growth in recent years.
- Was there a need to call the new Economic Development team a different name to avoid confusion?
- How were the objectives in the report to be actively monitored and how the Council would affect productivity of local business.
- Interest was expressed in knowing which region was the most productive and what each area contributed.
- The report had no mention of the effect of transport on the South Kesteven economy. It was acknowledged that while this issue was not the responsibility of the District Council, it may have contributed to missed potential in local business. Residents in the Deepings were constantly pushed towards Cambridgeshire and the lack of transport network prevented travel to Grantham College, for example.

The Director of Growth and Culture confirmed that the name of InvestSK would be kept as the brand was well-known and established. The Officer continued that there was an intention to have a short-term action plan and regular updates would be brought back to the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee. It was further clarified that the Council had looked to put enhanced business initiatives in place to aid the increasing of productivity across the district and as part of the Strategy, the team were to constantly assess the local business needs and productivity performance.

The Strategy considered the whole of the district of South Kesteven, not focussing solely on Grantham. The Officer informed the Committee that the information on the spending of InvestSK Ltd had been reported to the Companies Committee containing published details.

InvestSK Ltd was in the process of being dissolved. The staff had been TUPE'd into the Council as part of the Council's Economic Development function. The Committee would be required to oversee the whole process and proposed that a further update be brought before the November Committee along with performance indicators.

ACTION:

For Officers to share proposed performance indicators, along with information of the (draft) Strategy's accompanying short-term action plan.

AGREED:

- a) **That the Committee supports the scope and recommends the commencement of the proposed work in the report regarding the development of a new five-year Economic Development Strategy.**

7. Changing Places Toilet Facilities

The Chief Finance Officer presented the report to the Committee.

In July 2021 the Department for Levelling Up, Housing and Communities announced the opening for Expressions of Interest bids for a share of a £30M pot to provide Changing Places toilets in existing, publicly accessible buildings. Changing Places toilets were larger accessible toileting facilities for severely disabled people, with equipment such as hoists, curtains, adult-sized changing benches and space for carers.

The funding itself had been announced some months previously and consultation with relevant groups across the district was carried out to determine the preferred locations of the people who would use a Changing Places facility and their carers.

The Council's Expression of Interest requested £160,000 to enable the installation at four identified sites:

- Bourne Community Access Point
- Grantham Meres Leisure Centre
- Abbey Gardens, Grantham
- The Shack, Stamford Recreation Ground

Due to complexity, access issues and cost, amendments were made after consideration with Abbey Gardens in Grantham replacing the Tennis Club as one

of the proposed sites. A site on South Street in Bourne also replaced the Bourne Community Access Point.

The Officer informed the Committee that site investigations were to be completed by the end of July 2022 then accurate costings could be prepared.

During discussion, Members raised the following points:

- There was no proposed site within the Deepings area and confirmation was sought as to what the reason was for this. The Community Centre was suggested as an example.
- The decision to consult before making a decision was welcomed as it allowed a two-way interaction with the local community.
- Had the proposals been subject to scrutiny before the decisions were made?

The Chief Finance Officer clarified that the Community Centre at the Deepings was unable to be progressed and not considered a viable solution. The Officer confirmed that confirmation of who was consulted during the process of decision-making was to be given to Members of the Committee at a future date.

ACTION:

For Officers to inform Committee Members of those consulted during the decision-making process on the proposed site for Changing Places Toilet Facilities at The Deepings.

AGREED:

a) That the report be noted.

8. Provisional Outturn Position Report 2021/22

This report, presented by the Chief Finance Officer, provided the Finance, Economic Development and Corporate Services Overview and Scrutiny Committee with the detail of the Council's provisional outturn position for the financial year 2021/22 and covered the following areas:

- General Fund Revenue Budget
- Housing Revenue Account Budget
- Capital Programmes - General Fund and HRA

The Committee was informed that within the General Fund Budget, the overall outturn position was positive. Due to funding changes by the Government, including Covid Grants awarded and the Council receiving some windfall Business Rate income, an adverse outturn position had been avoided.

The Chief Finance Officer clarified to the Committee that table 3 within the report showed a balanced position at the year-end which gave the Council an opportunity to replenish reserves, using the Covid Reserve.

The Committee was reminded that at the start of the year, the country was still in lockdown. The restrictions impacted the Council's income in many areas, especially markets, Arts and car-parking revenue in the first quarter of the financial year specifically. The report confirmed that the Council had received some further funding from the Government's income compensation scheme which had enabled the Council to replenish some of the income balances that had been lost. There were still concerns over low car park usage and the performance of the markets which has not yet been able to recover to pre-pandemic levels.

Members raised the following points during discussion:

- An explanation of the net cost of service was requested. A Member commented that some of the areas of overspends and underspends were difficult to understand as some savings appeared to show costs, for example, the costs of team restructure.
- What was the overall impact of Covid on the budget for 2021-22 and where were the funds taken from to deal with the Pandemic from originally?

The Chief Finance Officer confirmed that the 'Net Cost of Service' showed the variance included in each service, such as depreciation and other accounting adjustments. They were necessary in order for the Council to adhere to the regulations of accounting. For auditing purposes, total transparency had been shown.

It was explained further that the cost of items such as the staffing restructure was not an overspend. The Council had previously agreed the costs were to be funded from the Invest to Save reserve but the costs themselves had to be charged at 'cost of services' level.

The Officer added that a Covid Impact report was presented to the Committee in February 2022 with a financial analysis appended to the report at that time. The Covid Reserve was funded wholly from direct financial support from the Government in order to support the Council through the pandemic. It was agreed that if the remaining balance was not required, it was to be used to replenish other services.

