

Meeting of the Finance and Economic Overview and Scrutiny Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

**Tuesday, 18 February 2025,
10.00 am**

Committee Members present

Councillor Bridget Ley (Chairman)
Councillor Gareth Knight (Vice-Chairman)
Councillor Ben Green
Councillor Tim Harrison
Councillor Gloria Johnson
Councillor Max Sawyer
Councillor Lee Steptoe
Councillor Murray Turner
Councillor Mark Whittington

Other Members present

Councillor Matthew Bailey
Councillor Ashley Baxter
Councillor Richard Cleaver
Councillor Philip Knowles
Councillor Peter Stephens

Cabinet Members

Councillor Ashley Baxter, Leader of the Council
Councillor Richard Cleaver, Cabinet Member for Property and Public Engagement
Councillor Philip Knowles, Cabinet Member for Corporate Governance and Licensing

Officers

Richard Wyles, Deputy Chief Executive and s151 Officer
David Scott, Assistant Director of Finance and Deputy s151 Officer
Emma Whittaker, Assistant Director of Planning and Growth
Gyles Teasdale, Head of Service (Property and ICT)
Clare Moses, Head of Service (Revenues, Benefits, Customer Service and Community Engagement)
Debbie Roberts, Head of Projects, Performance and Climate Change
James Welbourn, Democratic Services Manager and Deputy Monitoring Officer
Megan White, Future High Street Programme Manager
Lucy Bonshor, Democratic Officer

65. Public Speaking

There were no public speakers.

66. Apologies for Absence

There were no apologies.

67. Disclosure of Interests

No disclosure of interests were made.

The Chairman stated that she was changing the order of the agenda and that items 9 and 10 would be swapped around. She also stated that she proposed to take both sets of minutes, agenda items 4 and 5 together.

68. Minutes from the meeting held on 26 November 2024 & Minutes from the Extraordinary meeting held on 16 January 2025

The minutes from the meeting held on 26 November 2024 and the minutes from the Extraordinary meeting held on 16 January 2025 were proposed, seconded and **AGREED**.

69. Updates from the meeting held on 26 November 2024 & updates from the meeting held on 16 January 2025

All actions had been completed.

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

No announcements were made.

71. Finance Update Report: April to December 2024

The Leader of the Council presented the report on the finance update for the period April to December 2024. He thanked Officers and the Finance Team for the work that had been undertaken and which put the Council in a strong financial position. Due to the scheduling of the meetings the Cabinet had approved the report at the meeting held on 11 February 2025. The report presented the forecast position for the current financial year as at the end of December 2024, it was the final forecast report before the outturn position which would be confirmed at the end of the financial year.

It was stated that the authority was in a strong financial position with positive variances for both the General Fund and the Housing Revenue Account (HRA). Investment income had continued to perform above the budgeted levels due to the high interest rates with good investments being secured at rates above those budgeted.

The Leader highlighted key factors which had contributed to income performing strongly and these were:

- Car Parking – change in tariffs and an hour's free car parking at certain car parks
- Planning Fees – increase in applications
- Budget assumptions for fuel and salaries had been set at levels higher than actuals

A reclassification of expenditure had been required in respect of the General Fund and the HRA which had originally been capital but was now revenue expenditure in nature. Therefore, some of the underspends in both capital programmes had been offset by overspends in the revenue budgets, however these had balanced out and there was no overall financial impact.

A Risk Register had been included within the report which highlighted the financial risks to the Council and the mitigating controls in place to help address them. It was stated that the Cabinet had discussed this at length, but it was stressed the risk in red as shown at number one on page 15 of the report was not an immediate risk but something which could be a risk in the coming years.

A question was asked about Local Government Reorganisation and what happened to the Council's "money".

The Leader stated that it would not be put in to "one big pot" and shared out. Some money, like the HRA had to be kept separate. Reference was made to Northamptonshire Council and the individual arrangements there which were still being dealt with year later, it was stressed there would be no rush to spend money.

