MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 9 JANUARY 2019

Present: Councillor M Specht (Chairman)

Councillors R Ashman, T Eynon, J Geary (Substitute for Councillor N Clarke), G Hoult, P Purver, V Richichi, A C Saffell, S Sheahan and N Smith

In Attendance: Councillors R Adams, J Clarke, R Johnson and J Legrys

Portfolio Holders: Councillors R Blunt and N J Rushton

Officers: Mr J Arnold, Mrs T Bingham, Mr M Fiander, Mr G Jones, Mrs B Smith, Mrs R Wallace and Miss A Wright

32. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor N Clarke.

33. DECLARATION OF INTERESTS

Councillor S Sheahan declared a non-pecuniary interest in item 12 – Marlborough Square Update as a Councillor for Leicestershire County Council. He also declared a pecuniary interest in item 8 – Draft 2019/20 General Fund and Special Expenses Revenue Budgets, as there was reference in the report to HS2. He advised that he would leave the room during any discussion on HS2.

Councillor T Eynon declared a non-pecuniary interest in item 12 – Marlborough Square update as a Councillor for Leicestershire County Council.

34. PUBLIC QUESTION AND ANSWER SESSION

None.

35. MINUTES

Consideration was given to the minutes of the meeting held on 5 November 2018.

Councillor S Sheahan asked for the following amendment to minute number 25 – Declarations of Interests:

'Councillor S Sheahan declared a ~~non~~-pecuniary interest in item 7 – Quarter 2 Performance Management Report, due to the reference in the report to HS2.'

It was moved by Councillor M Specht, seconded by Councillor S Sheahan and

RESOLVED THAT:

The minutes of the meeting held on 5 November 2018 be approved subject to the above amendment and signed by the Chairman as a correct record.

At the request of the Chairman, it was agreed to move item 12 – Marlborough Square Update up the agenda to be considered first.

36. MARLBOROUGH SQUARE UPDATE

The Chief Executive addressed the committee providing an overview of the project progress to date and highlighting the correspondence from Leicestershire County Council detailed in the additional papers, which referred to the termination of the current joint arrangements.

The Strategic Director of Place gave a presentation to Members, which detailed a review on the work already carried out on the project, the current position and an outline of the proposed way forward.

The Leader of the Council addressed the Committee. He expressed the importance of continuing with the project and creating a first class scheme for Coalville. As the land at Marlborough Square was owned by Leicestershire County Council it was a sensible choice at the time to create the arrangement with them for the contracting of the work required. The Leader of the Council stated that the agreement was entered into in good faith, and in hindsight, he would not have done things any differently. However, he understood that the whole process was a learning curve and it was now essential to move forward.

The Chairman reminded Members that as the meeting and the report were open to the public, any discussions regarding the confidential additional papers of the tender price would require a motion to exclude the press and public during the item.

In response to a number of questions from Councillor S Sheahan, the following was stated:

- The Head of Economic Regeneration was the NWLDC representative on the Leicestershire County Council Project Board.

- The Leader of the Council did not believe that it was a mistake to form the agreement with Leicestershire County Council, as it was a logical decision. Unfortunately, the fit was not right and as soon as the problems occurred, the project was stopped immediately.

- The Leader of the Council did not believe the project was carried out 'on the hoof'. There was a series of conversations held between all parties prior to work being undertaken, which was good practice. Unfortunately, this led to a mismatch of information along the communication lines.

- The Leader of the Council did not think that the changes requested from NWLDC during the process were to blame for the breakdown of the agreement. Due to the required standard of the scheme, it was important to have many discussions on the options available to ensure the aesthetic quality was right.

In response to a number of questions from Councillor T Eynon, the following was stated:

- The Head of Economic Regeneration stated that officers were aware that the granite paving would take the costs over budget and that the July 2018 completion date would be missed in approximately April 2018.

- The Head of Economic Regeneration reported that there were three different project managers involved during the contract but he did not feel that this had an impact, as they were from the same company and there was always a smooth handover.

