

MINUTES of a meeting of the CABINET held in the Board Room, Council Offices, Coalville on TUESDAY, 24 JULY 2018

Present: Councillor R Blunt (Chairman)

Councillors R D Bayliss, T Gillard, T J Pendleton and A V Smith MBE

In Attendance: Councillors R Adams, J Bridges, J Clarke, N Clarke, J G Coxon, D Everitt, T Eynon, J Geary, G Houlst, J Legrys, S Sheahan and M Specht

Officers: Mr J Arnold, Mrs T Bingham, Mrs C Hammond, Mr G Jones, Mrs B Smith and Miss E Warhurst

15. APOLOGIES FOR ABSENCE

Apologies were received from Councillor N J Rushton

16. DECLARATION OF INTERESTS

In accordance with the Code of Conduct, Members declared the following interests:

Councillors R Blunt, T Gillard and T J Pendleton declared a non-pecuniary interest in the additional item - Update on County Council's intention to consider unitary proposals and a strategic alliance for the East Midlands, as Members of Leicestershire County Council.

17. PUBLIC QUESTION AND ANSWER SESSION

There were no questions received.

18. ADMISSION OF ADDITIONAL ITEM

It was moved by Councillor R Blunt, seconded by Councillor T J Pendleton and

RESOLVED THAT:

By reason of special circumstance in that an additional item of business needs to be considered before the next meeting of the Cabinet, the item entitled "Update on County Council's intention to consider unitary proposals and a strategic alliance for the East Midlands be considered at this meeting as a matter of urgency in accordance with Section 100B(4)(B) of the Local Government Act 1972.

Reason for decision: To enable the consideration of urgent business.

19. MINUTES

Consideration was given to the minutes of the meeting held on 12 June 2018.

It was moved by Councillor R Blunt, seconded by Councillor A V Smith and

RESOLVED THAT:

The minutes of the meeting held on 12 June 2018 be approved and signed by the Chairman as a correct record.

Reason for decision: To comply with the Constitution

Chairman's initials

20. REVIEW OF 2018 - 2023 MEDIUM TERM FINANCIAL STRATEGY

The Head of Finance presented the report to Members.

She advised that the report provided a summary of the first review of the assumptions of the Medium Term Financial Strategy that was approved by Council in February and it gave Members an update in respect of the Journey to Self-Sufficiency Programme. She stated that the review had re-assessed the assumptions that drove the medium term financial plans of the General Fund and Housing Revenue Account in light of the Government's spring statement and financial outturn of the Council for the 2017/18 financial year. She highlighted that the revisions on the General Fund had resulted in a favourable movement in the 5 year savings target, bringing it down by £770k, from £5.3m over the period to £4.6m and that the Housing Revenue Account 5 year projections remained positive with balances building until 2022 for the purposes of repaying two maturity loans totalling £13m which fall due in that year. She added that the future projected funding shortfall previously reported of £62m between 2041 and 2048 had reduced significantly to £33m over the same period due predominantly to a re-alignment of CPI forecasts over the 30 year plan which drove assumed rental income.

She informed Members that in respect of the Journey to Self-Sufficiency Programme, the commercial strategy was now in an early draft and was expected to come to Cabinet for approval later in the current financial year, and that savings in respect of a second phase of management restructures had delivered savings of £36k and £32k for the General Fund and Housing Revenue Account respectively, and early work that would deliver savings from the Council's support services in relation to the outsourcing of leisure was progressing well with initial savings of £20k identified. She advised Members that a revised Medium Term financial plan for the Council and a further update in respect of the Journey to Self-Sufficiency Programme would be delivered to Cabinet in December as part of the review of the draft 2019/20 budget proposals.

Councillor R Blunt stated that in a time of financial uncertainty the report before them showed that the Council had taken the required steps to deliver balanced budgets and therefore there was no current requirement to raise Council Tax or charge for brown bins.

Councillor R D Bayliss stated that the report in front of them outlined how good the Authority's treasury management was.