The Deputy Chief Executive and S151 Officer stated that although it was not clear, all the respective balance sheets and financial structures of each council would be amalgamated over a period of time, ultimately being condensed into one new council. Each council would pool their resources, although the Housing Revenue Account (HRA) was different and would sit separately due to the ringfencing rules around the HRA and the fact that the Council had an outstanding self-financing debt thorough the abolition of the subsidy system. It also depended on who the Council amalgamated with as not every Council has a HRA. In simplistic terms there would be consolidation of every councils' finances be it their debt level, their reserves, their balances, their liabilities into one balance sheet.

One Member referred to some graphics that he had circulated to Members which showed the variation in council debt between different Councils, one map showed area, the other per resident. He appreciated that it may be an oversimplification, but he was concerned about the level of debt that some councils had and which South Kesteven may be amalgamated with.

A discussion followed. One Member referred to work carried out some years ago by the audit sector in respect of the amalgamation of councils and the timeframes in combining balance sheets which could take years. Another Member referred to a "scorched earth strategy" in respect of funds to which the reply was the Councill

would not be spending money in this context but would continue to spend money for the welfare of its residents. Income investment would be spent prudently in the best interest of residents such as work carried out in respect of the Earlesfield Community Centre, the refurbishment of Beeden Park, the investment in leisure centres and clean energy such as solar panels. Also works carried out in respect of Bourne Leisure Centre's roof and works to the wave machines at Bourne and Stamford Leisure Centres.

The Deputy Chief Executive and S151 Officer stated investment rates were not only driven by better interest rates than those originally forecast. He reminded the Committee that these had been set in October 2023 so there had been a time gap between budgets but, there had also been a forecast underspend on the Capital Programme, £10m less on the General Fund and £3m less on the HRA was the latest projection, therefore, cash balances were higher to enable more money to be invested. It was not just investment rates but also the Council's balances at any particular time which had to be taken into consideration.

It was stated that any underspends or additional income at year end would be considered by Cabinet and Governance and Audit Committee for them to make recommendations about where the money would be better used. The short-term recommendation would be to place the money in the Local Priorities Reserve. The budget was due to be discussed at Council at the end of February and Members would see a continued reduction in the Council's reserve balances. This is due to them being used to fund the capital expenditure in lieu of external borrowing which was excessively high at the current time.

Further discussion followed with Members encouraged to see the content of the report and the underspend at year end. A comment was made about safety checks in respect of gas and electricity and housing tenants. It was stated these checks were up to date, it was only when a tenant refused access to a property to carry out the checks that figures were affected and court orders had to be applied for.

More discussion on consolidating accounts due to reorganisation followed.

The Chairman thanked the finance team for the balanced budget and the Committee noted the report.

72. Turnpike Depot Update - February 2025

The Committee received a presentation from Tom Damarell (Lindum Construction Manager) and Tom Sensecall (Lindum Quantity Surveyor) on the progress of works at the new depot.

The Construction Manager gave an overview of the works and highlighted difficulties with the site showing the Committee aerial shots of the site before Lindum had started work (October 2024) and as work was progressed on site. Difficulties with the site included a tree plant protection zone on the east of the site

which contained bee orchids, the stockpiles of materials left over from the demolition of the previous facility on site, the existing site entrance and the connectivity with the roads and the existing tarmac car park.

Work on site began in November 2024 when the site was secured, the electrical supply disconnected and the materials on site relocated during the cut and fill exercise. Security systems were installed together with a solar powered carbon zero temporary site welfare.

A further aerial shot was shown. This was taken at the end of November 2024 in which it could be seen that the levels on site had been brought up, compacted and the stockpiles had been rationalised and used within the site in accordance with the material management plan.

The December 2024 aerial shot showed the site boundary treatments had been carried out and a new substation base had been installed. Materials had been recycled and used on site and the formation of the access road could be seen.

In the January 2025 aerial shot it could be seen that excavations had taken place for the drainage runs and the attenuation tanks. Further aerial shots showed the size of the attenuation tanks and the works involved with the tanks measuring 42 metres long and 7 meters deep.

Further shots taken in February 2025 showed the pouring of the foundations for the site and the deep drainage areas to the north and south of the site. The next period of construction involved the steel frame to be erected and the installation of interceptors. It had been decided to use two large interceptors rather than five smaller interceptors. The final slide showed a 3D model of what the office buildings would look like and the wider site.

