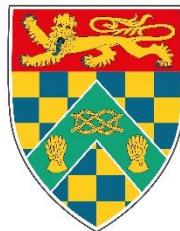


# Minutes

Cabinet

Tuesday, 16 April 2024



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

**Date of Publication: 22 April 2024**

**Call-in will end on 29 April, and  
decisions can be implemented on 30  
April (provided no call-in)**

---

**The Leader:** Councillor Ashley Baxter, Leader of the Council (Chairman)

**The Deputy Leader:** Councillor Richard Cleaver, Deputy Leader of the Council (Vice-Chairman)

## **Cabinet Members present**

Councillor Rhys Baker, Cabinet Member for Environment and Waste (jobshare)

Councillor Phil Dilks, Cabinet Member for Housing and Planning

Councillor Paul Stokes, Cabinet Member for Leisure and Culture

## **Non-Cabinet Members present**

Councillor Matt Bailey

Councillor Phil Gadd

Councillor Ian Selby

## **Officers**

Karen Bradford, Chief Executive

Richard Wyles, Deputy Chief Executive and Section 151 Officer

Paul Sutton, Assistant Director of Finance/Deputy Section 151 Officer

Graham Watts, Assistant Director (Governance and Public Protection) and Monitoring Officer

Emma Whittaker, Assistant Director of Planning

Nick Hibberd, Head of Economic Development and Inward Investment

Chris Prime, Communications Manager

Gyles Teasdale, Property Services Manager

James Welbourn, Democratic Services Manager (Deputy Monitoring Officer)

Patrick Astill, Communications Officer

## **104. Apologies for absence**

There were apologies for absence from:

Councillor Patsy Ellis

Councillor Philip Knowles

Councillor Rhea Rayside

### **105. Minutes of the previous meeting**

The minutes of the previous meeting held on 12 March 2024 were approved as a correct record.

The Leader of the Council then made a short statement commenting on a question received at the previous meeting of Cabinet on 12 March 2024 from Councillor Max Sawyer (the Leader's response to Cllr Sawyer's question is appended to these minutes).

### **106. Disclosure of Interests**

There were no disclosures of interests.

The Leader of the Council welcomed Paul Sutton, who had recently been engaged as the Interim Head of Finance and Deputy Section 151 Officer.

### **107. Electricity Fixed Price Contract**

#### Purpose of report

To seek approval to enter into a contract for the supply of electricity for Council operated assets.

#### Decision

That Cabinet approves up to a four-year contract to Total Energies Gas and Power Ltd incorporating a fixed 12 month tariff utilising the ESPO Framework for the supply of electricity commencing on 30th September 2024.

#### Alternative options considered and rejected

The report confirmed that alternative frameworks had been considered but none offered the Council the most economically advantageous solution that met the Council's requirements. Council could have chosen not to enter into a 12 month contract but this would have left the Council financially exposed to price uncertainty during the period.

#### Reasons for decision

The Framework consisted of a single supplier (Total Energies) with a proven and successful track record of delivering electricity, for various public sector organisations including South Kesteven District Council (SKDC).

As well as the supply of electricity, this framework provided a number of key features including:

- Automated Meter Reading (AMR);

- New meter connection, changes to existing connections/disconnections and upgrades; and;
- A dedicated account manager for ESPO Customers.

Additionally, ESPO also provided comprehensive support encompassing:

- Account management;
- Supply point administration;
- Portfolio management
- Price validation
- General queries and advice related to the contract and supply and market intelligence.

The framework was based on fully transparent pricing, with the supplier margin fixed for the full duration of the framework. Individual customer rates would however change based on changes to 'Regulated Charges' and the 'Wholesale commodity price', typically on an annual basis from 1 October. Customers were notified in advance of any price changes.