It was moved by Councillor R Blunt, seconded by Councillor T Gillard and

RESOLVED THAT:

1. The impact of the review of the Medium Term Financial Strategy on the Council's projected financial position be noted; and
2. The progress of the journey to self-sufficiency programme be noted.

Reason for decision: To keep members up to date in respect of the council's financial projections.

21. LEISURE VAT IMPLICATIONS

The Head of Finance presented the report to Members.

She advised Members that the report requested that Cabinet recommended to Council that VAT exemption status in respect of the leisure centres was sought and provided the comments of the Policy Development Group in considering the issue. She stated that following a European Court of Justice ruling last year, HMRC had now accepted that sporting services delivered by Local Authorities should be exempt from VAT as was the

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case already for non-profit making bodies delivering the same supplies and services, and would allow Councils to choose to apply for the exemption status.

She informed Members that if the Council proceeded to apply for exemption status, savings in the region of £250K per annum would be achieved until such time that services were switched to the new leisure provider, following contract award later in the financial year, and adding that in addition, the Council would also be able to reclaim the VAT that had been paid over to HMRC for the past 4 years, equating to approx. £1m.

She advised that the original outsourcing business case had been reviewed in light of the new treatment being available and that additional calculations had also been undertaken in response to questions raised by the Labour Group following PDG on 27 June, which had been outlined in the additional confidential paper that had been circulated prior to the meeting to members. She highlighted that exemption status was only favourable if the Council outsourced the leisure centres and that was because, under the exemption in a business-as-usual scenario, significant capital expenditure would breach the HMRC 'test of insignificance' and substantial VAT liabilities would then arise that would outweigh the benefits of exemption.

She informed Members that 4 bids had been received from potential operators by close of play on Friday, 20 July and so there was no reason to believe a contract would not be awarded. She advised that the work required to make an application to HMRC would cost approximately £15k.

The Leader invited Councillor S Sheahan to ask his question.

Councillor S Sheahan thanked the Leader for allowing him to ask the question. He asked:-

"Given that the option of keeping Hood Park Leisure Centre in house, with VAT exemption is only £148,000 more expensive on the 25 year NPV position (£6k pa) would the Administration accept that it is worth exploring further the possibility of keeping Hood Park in house?"

Councillor A V Smith provided the following response to the question:-

"I need to make it absolutely clear to Members that the decision to outsource Hood Park and Hermitage Leisure Centres has already been made. This report is in consideration of a change in VAT treatment alone that will bring financial benefits to the council. We have already engaged the market and we are not unravelling this decision. We have 4 strong bidders from a very well established leisure market place who all operate on behalf of Local Authorities in Leicestershire and will all deliver far better outcomes in terms of facilities and community benefit. To separate out Hood Park is completely unfeasible as the business operation in terms of staffing, operational practices, and marketing are intrinsically linked. As stated in the additional paper circulated this evening, the in-house position has declined further since 2016/17 due to the need for future capital expenditure, and reduced revenue in the face of increased competition, and this pattern continues."

Councillor R Blunt stated that the administration was committed to the route that had been set within the Leisure project and that the reclaimed VAT would be a windfall for the Council to use to its advantage. He stated that had there been no bids received then it would be a different story, however to change the outcomes at such a late stage would make a mockery of the process.

It was moved by Councillor A V Smith, seconded by Councillor R Blunt and

RESOLVED THAT:

1. The contents of the report and the comments of the Policy Development Group be noted and;

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2. It be recommended to Council that the application to HMRC be made for exemption on VAT in respect of sporting services provided by the Council.

Reason for decision: To recommend to Council that an application is made to HMRC to seek exemption from charging VAT on sporting services.

22. PROPOSED SUPPLEMENTARY PLANNING DOCUMENTS - ASHBY DE LA ZOUCH AND COALVILLE CYCLING STRATEGIES

The Regeneration and Planning Portfolio Holder presented the report to Members.