Members welcomed the presentation, and a question was asked about being on budget and works on target to which it was confirmed the site completion and budget were currently on target.

A question was asked about the operation of the attenuation tanks and drainage on site to which the Lindum Construction Manager replied.

A comment was made about whether anything had been lost due to value engineering. It was confirmed there was nothing in terms of specification loss, the concrete yard had been rationalised and the amount of concrete had been reduced in the slab by increasing the amount of stone which had reduced the carbon used and there was also a financial saving.

A question was asked about whether anything had held up the works or whether anything had costed more than had been budgeted for to which the Construction Manager replied that any unknowns were now known and there were no “surprises”.

A further question was asked in relation to the solar panels and their efficiency and what percentage of the power requirement for the site they would supply and was there a battery backup to which the Construction Manager replied that he did not have the figures available at the present time. It was confirmed that there was a battery backup.

The Cabinet Member for Property and Public Engagement had nothing to add to the presentation which had been informative other than to reiterate the completion of the project was on target and also on budget and a further update would be given at the next meeting of the Committee.

The Chairman thanked the Officers from Lindum for attending and the Committee noted the update.

73. Maintenance Strategy Action Plan Update

The Cabinet Member for Property and Public Engagement introduced the report which provided the Committee with progress in respect of the implementation of the Council's Maintenance Strategy Action Plan for Corporate (General Fund) Property Assets.

It was stressed that the maintenance of assets was important to the Council and the Cabinet had approved proposals for a Maintenance Strategy at the meeting on 10 September 2024. Good progress was being made in respect of the Action Plan with the following areas highlighted:

- Gas consumption levels shown at 2.21 of the report. The Cabinet Member assured the Committee that operational usage patterns at the locations were being looked at, especially where there appeared to be variations in consumption such as at the Bus Station and SK House. Operation plant reviews were being undertaken at both locations to establish if there were any mechanical means to isolate areas where rooms were not in use, also energy efficiency in these areas was being reviewed.
- An explanation was given in respect of the categories shown at 2.8 of the report. It was stated, it was not the whole building that was classified as A, B, C or D but items/needs within the buildings.
- Paragraph 2.11 of the report estimated that the current backlog of category C maintenance costs for needs and requirements stood at £5,355,997.
- A revenue budget of £1m had been requested to action works associated with the backlog of maintenance. Cabinet at its February meeting had proposed that as part of the budget to Council a £2m reserve allocation to the Property Maintenance Reserve from the Local Priorities Reserve be considered.

The Cabinet Member for Property and Public Engagement stated work was progressing and the Committee would be kept informed.

The Head of Service, Property and ICT then went through the Maintenance Strategy Action Plan which was appended to the report and updated the Committee on progress with each action.

Action 1 – to undertake a comprehensive Condition Survey on all Corporate Assets was now complete and work was being undertaken to put the information on the system to develop the programming going forward. From that a programme of works was being compiled in respect of short, medium and long term projects. It was stated in the long term an estimated £25m would be required in investment over the next 25/30 years to address the backlog and requirements to maintain all assets in a good condition.

Actions 2 & 6 – Work was progressing with routine visual inspections of properties and compliance inspections. An asset management system had been put in place which officers were using to schedule inspections. This was an ongoing process.

Actions 3 & 4 – These had been combined in respect of the whole life costings and undertaking a utilities audit. Monthly audit meetings were undertaken with the Energy Officer to monitor consumption usage, monitoring was continually undertaken on how much was being spent and identifying how costs could be reduced. Examples of where costs had been reduced were highlighted such as the replacement of boilers in the Guildhall and Bourne Corn Exchange.

Action 7 – this had been prioritised as the asset tagging process was required to be undertaken as it formed part of the base data which was necessary for the implement and identification of works within the asset management system.

Action 8 – currently the Council managed a range of investment portfolios and depending upon the lease terms these had been outsourced to a company called Eddison's who undertook the management and inspection of these properties.

The Chairman stated that this was a massive piece of work with large projects taking a considerable amount of time to progress.

