

Minutes of a meeting of the **CABINET** held in line with The Local Authorities & Police & Crime Panels (Coronavirus) (Flexibility of Local Authority & Police & Crime Panel Meetings) (England & Wales) Regulations 2020, on Tuesday, 16 February 2021 at 10.00 am.

PRESENT

G A Porter (Leader)

P E Coupland (Deputy
Leader)
C N Worth (Deputy
Leader)
A Casson

R Gambba-Jones
R Grocock
C J Lawton

G J Taylor

Executive Support Members: A C Beal

The Executive Director Commercialisation (S151), the Executive Manager Delivery, the Executive Manager Governance, the Strategic Finance and Compliance Manager, the Strategic Housing Manager, the Revenue and Benefits Operations Manager, the Recovery and Support Team Leader, the Senior Change, Innovation and Performance Business Partner, the Democratic Services Team Leader and the Democratic Services Officer.

Apologies for absence were received from or on behalf of Councillors H Drury, E J Sneath, J R Astill, J L Reynolds and A M Newton, together with Lincolnshire Community & Voluntary Service and Lincolnshire Police.

In Attendance: Councillor B Alcock (Chairman, Performance Monitoring Panel), Councillor A R Woolf (Chairman, Policy Development Panel) and Councillor T A Carter (Chairman, Governance and Audit Committee).

58. MINUTES

The minutes of the following meetings were agreed as a correct record, and signed by the Leader:

- Cabinet – 15 December 2020
- Special Cabinet meeting – 12 January 2021
- Special Cabinet meeting – 26 January 2021

59. DECLARATIONS OF INTEREST.

Councillors Alcock and Coupland did not have a Disclosable Pecuniary Interest, but in the interests of transparency declared that, in relation to agenda items 12 and 18, they were on the

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Board of Directors of Welland Homes Ltd.

Councillor Grocock did not have a Disclosable Pecuniary Interest, but in the interests of transparency declared that, in relation to agenda items 12 and 18, he was a Shareholder Representative for Welland Homes Ltd.

The Leader of the Council declared an interest in relation to agenda items 12 and 18 - although he did not know the builder in question, it was likely that he would know of, have connection to or be in competition with individuals involved and would therefore not take part in the discussion. He left the meeting during consideration of these items.

The Leader of the Council declared an interest in relation to agenda items 13 and 19 as they related to the purchase of new properties, and he was likely to know individuals involved. He would take no part in the discussion, and left the meeting during consideration of these items.

60. QUESTIONS RAISED BY THE PUBLIC UNDER THE COUNCIL'S CONSTITUTION (STANDING ORDERS).

There were none.

61. TO CONSIDER ANY MATTERS WHICH HAVE BEEN SUBJECT TO CALL-IN.

There were none.

62. TO CONSIDER MATTERS ARISING FROM THE POLICY DEVELOPMENT AND PERFORMANCE MONITORING PANELS

There were none.

63. Q3 PERFORMANCE REPORT

Consideration was given to the report of the Deputy Leader of the Council which provided an update on how the Council had performed for the period 1st October 2020 to 31st December 2020.

Member were advised that it was generally a positive report, with the following notable achievements:

- The Waste Collection Service had achieved its highest collection rate since mid-2016, which was a very encouraging achievement, particularly in view of the ongoing Covid pandemic and the recent bad weather;
- The percentage of calls answered by the Customer Contact Service was 93.5%;

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- There had been an improvement in Council-wide sickness of approximately 25%, in terms of days lost per full-time equivalent.

Unfortunately, the incidence of fly tipping continued to increase, rising by 98 incidents since the last quarter. The East Coast Community Safety Partnership was working with partners and Lincolnshire Police to introduce cameras, and using the evidence from them to assist in identifying perpetrators. Lincolnshire Police were stopping vehicles more regularly, there was increased inter-agency work across the county to share intelligence, and social media was being used on a regular basis to highlight the issue of fly tipping. Unfortunately, investigations had been impacted as a result of courts being closed as a result of the Covid pandemic – there was a significant backlog which had had a detrimental impact on the Council taking cases through for prosecution, but as the Covid situation improved, the backlog of cases for prosecution should also improve.