He reminded Members that in January Cabinet had withdrawn several SDPs as they were out of date or no longer had a relevant policy in the adopted Local Plan. He advised that consultation had taken place on both documents and that Cabinet were being asked to recommend to the Local Plan Committee that the documents be adopted subject to the amendments detailed in appendix a.

Councillor A V Smith stated that it was a very good piece of work and that the Council needed a cycling strategy.

Councillor R D Bayliss expressed frustration that cycle paths had been provided along the busy roads yet many still cycled on the roads and asked if there was anything the Council could do to encourage the use of the cycle paths.

Councillor R Blunt stated that the population was growing but the road network in Leicestershire could not cope and therefore the Authority would be ahead of the game with the policies being proposed.

It was moved by Councillor T J Pendleton, seconded by Councillor A V Smith and

RESOLVED THAT:

The Ashby de la Zouch cycling strategy and the Coalville cycling strategy be recommended to the Local Plan Committee for adoption as supplementary planning documents subject to the amendments outlined in appendix a.

Reason for decision: To recommend to the Local Plan Committee that the strategies be adopted as supplementary planning documents.

23. MINUTES OF THE COALVILLE SPECIAL EXPENSES WORKING PARTY

The Community Services Portfolio Holder presented the report to Members.

She advised that the Working Party continued to have a positive impact on the Coalville area and its residents due to the ongoing proactive work it had delivered and since their last meeting the Working Party had reviewed their Terms of Reference, which Cabinet were being asked approve, and that Music and Picnic in the Park had been extremely popular and successful again. She highlighted that the Working Party were proposing that next year's events were to be held on 22 and 23 June.

She informed Cabinet, that whilst it was disappointing that the application to the Bardon Community Fund for the commemorative artwork in Memorial Square had been unsuccessful, it was pleasing that the project was still on track and had the full support of the Whitwick Branch of the Royal British Legion. She stated that the Working Party had requested that Cabinet approved an additional £3,000 be allocated from balances to Melrose Road Play Hub to cover potential legal fees in order to allow a footpath to be installed and that she was pleased to report that funding applications to Bardon

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Community Fund had been successful for 50% of the amounts requested for improvements to Coalville Park in order to help achieve Green Flag status, and improvements to London Road Cemetery.

She commended the efforts of the Working Party in trying to improve the Coalville area in line with the Council priorities and urged Members to support the recommendations to allocate £1,100 from balances to allow additional grass cutting to take place at Phoenix Green and along both Bardon and Ashby Roads. She highlighted that work to remove the MUGA from Lillehammer Drive had commenced and that the Working Party would be considering how the Section 106 funding associated with the project could be used to enhance facilities for residents within that vicinity.

It was moved by Councillor A V Smith, seconded by Councillor T Gillard and

RESOLVED THAT:

The recommendations made by the Coalville Special Expenses Working Party as detailed within the minutes be noted and the recommendations as summarised at 3.0 be approved.

Reason for decision: To progress Coalville Special Expenses projects and programmes.

24. UPDATE ON COUNTY COUNCIL'S INTENTION TO CONSIDER UNITARY PROPOSALS AND A STRATEGIC ALLIANCE FOR THE EAST MIDLANDS

The Chief Executive presented the report to Members.

She highlighted the background and that the report before them sought to set out the proposed actions and governance timetable to allow the Council to fully respond to the forthcoming consultation, the Council's communication plan and consultation plan for the process, and identify the initial actions that would need to be taken to ensure any proposals were robustly assessed. She informed Members that government guidance suggested a unitary council should cover at least 300,000 people although there were now no restrictions for a unitary council in relation to the maximum population. The report outlined a number of possible different models that the Council may need to consider.

She advised Members of the work that had already been undertaken by officers and outlined the key communication messages in relation to the process. She added that due to the timetable and response deadlines it may be necessary to reschedule some Cabinet and Council meetings to allow the process to be open and transparent through appropriate scrutiny and consideration at meetings.