A discussion followed with points being raised in respect of gas consumption particularly at the bus station, “packaging” large pieces of work together, the types of building involved (Victorian and Georgian) and the capacity within the industry together with moving away from fossil fuels.

It was stated that “Meet the Buyer” events were being held in both Stamford and Grantham to see what local suppliers could offer although it was acknowledged that larger pieces of work would be outside the remit of small local suppliers.

The Committee noted the positive steps being made in respect of the Action Plan and the Maintenance Strategy.

74. UKSPF Programme Update

The Cabinet Member for Corporate Governance and Licensing presented the report which provided the Committee with an update on the UK Shared and Rural England Prosperity Fund Programmes.

The Council had received £3.7m in funding to allocate over three years. The funding had to be used by 31 March 2025 with any unspent funding being returned to central Government.

Currently the UKSPF had an over allocation of £21,261 with the Rural Fund being under allocated by £98,000. It was stated that there were a lot of funds which had yet to be drawn down and Officers were chasing applicants weekly in respect of these applications.

The Cabinet Member for Corporate Governance and Licensing placed on record his thanks to Officers specifically the Assistant Director of Planning and Growth and the Director of Housing who had taken over the management of the fund.

Weekly supervision of applications was being undertaken and work was being done to see if funds could be transferred across to the Rural Fund so that it will not be under allocated. Projects were being identified which could be moved into the UKSPF when it was clear what funds would be at risk. The Cabinet Member for Corporate Governance and Licensing stated these were funds that had been allocated for a project but had not been used fully by the end of the project. It was stated that all funds would be used by the end of the period, and it was not expected that any unallocated funds would be returned to central Government.

All outstanding projects where funds had not been fully drawn down were being closely monitored. If the grant recipient was unable to use all the funds allocated to them then the funds would be reallocated as per the UKSPF Boards decision made on 27 January 2025.

The Cabinet Member for Corporate Governance and Licensing stated it was possible that there would be £1.2m in funds for 2025/26, however the process would need to be streamlined and tightened up to make the allocation of funds more efficient.

Concern was expressed by some Members that the money would not be spent before the cut off deadline of 31 March 2025 due to the amount still outstanding and assurances were sought money would not be returned to central Government.

The Assistant Director of Planning and Growth stated the figures contained within the report were as at the end of January 2025. Regular updates were being undertaken with the Finance Team and she indicated that since the report had been written between £300 and £400,000 + had been allocated to projects since the report had been published. Payment vouchers were being signed off on a daily basis and she gave assurance to the Committee the funds were being committed.

Further concern was expressed about the short notice in respect of other schemes, and it was confirmed that further applications would not be sought. It was confirmed there were schemes that had been funded by other means by the Council such as through the Climate Change Reserve or General Fund contributions which meet the criteria for funds from the UKSPF. At the last meeting of the UKSPF Board a list of schemes had been highlighted and the UKSPF Board were happy for the Chief Executive and Section 151 Officer to use their delegated powers to allocate any underspends against these projects. This meant the funds could be freed up from these areas to be used on other projects.

A further comment was made about using the money from different areas and the underspend to which the Deputy Chief Executive and Section 151 Officer stated that the underspend would not change, it was how projects were financed that would change.

A question was asked about having a “By-ward” spend in respect of the UKSPF and it was stated that this information was available and was published on the agenda for each of the UKSPF Board meetings although a final spend was to be confirmed.

The Chairman stated that once the funding process had completely closed a further report would be coming before the Committee.

➤ Action

That a report on the UKSPF to come before the Committee once the complete allocation had been finalised.

Further comments were made in respect of funding applications and the required due diligence necessary to which the Assistant Director of Planning and Growth responded.

Members noted the report.

75. Grantham Future High Streets Fund – Programme Update

The Leader of the Council presented the report which updated the Committee on the Grantham Future High Streets Fund programme.

The Ministry of Housing, Communities and Local Government (MHCLG) had paid the entirety of the capital funding allocation for Grantham’s Future High Street Programme which totalled £5,556,042 and was match funded by the Council in the sum of £379,092.

The Public Realm Projects, the Market Place and Station Approach (Subset One in the report) had both been delivered and completed.

