

**MINUTES**

**CABINET**

**23 MAY 2017**

**Present:**

**Members:**

**Councillors:** Williams (Leader)  
Griffiths (Deputy  
Leader)  
Elliot  
Harden  
Marshall  
G Sutton

<b>Officers:</b>	Sally Marshall	Chief Executive
	James Deane	Corporate Director - Finance and Operations
	Mark Brookes	Solicitor to the Council and Monitoring Officer
	David Skinner	Assistant Director - Finance & Resources
	Chris Taylor	Group Manager - Strategic Planning and Regeneration
	Pennie Rayner	Strategic Planning and Regeneration Officer
	Claire Oliveri	
	Michelle Anderson	Corporate Support Team Leader- Democracy

The meeting began at 7.30 pm

**CA/45/17     MINUTES**

The minutes of the meeting held on 25<sup>th</sup> April 2017 were agreed by the members present and signed by the Chairman.

**CA/46/17     APOLOGIES FOR ABSENCE**

None received.

**CA/47/17     DECLARATIONS OF INTEREST**

None received.

**CA/48/17     PUBLIC PARTICIPATION**

None received.

**CA/49/17     REFERRALS TO CABINET**

None received.

**CA/50/17     CABINET FORWARD PLAN**

**That the Cabinet Forward Plan be noted with the following changes:**

- 27 June – Add ‘Service Specification for new Leisure Contract’

**CA/51/17     AUTHORISATION OF VIREMENTS**

**Decision**

The virements as detailed on the attached Form A to the Cabinet report be approved.

**Reason for Decision**

To seek Cabinet approval to proposed virements for the purpose of increasing the capital budget for Play Area refurbishment to reflect additional grant funding received.

**Corporate Objectives**

To standardise documentation and authorisation requirements for all virements.

**Monitoring Officer/S.151 Officer Comments**

**Monitoring Officer:**

No comments to add to the report

**Deputy S.151 Officer**

This is Deputy S151 Officer report.

**Advice**

Councillor Elliot explained that the report referred to a straight forward transfer between budgets.

**Voting**

None.

**CA/52/17     PROVISIONAL OUTTURN**

**Decision**

1. The provisional outturn position for each of the accounts shown within the Cabinet

report be noted; and

**Resolved to Recommend:**

**2. approval of the reserve movements outlined in Section 10 of the Cabinet report**

**Reason for Decision**

To provide details of the provisional outturn position for the:

- General Fund
- Housing Revenue Account
- Capital Programme

To provide details of the proposed transfers to and from earmarked reserves.

**Corporate Objectives**

Delivering an efficient and modern council

**Monitoring Officer/S.151 Officer Comments**

**Monitoring Officer**

*No further comments to add.*

**S.151 Officer**

The S151 Officer has recommended reserve movements that will most appropriately assist the Council to deliver its stated objectives in the medium term.

The Finance Team will work closely with Service Managers throughout the budget-setting process for 2018/19 to ensure that income forecasts are not overly prudent, and that expenditure budgets, where appropriate, are set to reflect underspends in 2016/17.

**Advice**

Councillor Elliot introduced the report and noted that paragraph 1.1 incorrectly referred to paragraph 2.5 and stated £1.109m which should read £1.158m. He added that the report showed a good outturn and resulted in having a surplus. The increase in garage income was a result of hard work from a new member of staff and the improvements made.

Councillor Williams congratulated the Officer who worked on the garage income. He said there had been significant changes across the council and this surplus would ease the situation.

Councillor Marshall recognised that it helped to be pro-active and actively marketing garages to help increase the income received.

Councillor Griffiths extended the thanks to all staff across all services as everyone had helped to get to this position.

### **Voting**

None.

## **CA/53/17     DEVELOPMENT COMPANY UPDATE**

### **Decision**

1. Work to progress on the creation of a Devco based on Option 3b of the Cushman Wakefield model, i.e. to sell a portion of the units developed on the private market, and to retain a portion for private rental in order to generate a revenue stream for the Council be approved

#### **Resolved to Recommend:**

2. **the approval of a budget of £200k to progress Recommendation 1 of this report. This will cover the finalisation of design work, the finalisation of the business case, and consequent legal advice on the most appropriate tax and governance arrangements on creation of a Development Company.**

### **Reason for Decision**

To update Cabinet on work undertaken to date on the viability of the Council establishing a Development Company to develop the Civic centre site.