- The Head of Economic Regeneration stated that there was acknowledgement that contractors would set up on site before final costs were known but there were

contingencies in place to cover most circumstances with money in the budget to cover risks and authority delegated to the Strategic Director to make changes to the scheme.

- The Head of Economic Regeneration stated that it had been hoped that the work could be done in time to enable trees to be planted in the square by the end of the planting season, which was November to March.

- The Leader of the Council stated that officers would now progress with the tender process and would be able to talk directly to contractors rather than going through Leicestershire County Council. He assured Members that work would not go ahead until there was a fixed price in place.

Councillor T Eynon stated that it was difficult to have confidence in the Council to run big projects when it cannot manage smaller projects such as this one. The Leader of the Council stated that Council officers were very competent and he had no concerns. He added that the whole process had been a learning curve but he believed that Coalville would get a good scheme for an affordable price. The Chief Executive felt that all officers on both sides had worked very hard on the project and the methodology behind it had been right. She added that after seeing all of the information available, she still had every confidence in her officers.

Councillor V Richichi asked if going forward there would be a ceiling on the cost of the development and if penalty clauses would be included in contracts. The Strategic Director of Place reported that going forward the scheme would go through a competitive tender process using work already undertaken and a set price would be sought. The contracts would have contingencies built in to cover any changes including timescales and costs but penalties were not being considered at this time, however legal advice would be sought and this matter incorporated into any future contract.

Councillor R Ashman stated that there was an indication that nothing had been done but that was obviously not the case. He was pleased that officers were being open and honest about everything. He asked if Leicestershire County Council had made it clear that there were cost issues prior to the start of work. The Head of Economic Regeneration confirmed that they had not. The Leader of the Council reported that contractors were not aware if there were any problems that were underground until work had started but we had allowed the closing of the square in good faith. He felt it was a tough decision to stop the project and make the issues public.

In response to a question from Councillor N Smith, the Leader of the Council confirmed that the Princes Trust were still involved in discussions. The focus for Coalville was still the four squares and therefore the Princes Foundation was at the heart of all that we do.

In response to a further question from Councillor N Smith, the Head of Economic Regeneration stated that work totalling approximately £8,000 was not budgeted for when Cabinet approved the initial budget for the project.

Councillor J Geary stated that he had always been supportive of the suggested schemes for Coalville but he had found it very embarrassing when receiving questions and comments from residents about Marlborough Square. He was disappointed with the report as it did not really state what went wrong with the project and why. However, he was pleased to receive the additional papers which gave an indication as to where the blame lied, although it was one sided. He was disappointed that there was not a representative from Leicestershire County Council in attendance. Councillor J Geary questioned if the Council were liable for any costs post October 2018 as Leicestershire County Council acknowledge their awareness of problems from that date within the additional papers. The Leader of the Council felt that there was limited purpose in arguing a case on this when the two parties have different perspectives on the same issues The

reality was that there was a miscommunication between two councils and an external framework contractor.

Councillor S Sheahan asked if he was able to refer to the County Council's letter in the public meeting as Councillor J Geary had done due to the confidential nature of the information. Members were advised that they could as long as any financial information was omitted.

In response to a number of questions from Councillor S Sheahan, the following was stated:

- The Leader of the Council explained that he had not agreed a specific role on the project with officers, as he would not usually get involved if it was going smoothly. As the Leader of the Council, it was essential to get involved when required to.

- The Strategic Director of Place explained that protocols were followed and in his opinion, it was the same scope as it was a year ago. He also felt that the process undertaken was how a project should be run.

- Regarding the comments from Leicestershire County Council in relation to NWLDC breaking communication protocol, the Strategic Director of Place reminded Members that this was the County Council's perception and he did not believe that was the case. He was confident that officers acted correctly, as the problems raised were issues that needed to be rectified to make the scheme right for Coalville. The frustration was that there was very few drawings available to allow details to be dealt with.

- Regarding the claims from Leicestershire County Council that the increase in costs were entirely due to intervention from NWLDC colleagues, the Chief Executive reported that the costs of any additional elements were very small and the County Council admitted that they had underestimated costs.