The Conduit Lane Public Toilets Refurbishment (Subset Two in the report), which had been closed for a significant period of time had been totally overhauled and refurbished to provide a facility which had controlled access with the toilets being re-opened in January 2025.

As part of Subset Three of the report, the Upper Floor Grants Programme, 22 new residential units had been created within the town centre of Grantham.

Subset Four of the report covered the Grantham Town Team which had met three times and were supported by the Town Engagement Manager. It was hoped that this post would be extended. The Action Plan for the Town Team had been approved by Cabinet in January 2025.

Subset Five concerned the MHCLG and monthly Officer meetings continued to take place with MHCLG Funding Delivery Managers to provide updates on progress and discuss issues. Officers had been engaging with MHCLG on the current underspend for the Programme exploring the options for funding additional works from the released risk and contingency budget.

A formal Project Adjustment Request had been submitted on 7 February 2025 to see if the additional works put forward could be funded through the programme underspend which had been identified (£882,695). Due to the grant requirements of MHCLG the additional work had to relate to the existing project delivery, the enhancements proposed included power provision and street furniture in the marketplace.

A discussion followed on the costs involved in respect of the toilets at Conduit Lane, Grantham. Some Members felt that the costs involved were very high. The Deputy Chief Executive and S151 Officer reminded the Committee that the toilets had sat redundant and underused for over ten years and therefore had fallen into disrepair and required a comprehensive refit. The Future High Street Board had specified £190,000 of the fund for the repair and the specification for the project had been worked within the financial threshold which had been granted. The work had included the complete removal of all the previous sanitaryware, tiles, flooring, ceilings, facias, soffits, doors and security. The list was extensive and was a complete modernisation and refit out of the building. It was noted that those who had visited the facility would be aware of the high security which was now in place at the location and also a steel door which could only be accessed via a payment system which was expensive due to the modern technology used, the building had been brought up to modern standards. A question was asked if the cost of demolition and rebuild had been looked at, but it was confirmed this had not been considered.

Further discussion followed in respect of a Freedom of Information (FOI) request had been submitted in respect of the Conduit Lane refurbishment and the reply that had been given and whether further information could be released. It was stated that material in respect of the project contained commercial sensitive information and Data Protection did not allow it to be disclosed. Further discussion on the

amount of information that could be released followed but it was stated Officers could only work within the rules and regulations that covered FOI's.

One Member asked if the new residential units in the town centre could be used as Council housing stock. But it was confirmed these were privately owned premises which had been enhanced using the Future High Street Fund and to which the owners had also made significant investment in. A question was also asked about the extra cost to the Council to administer the funds supplied by the Government.

It was stated that within the funds allocated by Government there were costs to cover the administration of the funds. It was also noted the grant funding for the residential units had kick started the private sector and landlords involvement in the project.

Further discussion in respect of the FOI and the Conduit Land toilet refurbishment followed and it was asked if a list of the works as indicated by the Deputy Chief Executive and S151 Officer could be sent to the requestee. It was stated Officers could only respond to the question that was asked in the original FOI. After further discussion it was proposed, seconded and **AGREED** that the Committee receive a complete breakdown of the costs involved in the Conduit Lane Public Toilet Refurbishment.

➤ **Action**

That the Deputy Chief Executive and S151 Officer provide the Committee with a complete breakdown of costs in respect of the Conduit Lane Public Toilet Refurbishment.

Further comments were made in respect of the costs of the refurbishments and also the charge of 20pence.

A comment was made about the £114k that had been allocated for events, whether any consideration had been given to use the funds in different ways to enhance investment, such as start-up grants or subsidised business rates as it was felt there were other ways to generate higher returns in respect of regeneration. Also, a question was asked whether the Grantham Town Council Chairman had attended the Town Team meeting on 16 January 2025.

The Leader stated the Deputy Chief Executive and S151 Officer had given a comprehensive list of why the Conduit Lane Toilet Refurbishment had cost the amount it had and reiterated the Committee had asked for a breakdown of those costs. The 20pence was not an extortionate price to pay and it also controlled entry into the property to prevent misuse of the facilities.