As the price of energy was extremely volatile, ESPO had adopted a flexible, aggregated risk management approach to energy procurement. The two 'Price Risk Strategies' currently used by ESPO under the flexible procurement option were:

- Pricing in Advance (PIA) – in which 100% of the total forecast volume requirement was purchased before commencement of the supply period for electricity (October to the following September).
- Pricing within Period (PWP) – in which an agreed portion of the total forecast volume requirement for the supply period (April to March) was purchased before the commencement of the supply period, with the balance purchased closer to the point of consumption, but before it was required.

These strategies allowed the price risk to be spread over an extended period of time, rather than purchasing 100% of the volume on a single day.

The principle behind the two options was that with PIA the price was known before the supply period commenced, whilst the PWP price was only partially fixed before supply period and was not completely known until the supply period ended.

The PWP option therefore represented a higher risk as a proportion of the cost was subject to fluctuation, depending on market price movement during the supply period, with reward partly based on the premise that the risk premium inherent in market prices reduces as the point of purchase and consumption becomes closer.

Flexible contracts of this kind required large volumes to access the pricing mechanism used for an effective Risk Strategy. By combining all ESPO customer volumes into a single supply with Total Energies, an economy of scale was achieved which reduced the supplier's margin. Additional benefits are also seen via the elimination of risk premiums applied by suppliers to fixed price contracts, where prices were held on the day, compared to real time wholesale market purchasing.

The emphasis on flexible energy purchasing was to manage risk and spread it over a period of time, which evens out annual cost avoiding price fluctuations and causing

budgeting uncertainty. Purchasing via this strategy provided increased budgetary certainty and provided earlier information on future costs.

ESPO would liaise closely with and fully support SKDC through the process of deciding on the appropriate risk option, both on joining the framework for the first time and for periodic intervals thereafter.

Total Energies understood that being one of the world's largest energy suppliers brought with it enormous environmental, social and cultural responsibilities. They take their obligations very seriously, and invest considerable time, energy and resources implementing action plans and assessing SKDC's performance to give continuous improvement. Industrial safety, supporting local development, securing the future of energy, environmental stewardship, and combatting climate change were all critical challenges that Total Energies was committed to meeting.

The following points were highlighted during debate:

- South Kesteven District Council (SKDC) sourced its existing gas and electricity via the ESPO framework, therefore in a sense this was a continuation of that supply network.
- LeisureSK Limited were not part of this energy contract because they were external to the Council's corporate assets. However the company could access the framework directly.
- There was an ongoing programme to improve energy efficiency of the Council's property portfolio; energy usage would be reduced where it was practical and affordable to do so.
- 'Half hourly' charging would remain part of the contract. Prior to the start of the contract a 12-month fixed tariff would be purchased, and this would be honoured whether the Council used more, or less energy than the volume stipulated in the fixed term contract.
- Data from previous contracts would be available and used to compare against the upcoming energy contract. This would enable the analysis of consumption and cost of energy use. This was particularly relevant in the area for street lighting.
- At the previous Environment Overview and Scrutiny Committee held on 19 March 2024 there was a strong steer to replenish the Climate Change Reserve.

The Deputy Chief Executive agreed to supply a breakdown of the budget figure against the costs of the contract, and it would be appended to the minutes.

#### **108. Award of Contract for the Construction of the Waste Depot, Turnpike Close Grantham**

##### Purpose of report

This report set out the procurement that had been undertaken in order to award the contract to the successful contractor for the construction of the new Waste Depot at Turnpike Close Grantham.

## Decision

That Cabinet:

1. Approves the outcome of the tender process and appoints Lindum Group Ltd as the preferred contractor for the construction of the Turnpike Close construction contract.
2. Delegates to the Deputy Chief Executive in consultation with the Cabinet Member for Property and Public Engagement to enter into a NEC4 Professional Services Contract with Lindum Group Ltd in order to develop the submitted design to Stage 4 supported by a Value Engineering process in order to align the overall contract price with the approved budget.
3. Following the conclusion of the Value Engineering, delegation be granted to the Deputy Chief Executive in consultation with the Cabinet Member for Property and Public Engagement to enter into the construction contract to enable the commencement of the works.