At this point, the Chairman stopped debate as the report had been discussed at some length. He felt that officers had learnt lessons from the process and as the committee were being asked to note the current position he moved the recommendation. It was seconded by Councillor G Hoult.

Councillor S Sheahan did not agree that the debate should be curtailed as he still had questions that he wanted answering. He requested the ability to submit a minority report to Cabinet when considering the report on 15 January. The Chairman stated that legal advice on the process for submitting minority reports would be provided to Councillor S Sheehan outside of the meeting.

RESOLVED THAT:

The report be noted.

37. 2019/20 CAPITAL STRATEGY

The Head of Finance presented the report to Members.

In response to a question regarding the ownership of the Leisure Centres from Councillor T Eynon, the Head of Finance reported that the service provider would be responsible for the lifecycle costs of the facilities. If the service provider wanted to extend the buildings or make any large-scale changes to the facilities, they would need the Council's permission, and may involve the Council making a financial contribution as they remain Council owned assets.

Councillor J Geary raised concerns that once the land at Cropston Drive had been sold to fund the leisure project there would be no remaining council owned land to fall back on if funds were required elsewhere in the future. He was also disappointed that the land was not being used for much needed council housing. The Portfolio Holder believed it was better to maximise the value of the land by selling it and funding capital projects. He added that there could be options to buy more land in the future as well as other ways to invest money to raise funds. Regarding the development of the Cropston Drive site, the Portfolio Holder stated that the development of the site would include social housing, plans of which would be seen by Planning Committee in due course. He added that other council sites such as disused garages were being utilised for development for social housing.

It was moved by Councillor N Smith, seconded by Councillor R Ashman and

RESOLVED THAT:

Comments made by the Policy Development Group be provided to Cabinet when it meets on 5 February to consider the Capital Strategy 2019/20.

38. TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20 AND PRUDENTIAL INDICATORS 2019/20 TO 2021/22

The Head of Finance presented the report to Members.

In response to a question from Councillor S Sheahan, the Portfolio Holder explained that the additional steps implemented for investments and Local Authority lending was introduced to avoid any reputational embarrassment. The Head of Finance stated that she had previously given assurances to Members regarding inter local authority borrowing and that any such investments were safe. However, the issue was around the timing of claiming money back in the event that an invested local authority encountered financial difficulties and it was important to safeguard our finances.

Councillor T Eynon raised concerns regarding the decision to not automatically set aside the budgeted HRA surpluses for the repayment of loans due in 2037. She asked for assurance that this would not leave the future generation in a difficult financial situation. The Portfolio Holder assured Members that the Council was prudent and it was the intent to pay off the loans due in 2022. However, having more flexibility post 2022 would allow the Council to consider investing in new supply and/or stock improvement to improve and widen the asset base and realise future income streams. Councillor T Eynon asked what strategies were in place to deal with any required improvements to the housing stock at the time the loan repayments were due from 2037. The Portfolio Holder explained that money from rent payments were put aside into planned programmes for any maintenance work required to the housing stock. The Strategic Director of Housing and Customer Services confirmed the arrangements, stating that annuity loans would continue to be repaid, that of the £77m self financing loans taken out in 2012, a considerable chunk (£33m) would be paid off by 2032 and the option to refinance would always be available. He very much doubted that most local authorities would be in such a good financial position.

It was moved by Councillor V Richichi, seconded by Councillor R Ashman and

RESOLVED THAT:

Comments made by the Policy Development Group meeting be provided to Council when considering the Treasury Management Strategy Statement 2019/20, Treasury Management Indicators – Revised 2018/19 and 2019/20 to 2021/22, and the Annual Minimum Revenue Provision Statement.

39. DRAFT INVESTMENT STRATEGY - SERVICE AND COMMERCIAL 2019/20

The Head of Finance presented the report to Members.

Councillor G Hoult thanked the finance team for a very comprehensive report.

It was moved by Councillor M Specht, seconded by Councillor G Hoult and

RESOLVED THAT:

The report be noted.

40. DRAFT 2019/20 GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGETS

The Head of Finance presented the report to Members.

Councillor N Smith congratulated the Portfolio Holder and the Finance Team for another strong budget with no increase in council tax, as well as the planned investment in recycling.