### **Corporate Objectives**

This project aligns with all of the Council's corporate objectives, as approved by Council in February 2016.

### **Monitoring Officer/S.151 Officer Comments**

#### **Monitoring Officer:**

The Council has the power to establish a Development Company pursuant to provisions contained in the Local Government Act 1972, Local Government Act 2003 and the Localism Act 2011.

As highlighted in the report, detailed legal advice will be obtained in relation to the governance arrangements, which will operate between the Council and the Development Company, the applicability of 'State Aid' rules (EU rules in place to prevent members states distorting cross boundary competition), and the Council's requirement to achieve 'best consideration' for any disposal/transfer of land to the Development Company. This further advice will be reported in forthcoming reports."

#### **S.151 Officer**

My comments are included in the body of the report.

## Advice

J Deane introduced the report and explained that it had been based on a feasibility study. He explained that following a procurement exercise, Capita Asset Services was appointed to produce a report on the viability of several Council-owned sites. This report identified the Civic Centre site as the most viable development opportunity. Cushman Wakefield (CW) was appointed to undertake this detailed modelling based on previous knowledge of the site gained from a Feasibility Study they produced in 2016.

Of the 5 development options, Option 3b would be the preferred options with headlines based on currently modelled assumptions:

- 180 units – 60 sold as affordable; 60 sold private market; 60 rental units retained
- Net revenue stream – c£300k in first full year; inflationary increase up to c£400k by year 12
- Interest premium for Council lending to Devco not yet factored in (subject to legal advice)
- Debt profile (c£6.5m outstanding after sales) – interest only repayments
- Model assumes sale of units/refinancing in year 30

Some of the key risks and mitigations associated with Option 3b were summarised in section 7 of the Cabinet report.

He added that it is likely that the primary source of funding for the Devco will be via the Council borrowing from PWLB and then on-lending to the Devco. This will require the Council to meet financing costs on its borrowing for a likely period of 2-3 years until the Devco is able to generate a capital receipt from those units earmarked for sale, and to generate a return on rental units.

He concluded that following the outcome of the CW report, it is recommended that Members approve officers to begin the following workstreams to run concurrently:

- a. Procurement of more detailed designs in conjunction with Planning officers and in consultation with Cabinet Members;
- b. Procurement of legal advice to establish and the most appropriate governance and tax structures for the delivery of this specific model;
- c. Contingent on the progress of the above two points, to create a Devco for the development of the Civic Centre site

Councillor Griffiths agreed with the recommendations and that the council should move onto the next stage. She recognised that this would not stop the possibility of other options but it would be good to explore all.

Councillor Harden endorsed the recommendations. He was keen to have a revenue stream and this would guarantee that.

Councillor Marshall asked if this work would just look at the Civic Centre site or would it branch out further.

Councillor Williams said that currently it would just be the Civic Centre site as it was a sufficient size for the project.

J Deane added that the size of the site could be looked at once it was set up.

Councillor Tindall said that if the government decided to introduce steps which affected this, the council could still sell the site to a developer; without making a profit or a loss.

J Deane said that the council needed to commit at some point. He assured members that each stage would be phased to minimise the risk and this would be monitored.

### **Voting**

None.

### **CA/54/17      EXCLUSION OF THE PUBLIC**

That, under s.100A (4) of the Local Government Act 1972 Schedule 12A Part 1 as amended by the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during the item in Part 2 of the Agenda for this meeting, because it is likely, in view of the nature of the business to be transacted, that, if members of the public were present during this item, there would be disclosure to them of exempt information relating to the financial and business affairs of the Council and third party companies/organisations and also contains legal advice which may be subject to a claim for legal privilege. (Minute CA/055/17)

Local Government Act 1972, Schedule 12A, Part 1, paragraph 3.

### **CA/55/17      MARKET MANAGEMENT POST FEBRUARY 2018**

Full details in Part 2 Minutes

The Meeting ended at 8.20 pm