The £114k for events was reviewed to see how the money could be spent. Currently there was a programme of events to help build community and footfall within the town, work was on going with the community to put those events on. The Chair of Town Council had resigned and was therefore not at the Town Team

meeting however, Councillor Harrison had attended due to his involvement with the business community.

The Committee was reminded the Action Plan had been debated and agreed by the Committee at the January meeting before going before Cabinet where it was approved. It was not just events but money was being used in respect of a market study and engagement with the Town Team and other areas such as pop up shops and loyalty card schemes.

A question was asked if there was an update in respect of the vacant unit in the cinema complex. It was confirmed that Heads of Terms had been agreed and the unit was due to be operational by the Autumn. It was also confirmed that the operator of the unit was within the hospitality sector.

Further discussion followed in respect of the underspend and what the money would be spent on, and it was asked if a list could be circulated to the Committee.

Members noted the update.

76. Update on St Martin's Park, Stamford

The Chairman stated that at the meeting in November 2024 the Committee had received a presentation and had undertaken a full discussion on the issue and the report before them today was a brief update.

The Cabinet Member for Property and Public Engagement introduced the report which updated the Committee on the St Martin's Park re-development project in Stamford. The report provided a brief update on the areas which Council had agreed should be progressed to mitigate the costs to the Council.

Sales contracts had been exchanged at the end of October 2024 committing developers to the scheme at the sale contract prices agreed by Council and landowners and developers were working on items that needed to be finished before the sale contract could be completed with the developers. The Cabinet Member for Property and Public Engagement listed those items still to be dealt with which were:

- the removal of the last stockpile
- the removal of the gas infrastructure as it was not required for the new development.
- the removal of the overhead powerlines and the diversion of the electricity cables under Barnack Road, under the railway and river and connecting this with Cherry Holt Lane Sub Station. Regular meetings were taking place with the National Grid, Officers and Developers. All works were due to be finished this year to enable the sale of the site to be completed.

The Committee were informed that since the report had been completed the three reserve matters applications from the three developers had been submitted the week commencing 10 February 2025 and were in the process of being validated as the outline Planning Consent was due to expire at the end of February 2025.

A discussion followed with the Committee being mindful that the meeting was in open session.

One Member expressed concern that the Brownfield Land Release Fund application had been unsuccessful and the Council were potentially facing a large loss in respect of the site. The Member was referred back to the figures which had been circulated at the last Council meeting on pink papers and he would be able to cross reference these with the information contained within the report which would give the current level of the financial risk.

Another Member asked questions in respect of a further Brownfield Land Release Fund application, what the valuation was of the three council-owned properties, did South Kesteven District Council have to pay for the removal of the third stockpile and were South Kesteven on the “hook” for the diversion of the electricity power cables.

The Cabinet Member for Property and Public Engagement responded that yes, a further application would be submitted to the Brownfield Land Release Fund. He was unable to comment on the valuation of the properties, measures were in place so the Council was not responsible for the removal of the stockpiles and the Council was not on the “hook” for the electricity diversions required these were included within the signed contracts. A further question was asked in respect of the final demolition date, however the Cabinet Member for Property and Public Engagement was unable to confirm when that would be.

The Committee noted the update.

77. Work Programme 2024-25

The Chairman listed those items on the Work Programme for the May meeting of the Committee:

- Turnpike Depot update
- East Midlands Building Consultancy update
- Economic Development Strategy 2024/28 update
- UKSPF update and funding position for 2025/26
- Six monthly update on Marketplace Footfall

The Democratic Service Manager and Deputy Monitoring Officer informed the Committee that the draft dates for Committee meetings for 2025/26 was being circulated and would be confirmed at the Council AGM in May 2025. The Democratic Team would be looking at previous Work Programmes of the

Committees to see which items reoccurred and populate Work Programmes accordingly.

One Member asked when the Outturn report would be available. It was stated the information would be available late July 2025.

A Member, not on the Committee, referred to the review of Market Fees and how these compared with neighbouring authorities. It was stated that the examination of market fees would be undertaken when the fees and charges policy was reviewed.

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

None.

79. Close of meeting

The meeting closed at 12 noon.