The Chairman thanked the Portfolio Holder and the Leader of the Council for attending the meeting.

In response to a question from Councillor S Sheahan, the Head of Finance stated that the additional £5,000 contribution for Citizens Advice was put forward by the Team Manager following discussions with the Citizens Advice Bureaux. It was agreed for the Finance Team Manager to provide further information to Councillor S Sheahan outside of the meeting. The Strategic Director of Housing and Customer Services commented that the HRA Budget Proposals contained an additional investment to fund a support worker to work with residents experiencing financial hardship.

Regarding the budget proposal for no increase in council tax, Councillor S Sheahan commented that there was no indication as to the amount of money that could be received if there was an increase. The Head of Finance explained that in line with legislation, the most the Council tax could be increased by (without a local referendum) is 2.99 percent and referred to paragraph 4.5 of the report where the impact of not increasing council tax is outlined.

Councillor A C Saffell asked why there had been an increase in staff numbers when the issue regarding the use of agency staff and the rising staffing costs had been raised in the last financial year. The Head of Finance explained that the figures detailed in the report were all committed costs for yearly progression through salary bands, pensions and cost of living increases. It was agreed for the Finance Team Manager to provide Councillor A C Saffell with further details regarding the committed staffing costs and an update on permanent / agency staff numbers. The Strategic Director of Housing and Customer Services commented that staff numbers may increase in areas such as Housing Repairs where planned maintenance programmes have been taken back in-house.

Councillor T Eynon raised concerns that there had been no expenditure against the self-sufficiency fund since it was set up. The Portfolio Holder explained that as there was so much financial risk, it was prudent to save the funds for when it was needed. The Head of Finance added that a future deficit had been predicted and therefore she was reluctant to utilise the fund until that time. The Strategic Director of Housing and Customer Services commented that the Commercial Strategy had been approved by Cabinet in October 2018, and income generating proposals may come forward in the coming months which could be financed from this fund.

Councillor T Eynon expressed surprise that the Council was required to make a management fee payment to the leisure service provider in the early years of the project and was concerned about whether the predicted £100,000 saving with the project could be made. The Head of Finance explained that the saving was in relation to the corporate overheads and the management fee payments were something that had become known during the bidding process.

Councillor S Sheahan asked that the points raised by Councillor T Eynon regarding the leisure project be addressed and made clear to Members at the upcoming leisure project briefing. The Strategic Director of Place agreed.

Councillor R Ashman felt it was a good clear report and was pleased alternative ways were being sought to generate income.

It was moved by Councillor R Ashman, seconded by Councillor G Hoult and

RESOLVED THAT:

Comments made by the Policy Development Group be provided to Cabinet when it meets on 5 February to consider the Draft 2019/20 General Fund and Special Expenses Revenue Budgets.

41. 2019/20 HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS

The Head of Finance presented the report to Members.

In response to a question from Councillor J Geary, the Strategic Director of Housing Customer Services explained that the laundry room service charges had been increased, as they had been very low for some time and previously did not recover the costs being incurred. He added that new equipment had been installed and a consultation carried out with the users indicated that they were willing to pay the increase in charges for improved facilities. Councillor T Eynon believed that there was an acceptance from residents in sheltered schemes as they were happy to pay more for better facilities.

Councillor J Geary did not agree with the increase in shop leases at a time when the Council should be encouraging small businesses to remain open. The Portfolio Holder stated that the increase was to gradually bring the charges in line with the market rate. The Strategic Director of Housing and Customer Services added that the leases had been frozen at the previous rate for decades and was not near the market rate. There had been no objection from the business owners to the increases which have been phased in since 2015.

Councillor S Sheahan was disappointed with the decision to increase the shop leases. He understood that the Council was a business but felt that these small shops should be supported as much as possible, especially as some of these businesses were the only local shops available to residents in some areas.

It was moved by Councillor P Purver, seconded by Council G Hoult and

RESOLVED THAT:

Comments made by the Policy Development Group be provided to Cabinet when it meets on 5 February to consider the 2019/20 Housing Revenue Account (HRA) Budget Proposals.