DECISION:

That the contents of the report be noted.

(Other options considered:

- *Do nothing*

Reasons for decision:

- *To ensure that the Council's performance is properly scrutinised.)*

64. 2020/21 FINANCE REPORT QUARTER 3

Consideration was given to the report of the Portfolio Holder for Finance, Strategy & Partnerships and the Executive Director – Commercialisation (S151) which provided information on the Quarter 3 (to 31 December 2020) financial position of the Council.

Members were advised that the wording in recommendation 3 of the report needed to be changed to the following:

- That the General Fund and Housing Revenue Account Capital Programme be approved as set out in tables 5 and 7 of Appendix A.

DECISION:

- 1) That the report and **Appendix A** be noted.
- 2) That the estimated position with regard to the approved contributions to and use of reserves be noted.

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RECOMMENDED TO COUNCIL:

- 3) That the General Fund and Housing Revenue Account Capital programme be approved as set out in tables 5 and 7 of **Appendix A**.
- 4) The NNDR S31 grant for expanded retail relief and the nursery reliefs in 2020/21 is carried forward in reserves to cover the NNDR deficits recognised in 2021/22 (as detailed in section 5.3.1)
- 5) That the income received from the NNDR & Council Tax income compensation scheme be carried forward in a reserve to cover the deficits recognised in future years (as detailed in section 5.3.2)

(Other options considered:

- *Do nothing*

Reasons for decision:

- *To provide timely information to Members on the overall financial position of the Council.)*

65. 2020/21 FINAL BUDGET, MEDIUM TERM PLAN AND CAPITAL STRATEGY

Consideration was given to the report of the Portfolio Holder for Finance, Strategy & Partnerships and the Executive Director – Commercialisation (S151) which considered the Final General Fund and Housing Revenue Account 2021/22 revenue and capital estimates and the Final Financial Medium Term Plan for recommendation to Council.

The Portfolio Holder highlighted the following areas:

- The process of bringing the budget together had been a difficult one, with criteria changing on a weekly basis.
- The budget was based on the assumptions known at the time of writing and included any impact that Covid-19 might have on next year's or future year's budgets;
- Since the report had been published, the Local Government Settlement for 2021/22 had been announced and approved and there had been no material changes to any applicable numbers presented within the report;
- Since the draft budget had been presented to Cabinet on 12 January, staff had finalised estimates, included savings proposals, and considered feedback from Budget consultation and scrutiny. This had resulted in some changes to the budget, including revision to Business Rates and Council Tax income projections and amendments to forecasts for

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investment income and industrial units;

General Fund

- There was continued and unprecedented uncertainty around business rates and the fair funding review and a prudent position on estimates going forward had been taken;
- The budget requirement for 2021/22 was £12.4million, which included an initial savings target of £1.67 million;
- Numerous savings and income generating opportunities had been identified, and these continued to be explored;
- Savings requirements had arisen due to a number of historic budget variations (reduction in Planning fee income, cost of fleet maintenance, inclusion of the Pride initiative to base budget, impact of an assumed 2% staff pay award, minimal increase in funding due to delay of fair funding review, and increased cost of homelessness). In addition to these, the following assumptions were also built into the base budget to support the bottom lines savings figure - Business Rates (South Holland was not in the pool for 2021/22 and assumptions were based on 2020/21 activity with an increased allowance for closed businesses); reduced income from the recovery of new housing benefit overpayment due to continued move to universal credit; Drainage Board levies increased by 2%; and the 2021/22 RSG and RSDG funding confirmed for a further year.
- The proposed Council Tax increase of £4.95 on a Band D would go some way to offset these pressures