## Alternative options considered and rejected

No other options were available as the decision to award the contract was essential to enable the project to continue to the construction stage.

## Reasons for decision

This report set out the background behind the project. The procurement process that had been undertaken since the decision was taken by Council to allocate funding for this project. The awarding of the contract would enable the project to continue in accordance with the timeline.

The business case for the Waste Depot was approved by Cabinet in September 2023, and the funding for the project was approved by Full Council in September 2023 and February 2024.

An ‘expression of interest’ notice was published and presented to a list of approved contractors; from this, five contractors confirmed their interest in the project and were invited to tender for the work. This list of five contractors reduced to 2 for a number of reasons; the two remaining contractors formally submitted tenders and these were scored by a panel of experts using agreed criteria.

The contractors were interviewed on 19 March 2024 and the bids were scrutinised; Lindum Group emerged from this process with the successful tender.

The design of the Waste Depot would be reviewed in order to reduce the projected costs of the tender – a process known as ‘value engineering’. Once this process was complete, the construction contract could be entered into.

It was hoped that works would commence no later than September 2024, with a completion by July 2025.

The following points were highlighted during debate:

- Officers were working with Lindum Group on bringing the costs of the tender down whilst not compromising the delivery or the quality of the project.
- The 'fit out' of the depot could not be costed at the moment because investigations were still ongoing regarding the potential transfer of equipment from the existing site.
- Whilst officers were confident of a start date of September 2024, the date was not definite because a value engineering exercise needed to be undertaken.
- The backstop date for completion of the project was April 2026, which was the anticipated start date for mandatory collection of food waste across South Kesteven.
- It was understood that 'completion of the project' would mean the date the contractor would hand over the keys to the new site to the Council. Officers involved with the project would do all they could to ensure minimal crossover between the old and new sites; for example it was expected waste collection rounds would complete at the old depot on a Friday, and, from the following Monday, vehicles and staff would operate from the new site.
- The planning permission for the site, the sustainability of the new building and the planners' design were confirmed; the value engineering process would not seek to change these elements. Instead the process would concentrate on the materials proposed by the contractor to whether these could be amended to reduce costs. Value engineering should not impact the running costs or lifetime of the asset.
- The project was being funded by internal borrowing which meant that a Minimum Revenue Provision had to be made, in this case, for 50 years which was the expected lifespan of the building. The report demonstrated a robust framework delivered by Gleeds' Consultants.
- The project had been scrutinised by various committees to this point, and the Finance and Economic Overview and Scrutiny Committee and Waste Depot Working Group would continue to monitor progress.

## **109. Draft Economic Development Strategy Consultation**

### Purpose of report

To seek approval for stakeholder consultation in respect of the draft Economic Development Strategy 2024 – 2028 and accompanying action plan.

### Decision

That Cabinet approves a four week public consultation exercise on the draft Economic Development Strategy and accompanying action plan set out in Appendix A of the report.

### Alternative options considered and rejected

The option to not provide an Economic Development Strategy may risk loss of focus on achieving the aims of the Council within the quickest practicable timescales.

An alternative to not consult on the Economic Development Strategy may risk the loss of critical engagement with the public, partners and delivery agencies who would be vital in achieving the aims of the draft strategy.

#### Reasons for decision

The public consultation would enable stakeholders to consider and recommend changes and additions to the draft Economic Development Strategy.

An Economic Development Strategy would help to deliver a vibrant economy in the District, promoting health, wealth and prosperity. The previous Strategy ran to 2021.

On 20 February 2024 the Finance and Economic Overview and Scrutiny Committee received a significantly evolved version of the Strategy. This Strategy was also seen at a Cabinet Member Workshop in March 2024 where it was further refined prior to public consultation. The next stage was to take the Strategy to partners in the community, such as members of the public and business delivery bodies.

The consultation would run for a four-week period and would be published online. Comments would be captured using the Opus software system, which was also being used for the Local Plan consultation. This system enabled members of the public to comment directly on each proposal within the Economic Development Strategy.