42. 2019/20 - 2023/24 DRAFT CAPITAL PROGRAMMES

The Head of Finance presented the report to Members. Further to the report, she informed Members that due to the recent failure in the door security system of the Council Offices, Cabinet made the decision at its December meeting to replace the system in this financial year rather than the next financial year as originally budgeted for. The changes would be included in the final budget report.

Councillor S Sheahan expressed interest in the compartmentalisation recycling bin pilot, as any improvements to the current provision would be beneficial. He asked how quickly it would be rolled out across the district and when financial benefits would be seen. The Strategic Director of Place stated it was difficult to say what improvements to recycling rates or financial benefits would be at this stage.

Councillor A C Saffell referred to the recent announcements that the Government were looking at standardising the method of collecting waste across the country and asked if this would be considered when conducting the pilot. The Strategic Director of Place confirmed that this would be included in the Waste Strategy.

In response to a question from Councillor J Geary, the Head of Finance agreed to provide further information regarding the cost of Owen Street football floodlights and how it was to be funded.

It was moved by Councillor M Specht, seconded by Councillor J Geary and

RESOLVED THAT:

Comments made by the Policy Development Group be provided to Cabinet when it meets on 5 February to consider the 2019/20 - 2023/24 Draft Capital Programmes.

43. 2019 - 2024 MEDIUM TERM FINANCIAL STRATEGY

The Head of Finance presented the report to Members.

At the request of Councillor T Eynon, the Head of Finance explained the four key work streams identified as part of the self-sufficiency programme, as detailed at paragraph 4.4 of appendix 1.

The Strategic Director of Housing and Customer Services explained that there was a flexible approach to the use of the self-sufficiency funds. If the opportunity arose, it could be invested or we could continue to add to the reserve until it was required.

It was moved by Councillor A C Saffell, seconded by Councillor P Purver and

RESOLVED THAT:

The report be noted.

44. ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME

A discussion took place regarding the ‘Gas Supply in Rural Areas’ item which had previously been on the work programme for some time but was no longer scheduled for a meeting. It was agreed for the Strategic Director of Housing and Customer Services to make the necessary arrangements for the item to be considered at a future meeting, possibly in June 2019.

Councillor T Eynon stated that it was a year since Universal Credit had been introduced and it had implications on those that received council tax credits. She also felt that customer service staff were sometimes unsure of what advice to give due to the complex nature of the scheme. She would like someone from universal credit and customer services to undertake a review, especially on the impact it has had on claimants and their access to council tax and other support.

In response to a question from Councillor A C Saffell, the Strategic Director of Housing and Customer Services explained that the 'Workforce and Agency Costs – Annual Update' report was scheduled for 12 June 2019 as it was the first meeting after the end of the financial year.

RESOLVED THAT:

a) The 'Gas Supply in Rural Areas' item be scheduled for a future meeting.

b) A report regarding a review of the impact of universal credit on claimants and their access to support be considered at a future meeting.

45. 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.

46. VALUE FOR MONEY REVIEW OF NEW AFFORDABLE HOUSING

The Strategic Director of Housing and Customer Services presented the report to Members.

In response to a question from Councillor S Sheahan, the Strategic Director of Housing and Customer Services stated that the cost of land was an issue and that was the reason why council owned land was currently being developed, unless opportunities arose such as with the police station site in Coalville. Councillor S Sheahan asked if there was anything that could be done via Planning to overcome the land costs. The Strategic Director for Housing and Customer Services was not sure if he could influence land prices but that feeding into the Local Plan, which allocates land for different purposes, including residential was perhaps one route to take. He agreed to look into the matter further of how affordable housing could be developed where high land prices existed.

In response to a question from Councillor V Richichi, the Strategic Director of Housing and Customer Services stated that the Council did benefit from providing financial assistance to registered providers as people on our waiting lists could receive a home and more quickly, albeit not a council owned house.

It was moved by Councillor M Specht, seconded by Councillor R Ashman and

RESOLVED THAT:

The report be noted.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 9.15 pm

Chairman's signature