Covid-related factors that would impact the budget going forward

- A Covid-related budget was included in the estimates, with a reduced interest rates forecast on investments, which was expected to continue for at least the next 2 years;
- Based on 2020/21, it was anticipated that the following areas would incur additional Covid costs – leisure services, the South Holland Centre, waste management, fees and charges, Business Rates and Council Tax – these were all major items that could affect the Budget going forward
- The Government were providing Covid support packages for 2021/22 to mitigate these pressures – part of a £1.55billion local funding package being provided to local authorities, South Holland would receive £477,000; sales fees and charges income recovery would be guaranteed, and extended to the first quarter of 2021/22; £762million Council Tax and Business Rates Income Guarantee Scheme which covered 75% of irrecoverable losses incurred in 2020/21; and the 2020/21 Collection fund of Council Tax and Business Rates deficit that was likely to be incurred, could be spread over 3 years;
- Apart from 3 year collection spread, no cost pressures or mitigations were currently reflected in the 2021/22 estimates as it was anticipated that one would offset the other however,

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this would have to be closely monitored.

Housing Revenue Account

- There was a forecast surplus of £1.97million which reflected a rent increase of 1.5 % from 2020/21 to 2021/22, in line with government guidelines, an assumed rent loss of 1% for void properties, and 1.5% for bad debts.
- Estimated net rent arising from additional units was included within the HRA Capital Programme from 2019/20 onwards, and a review of charges where appropriate.
- The position of the HRA was encouraging and it was anticipated to perform well.

Capital

- The General Fund Capital Programme totalled £19.8million over the medium term and the HRA totalled £41million.

In summary, Covid had had a severe impact on the current year's budget for all Councils across the country, including SHDC's budget, and the 2021/22 budget was forecast to balance with a savings efficiency programme attached of £1,676,000.

Members noted that there had been a number of one-year-only lower tier grants (such as the New Homes Bonus) awarded. It was disappointing that the Government could not provide a longer term funding solution as the award of a grant for only one year would result in pressures in future years. The Portfolio Holder agreed that this was unfortunate, but that short term grants had assisted in the last year, as reflected in the Quarter 3 report. The Covid situation going forward would determine if further Government grants in the future would be available.

The Leader requested that, when the report was presented to Council for consideration in March, that all of the bullet points detailed in Recommendation 2 below be separated out as separate recommendations.

DECISION:

- 1) That delegated authority be given to the Executive Director Commercialisation (S151), in consultation with the Portfolio Holder for Finance, Strategy & Partnerships, to make any necessary amendments to the budget prior to Council due to late notifications.

RECOMMENDED TO COUNCIL:

- 2) That the following be recommended to Full Council:
 - a) That the Revenue Estimates for the General Fund, Housing Revenue Account and Spalding Special Expenses

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- for 2021/22 (Appendices A, B, C and I) be approved
- b) That the use of reserves (Appendix D) be approved
 - c) That the Council Tax for a Band A property in 2021/22 be set at £123.12 (a £3.30 per annum increase on 2020/21 levels) and band D £184.68 for 2021/22 (a £4.95 per annum increase on 2020/21 levels).
 - d) That the Spalding special expense for a Band A property be set at £16.12 for 2021/22, (previously £15.88 in 2020/21) and Band D £24.18 for 2021/22, (previously £23.82 in 2020/21).
 - e) That the Medium Term Financial Strategy (Appendix B) be approved.
 - f) That Housing Revenue Account weekly dwelling rents increase by 1.5% over the previous year, 2020/21, with effect from Monday 5th April 2021. This is in line with current government guidelines and legislation.
 - g) That the Capital Strategy and Capital Programme (Appendices E and F) be approved.
 - h) That the Treasury Management Strategy, including the Minimum Revenue Provision policy and Investment Strategy be approved (Appendix G and H).

(Other options considered:

- *No alternative options were presented but amendments could have been made by the Cabinet before release to Council.*

Reasons for decision:

- *To comply with the budgetary and policy framework)*

66. DISCRETIONARY COUNCIL TAX DISCOUNT - POLICE SPECIAL CONSTABULARY

Consideration was given to the report of the Portfolio Holder for Finance, Strategies & Partnerships and the Executive Director – Commercialisation (S151) which considered the introduction of a Council Tax discount for members of the Police Special Constabulary.