The Chief Finance Officer informed the Committee that the General Fund Capital budget outturn position showed that £2.2 million was not spent throughout the year. It was previously approved by Council that some funds would be carried forward but approval is requested for a further amount to also be carried forward. Details of this included procurement of vehicles, wheelie-bin replacements, Wyndham Park play area, replacement boiler at the Meres Leisure Centre and the refurbishment of Stamford Arts Centre. The Officer informed the Committee that the Council was

currently using its reserves to fund the capital programme and is not yet requiring external borrowing.

During debate, Members raised the following points:

- Why was the Decarbonisation Grant withdrawn?
- The original budget for the Bourne Corn Exchange refurbishment works was reduced by £75,000. Where was the saving recorded?
- What position was The Council in with regards to the Deepings School Football Pitch? Had funding been secured?

The Chief Finance Officer explained that the Decarbonisation Grant was not lost or withdrawn – it was returned. The Grant was to replace and modernise the Council Offices heating system but the works were no longer necessary as the offices are declared surplus to requirements. There would be an opportunity for future applications to be considered.

The Officer continued that the Bourne Corn Exchange works were undertaken during 2020/21 and therefore were included in the previous year's report and therefore not relevant to this report. It was also confirmed that the applications for funding of the Deepings School Football pitch were available until the end of October 2022.

The Deputy Leader of the Council added that the Council was committed to proceeding with the Football Foundation's application if and when they were in a position to proceed.

The Chief Finance Officer continued to report on the Housing Revenue Account. This budget had two elements – Revenue and Capital. The Housing Revenue Account (HRA) had to maintain a balanced position and operated as an income and expenditure account primarily driven by Council Rents which were under a level of pressure due to the cost-of-living crisis, sale of housing stock and the roll-out of Universal Credit.

The Officer continued that dwelling rent income received was £383,000 less than budget but recovery work would continue during the current year. Factors that impacted on this under recovery included Courts not hearing cases during the Pandemic, causing a backlog of recovery cases. The HRA budgeted to make a surplus in order to provide resources in order to finance the loan and provide funding for the capital programme.

Members raised the following points during discussion:

- The Provision for Bad Debts appeared unchanged, yet dwelling rents showed a loss. Why was this?

- Was there due to be a review of the Pension Fund? Legislation indicated these had to be carried out every three years.
- Was the gain from HRA assets made entirely from Right to Buy sales? How many housing units were sold last year due to Right to Buy?

The Committee was informed that the Council did not anticipate that debt not yet recovered within the year would remain uncollectable. The bad debt rate would have increased as the debt became older and auditors would have an opinion on whether the bad debt was proportionate.

The Assistant Director of Finance added that 39 Right to Buy sales had been completed during the last financial year. The return on Pension assets were non-cash adjustments. It was confirmed that the tri-ennial pension review was to take place this year and results were to be received towards the end of the financial year and subsequently reported back to the Governance and Audit Committee.

The Committee received the final part of the report, summarising the HRA Capital Programme. The Chief Finance Officer explained that overall there was a variance of £12.9 million underspend, largely attributable to underspends on the housing growth programme which was £8.6 million underspent as at the end of March.

The Officer informed that the HRA Capital Programme was made up of two components – stock Improvement Works and stock growth. A number of ‘carry-forwards’ had been recommended within the report. £2.8 million was proposed for a particular improvement project on a specific number of properties in the Earlesfield area of Grantham. The impact of the programme underspend was that the balances for the reserves of the HRA were a lot higher than anticipated so more funding was available this year.

- The creation of the General Fund inflation reserve for the current financial year was welcomed by the Committee as a prudent response to the current situation
- Were fixed assets being sold due to financial pressures within the current economic climate?

The Chief Finance Officer confirmed that Capital reserves for the general fund were low in availability and an asset disposal policy had been agreed at Cabinet last December. Sales were required to avoid the need to externally borrow.

Members raised the following points during discussion:

- Was the Council short of available land to build on or had the Programme been paused due to other priorities such as covid recovery?

The Chief Finance Officer explained that there were supply chain issues involving contractors and land availability. The stock condition survey findings were yet to be analysed before funding would have been allocated accordingly. It was acknowledged that the Committee could request a further, more detailed explanation from the Director of Housing and Property.

The Officer continued that the closure of the Covid Reserve enabled the transfer of these monies to a number of other reserves. It was recommended that £0.2 million be moved to the ICT reserve to provide funding towards the relocation of the main offices to St Catherine's Road would and replacement of Members ICT equipment for May 2023. It was also recommended that the Waste Recycling Reserve was increased in response to cost pressures including fuel and materials. There was a recommendation to create an inflation reserve due to inflation having risen substantially since the budget of October 2021 and that the Invest to Save reserve was to be increased by £500,000.

AGREED:

- a) **That the provisional Revenue and Capital Outturn report and associated appendices for the financial year 2021/22 be noted.**
- b) **That the Committee recommended to Cabinet the budget carry forwards (appendices D and H).**
- c) **That the Committee recommended to Governance and Audit Committee:**
 - **The balance of the COVID recovery reserve of £1.286m to be transferred to the:**
 - **ICT reserve increase by £0.202m**
 - **Waste and recycling reserve increase by £0.084m**
 - **Creation of an Inflation reserve to £0.500m**
 - **Invest to save reserve increase by £0.500m**

9. Work Programme 2022 - 2023

The Committee noted the contents of the Work Programme 2022 – 2023.

A request was made that the Budget Monitoring Report was required to be added to the Work Programme ahead of the Committee meeting in September 2022.

ACTION:

That the Work Programme be updated to reflect the addition of the Budget Monitoring Report in September's Committee meeting.

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

There were none.

11. Close of meeting

The Chairman closed the meeting at 12:05.