Councillor R Blunt stated that it was a sensible and mature response to the proposals and that North West was the first authority to come up with a paper for Members to consider. He advised that throughout the whole process the Council would need to consider what was best for the district and its residents and consider all the options that were put forward. He felt that a good communication plan was vital when working with staff and residents, and the process should be open and transparent, and as such as the Leader of the ruling party he would allow a free vote at Council when it was considered and that Cabinet would then respect the outcome.

Councillor T J Pendleton stated that efficiencies may be easy to quantify through various models however he was unsure if value for money or responsiveness on the ground could be so easily measured. He felt that North West had a good track record of reacting quickly to governance and financial issues. He supported the debate.

It was moved by Councillor R Blunt, seconded by Councillor T J Pendleton and

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RESOLVED THAT:

1. The County Council's intention to develop proposals for unitary government and East Midlands Strategic Alliance be noted;
2. The communication plan, as set out in appendix B be approved;
3. The Council's change to the schedule of meetings in order to accommodate the County Council's consultation period, as set out in paragraph 6.1 be noted.

Reason for decision: To ensure the District Council is in a position to fully consider and respond to any proposals in a timely manner.

25. MARLBOROUGH SQUARE REDEVELOPMENT

The Leader presented the report to Members.

He reminded Members that the Marlborough Square project formed an important step within the regeneration strategy for Coalville and it implemented work identified by the Prince's Foundation's Strategy for Coalville from 2009. He advised that since Cabinet reserved £1.1 million in January, officers had been working with Leicestershire County Council to develop a detailed scheme that could be tendered. He stated that the County was still finalising tender documentation but the initial cost estimates had been reviewed upwards as part of this process although provisional sums had been included to cover elements that were still unknown.

He informed Members that the report set out the financial implications and budget for the project for Cabinet to approve and that display boards around the room showed the latest design and materials proposed. He added that consultation and engagement with the business community had continued with strong support for the scheme, and that further engagement would continue seeking to minimise the impact of the works on businesses. He stated that the County were working to start on site in October with completion before the end of the financial year.

It was moved by Councillor R Blunt, seconded by Councillor T J Pendleton and

RESOLVED THAT:

1. The results of the public consultation on the concept plan be noted.
2. The design (by LCC) to refurbish Marlborough Square to create a new public space, new bus stops and new taxi rank with a limited amount of short stay parking be approved.
3. The application for £340,000 of LLEP funding to support the project be noted.
4. Additional funding for the project of £486,000 from the earmarked reserve for site acquisitions in Coalville and £60,000 from the local business fund be approved.
5. Authority be delegated to the Strategic Director of Place in consultation with the Leader to:
 - a. Negotiate and agree final costings for the project;
 - b. Approve final designs;

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- c. Enter into a contract with LCC for the carrying out of highway works to implement the project
- d. Actively manage the contract during the works period including agreeing changes to the design and programme if required,
- e. Enter into contracts for associated consultancy fees of up to £70,000

All within the cost envelope of £1,586,500 as described in paragraph 3.2 of the report.

- 6. Authority be delegated to the Strategic Director of Place to negotiate and enter into a maintenance agreement with LCC to apportion maintenance responsibilities and costs estimated at £5,000 per year arising from the high quality, non-standard materials that form the project's design
- 7. Authority be delegated to the Strategic Director of Place to enter into contracts for associated materials and equipment totalling up to £60,000

Reason for decision: Cabinet approval is needed to progress the project further.

26. EXCLUSION OF PRESS AND PUBLIC

RESOLVED THAT:

In pursuance of Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the remainder of the meeting on the grounds that the business to be transacted involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act and that the public interest in maintaining this exemption outweighs the public interest in disclosing the information.

Reason for decision: To enable the consideration of exempt information.

27. MARKET PROVISION IN COALVILLE

The Leader presented the report to Members.

He outlined the proposals within the report and the next steps.

It was moved by Councillor R Blunt, seconded by Councillor T Gillard and

RESOLVED THAT:

The recommendations as detailed in the report be approved.

Reason for decision: To seek agreement to progress the work.

The meeting commenced at 5.00 pm

The Chairman closed the meeting at 5.51 pm