Members felt that it was important to recognise the efforts of the Police Special Constabulary who volunteered to undertake an important job for the community.

DECISION:

That the introduction of a 25% Council Tax Discount as a 'class of case' for members of the Police Special Constabulary, administered under the discretionary provisions of Section 13A (1) (c) Local Government Finance Act 1992, be approved.

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(Other options considered:

- *Do nothing – do not progress with the introduction of a discount scheme for SC's, the Local Council Tax Support (CTS) scheme already exists to provide support to low income/benefit households, and this scheme is accessible to all residents with a Council Tax liability, including SC's.*

Reasons for decision:

- *Members of the Special Constabulary who reside in South Holland would benefit from a reduction in their Council Tax, in recognition of the service they provide in Lincolnshire and in turn providing an incentive for recruitment and retention.)*

67. DEBT WRITE OFF

Consideration was given to the report of the Portfolio Holder for Finance, Strategies & Partnerships and the Executive Director – Commercialisation (S151) which sought approval for the write-off of uncollectable debt.

Members noted that the report contained a breakdown of the individual debts within Appendices A – C, which were not for publication by virtue of Paragraphs 1 (Information relating to any individual), 2 (Information which is likely to reveal the identity of any individual) and 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).

Members agreed that only the principles of the report would be discussed and there was therefore no need for the meeting to go into private session.

The report highlighted the impacts on collection and enforcement of Council Tax and Business Rates as a result of the Covid-19 pandemic. Not all of the debts that were proposed to be written off would be a cost to South Holland District Council – the indicative total cost to the council was £12,556..

DECISION:

That the amounts identified in the report, as detailed below, be approved for write-off:

Council Tax	£9,803.88
Business Rates	£24,872.58
Sundry Debt	£1,607.36
Total	£36,283.82

(Other options considered:

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- *Do nothing*

Reasons for decision:

- *All recovery methods have been considered and where appropriate pursued, before making the decision to write off.*
- *Officer time can be maximised on greatest returns, at the same time as ensuring robust procedures for debt management are in place across all revenue streams.*

68. WELLAND HOMES BUSINESS PLAN UPDATE

Consideration was given to the report of the Portfolio Holder for Assets & Planning and the Executive Director – Commercialisation (S151) which presented an updated Welland Homes Business Plan and a proposal from the Company to purchase four houses for the purposes of market rental investment.

Members wished to discuss the information included within the exempt appendix to the report, prior to agreeing the recommendations. It was therefore agreed that the item be deferred until later in the meeting, and that discussion on the report, and agreement of the recommendations be undertaken in confidential session, once all open items on the agenda had been considered.

(The Leader left the meeting at the start of consideration of this item, and re-entered the meeting following completion of the discussion).

69. ACQUISITION PROJECT TO PURCHASE S106 UNITS

Consideration was given to the report of the Portfolio holder for Assets & Planning and the Executive Director – Commercialisation (S151) which set out details of the potential for the authority to acquire seven s106 homes on a development site in the district.

DECISION:

- 1) To approve the business case and approve the acquisition of the seven identified properties, for the HRA.
- 2) To delegate to the Executive Director – Commercialisation (S151) to agree the contractual matters (including any terms and conditions which may represent a minor variation to the scheme approved in the business case) such as signing the contract/transfer document and other incidental actions that may be required and approving the

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associated due diligence and valuation required to purchase the properties.

RECOMMENDED TO COUNCIL:

- 3) To amend the Capital Programme to identify this project as an approved scheme in the 2020/21 Budget.