### **110. Key and Non-Key Decisions taken under Delegated Powers**

Decisions taken since the previous meeting of Cabinet were noted.

### **111. Cabinet's Forward Plan**

The Forward Plan ran to June 2024 currently, but this plan would be expanded in the coming weeks as essential items for the year ahead, such as the Budget would be added.

The item on Car Parking Orders was to move back to June 2024.

The remainder of the Forward Plan was noted.

### **112. Members' Question Time**

The Leader of the Council gave Members the opportunity to ask questions of the Cabinet:

Councillor Phil Gadd asked when the refurbishment works in Grantham marketplace were due to commence.

Councillor Richard Cleaver promised to respond informally to Councillor Gadd.

The meeting closed at 2:54pm.

*Dear Max,*

*You accurately point out that the Council receives from parking services must be ringfenced for purposes which are clearly specified by the 1984 and 2004 Road Traffic.*

*These purposes include meeting the costs of the provision and enforcement of parking services as well as "environmental improvements". These improvements may include:*

- i) the reduction of environmental pollution;*
- ii) improving and maintaining the appearance or amenity of roads and open land to which the general public has access*
- iii) the provision of outdoor recreational facilities available to the general public without charge.*

*The income and expenditure of parking services in recent years is summarised below:*

**South Kesteven District Council Car Parking Income & Expenditure**

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>				
Penalty Charge Notices (PCNs)	(45,771)	(29,722)	(47,097)	(48,578)
Season Tickets	(100,395)	(77,038)	(115,103)	(79,983)
Pay & Display	(1,154,505)	(414,001)	(1,081,654)	(1,199,994)
Other Income	(260)	(292)	(250)	(12,250)
Resident's Parking	(26,975)	(25,639)	(27,090)	(18,575)
<b>Total Income</b>	<b>(1,327,906)</b>	<b>(546,692)</b>	<b>(1,271,194)</b>	<b>(1,359,380)</b>
 <b>Expenditure</b>				
Off-Street Parking (Operational, administrative and enforcement)	625,015	578,782	581,364	620,321
<b>Total Expenditure</b>	<b>625,015</b>	<b>578,782</b>	<b>581,364</b>	<b>620,321</b>
 (Surplus)/Deficit (income minus expenditure)	<b>(702,891)</b>	<b>32,090</b>	<b>(689,830)</b>	<b>(739,059)</b>
 <b>Surplus Spend</b>				
Environmental Maintenance Improvements - District wide	679,219	654,075	717,478	638,389
Capital Improvements - Welham Street Car Park				122,477
Capital Improvements - Wyndham Park Car Park	20,881			
Capital Improvements - Queen Elizabeth Park Car Park	38,078			
 <b>Deficit</b>	<b>738,178</b>	<b>654,075</b>	<b>717,478</b>	<b>760,866</b>
	<b>35,287</b>	<b>686,165</b>	<b>27,648</b>	<b>21,807</b>

*Unfortunately, while our spending of the surplus in recent years has been compliant with the law, the capital and revenue expenditure on the council's car parks has been much less than has been necessary to maintain them in good condition.*

*Consequently, in the current financial year and in years to come, we need to catch-up on the backlog left by the previous Conservative administration. This requires spending of hundreds of thousands of pounds on our car parks, including the Welham Street and Wharf Road car parks in Grantham.*

*As you know, the Council has undertaken a parking capacity study which has been reviewed by the Finance and Economic OSC and as a result we intend to consult residents on a new Parking Order. Furthermore, we intend to invest in expanding the capacity of the Cattle Market car park in Stamford by around 100 spaces in order to*

*increase the supply of parking in response to demand from tourists, shoppers and visitors to that historic town.*

*I hope this provides clarification and reassurance that the Council is not only abiding by the law regarding parking income but also managing the service in ways which benefit everyone in our towns and wider district.*

*Best wishes,*

*Ashley Baxter  
Leader  
South Kesteven District Council*