(Other options considered:

- *Do nothing – Under this option, the authority would not proceed to purchase the properties and as a consequence officers would seek to identify alternative appropriate schemes for consideration by Cabinet and Council.*

Reasons for decision:

- *A return on investment, and the generation of capital receipts from the sale of the initial tranche of shared ownership properties. As set out within the financial evaluation (Appendix A), there is a positive business case associated with the proposed investment.*
- *The delivery of 7 additional bungalows into the HRA. This includes homes to meet the needs of those who require low cost rented accommodation, and those who require support to access the ‘housing ladder’.*
- *Meeting housing need. The homes proposed will meet housing need in a location where there is evidence of a need for additional affordable homes.*
- *The replacement of homes sold through Right to Buy. On average, 23 Council homes have been purchased by tenants each year since 2017, by virtue of the Right To Buy. Since 1st April 2020, a further 11 properties have been sold to tenants. The delivery of new affordable homes can replace those homes lost each year, mitigating the impact of these losses on the HRA business plan.*
- *The new homes can be part-funded from the time limited RTB receipts. Investing the RTB receipts on new rented housing ensures that the receipts do not have to be returned to Government. Additionally, the return to SHDC will increase as the direct capital invested decreases.*
- *Market confidence. The Council acting as a proactive purchaser of s106 properties, will provide confidence to local developers of the authority’s aspiration to facilitate sites to come forward and also of the demand for S.106 affordable homes.)*

(The Leader left the meeting at the start of consideration of this item, and re-entered the meeting following completion of the discussion).

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70. ACQUISITION PROJECT TO PURCHASE S106 RENTED UNITS

Members were advised that this item had been withdrawn from the agenda, and would be considered at a future meeting.

71. ANY OTHER ITEMS WHICH THE LEADER DECIDES ARE URGENT.

There were none.

72. EXCLUSION OF THE PRESS AND PUBLIC

DECISION:

Under section 100A (4) of the Local Government Act 1972, the press and public were excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of part 1 of Schedule 12A of the Act.

73. WELLAND HOMES BUSINESS PLAN UPDATE

Members considered a proposed new business scheme in respect of the acquisition, by Welland Homes, of four properties located in Holbeach for open market rent. The Board of Welland Homes had approved the business case but, as sole shareholder, the business case and associated changes to the Welland Homes Business Plan required Council approval.

In assessing the proposal, members had regard to the content of the exempt appendix, a financial evaluation of the business case.

DECISION:

- 1) To approve the business case for the acquisition by Welland Homes Ltd of four houses, for the purposes of a market rental investment.
- 2) That, subject to the refreshed business plan and budget being approved by the Council in accordance with recommendation 3 below, delegated authority be granted to the Executive Director - Commercialisation (the S151 Officer), to (i) approve the terms of any loan agreements required; (ii) approve the value and the profile of any periodic cash flow payments to be made to the Company; as required to support the Company in the acquisition of the proposed investment properties.

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RECOMMENDED TO COUNCIL:

- 3) That the updated Welland Homes Business Plan be approved, and included as an amendment in the SHDC Quarterly report to members for quarter 1 2021/22.
- 4) To reaffirm the delegated authority, granted by Council on 25th March 2015, to the Executive Director – Commercialisation (the S151 Officer), to approve the final mix of use of reserves and borrowing in line with the business plan and Council Treasury Management Strategy.

(Other options considered:

- *Do nothing – without the approval of the shareholder, Welland Homes would be unable to proceed with the proposed investment which would in turn limit the delivery of housing from Welland Homes under the existing Business Plan and leave the Company unable to deliver forecasted returns.*

Reasons for decision:

- *Supports the delivery of the wider Welland Homes Business Plan, which will in turn support the delivery of savings targets set out in the Council's Medium Term Financial Plan;*
- *Increases housing supply to address demand;*
- *Boosts to the local economy;*
- *Improves the quality of rented sector accommodation; and*
- *Generates income for the Council.)*

(The Leader left the meeting at the start of consideration of this item, and did not return as this was the final item for discussion).

(The meeting ended at 11.13 am)

(End of minutes)

Any RECOMMENDATIONS TO COUNCIL detailed above will be submitted for consideration to the meeting of the full Council on **3 March 2021**.