

Agenda for Overview Committee

Tuesday, 30 January 2018; 6.00pm



[Members of the Committee](#)

Venue: Council Chamber, Knowle, Sidmouth, EX10 8HL

[View directions](#)

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- 1 [Public speaking](#)
- 2 To confirm the minutes of the meeting held on 7 November 2017 (pages 3 - 6)
- 3 Apologies: Cllr Ian Hall
- 4 Declarations of interest
Guidance is available online to Councillors and co-opted members on making [declarations of interest](#)
- 5 [Matters of urgency](#) – none identified
- 6 To agree any items to be dealt with after the public (including press) have been excluded. There are no items that officers recommend should be dealt with in this way.

Matters for Debate

7 Transformation Strategy update

A presentation from the Chief Executive, setting the scene for the challenges facing the Council in the medium term.

8 Link Asset Services presentation

Adam Burleton of Link Asset Services will outline:

- Summary of commercial activity
- Overview of legal issues including State Aid implications
- Due diligence requirements
- Financial implications – costs and benefits
- Examples of local authority commercial activity
- CIPFA Code of practice – treasury management and prudential code, including need for a Capital Strategy and Member approved schedule of non-treasury management investment
- CLG Overview of investment guidance consultation and proposed changes

9 Exploring transformation savings and income generation (pages 7- 9)

Research paper by the Democratic Services Officer for consideration.

10 Overview Forward Plan

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[Decision making and equalities](#)

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EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Overview Committee held at Knowle, Sidmouth on 7 November 2017

Attendance list at end of document

The meeting started at 6.00pm and ended at 8.26pm.

***14 Public speaking**

There were no public speakers at the meeting.

***15 Minute confirmation**

The minutes of the Overview Committee held on the 5 October 2017, were confirmed as a true record.

***16 Financial Plan**

The Strategic Lead Finance outlined to the committee the current Financial Plan in place, recently agreed by Council on 25 October 2015.

He highlighted the continuing need to address projected gaps in funding in the medium to long term. The purpose of the plan was to help mitigate the funding gap in the General Fund position, linking with the Transformation Strategy to provide saving opportunities as well as exploring income generation.

Funding gaps in the medium term were expected because of factors such as

- the implementation of the new Homeless Act;
- the end of the four year settlement in determining council's grant funding;
- rebasing of business rate income distribution.

The Council had already shown a willingness to migrate to a more commercial approach, but more needed to be done to reach a stage of being self-financing as a council. There was some funding available from the Transformation Fund and the NHB Volatility Fund, which could be used to fund recruitment, or training existing staff to the skills required, for commercial projects.

Debate from the committee included:

- Linking closely with the Asset Management Forum in delivering on existing asset projects. There had already been some successes, including with the changes to beach hut fees, that had brought in substantial income;
- How income levels were predicted in the medium to long term – the Strategic Lead Finance explained his rationale behind the elements of income, such as the predicted NHB from properties added to the Council Tax register; assumptions on the tax base of an increase of 500 Band D properties per year;
- Devon had applied to be part of a business rates pilot scheme, which, if successful, could net the Council an additional £1m in 2018/19;
- The impact of the Grenfell disaster on authorities across the country.

RESOLVED that the report on the Financial Plan and Transformation Strategy be noted.

17 Scoping report – income generation and savings

The Democratic Services Officer outlined the scope of work for the committee in reviewing practices elsewhere for generating income and savings. A number of other authorities had already undertaken steps to generate income that offset the reducing government funding.

The report sought agreement from the committee to pursue a review of such examples from other authorities, with a view to recommending further research by the Budget Working Group to bring a concept to a business case stage.

Debate from the committee included:

- Exploring new ideas, such as providing charging points for electronic cars;
- Work closely with neighbouring authorities, to use the benefit of seeking funding from a combined approach, rather than as separate authorities;
- Look at what the authority already does well, and see if there is room to expand the service to other authorities or private customers;
- Look at what assets are already in the District that can expand, such as Exeter Airport;
- Build more business units;
- Take advantage of low cost borrowing;
- Be ambitious to deliver the level of funding required for future years.

RESOLVED that the committee undertake a review of income generation and transformation savings based on successful case examples from other authorities.

RECOMMENDED to Cabinet that the Overview Committee report its findings on income generation and transformation savings to the Budget Working Party for further consideration and development.

***18 People Strategy Action Plan review**

The Strategic Lead Organisational Development and Transformation presented the work undertaken in delivering the Council's People Strategy.

She highlighted recent work undertaken in preparing staff for transfer to Exmouth Town Hall and to Blackdown House, Honiton. This included the development and introduction of the WorkSmart Strategy, which looked at service delivery intelligently to enable working to take place at the most appropriate location, whilst meeting the needs of the customer. Particular care is being taken prior to, and after relocation, to help ensure a smooth transition, and help retain staff and prevent an increase in staff turnover.

A recent SWAP report gave the opinion that there was substantial assurance in the People Strategy, with internal controls in place, operating effectively at all times, and risks against achievement of the objectives were well managed.

Debate from the committee included:

- Succession planning was included in the Strategy. Staff that scored highly in performance excellence reviews would be considered in light of opportunities to develop them further, where available, and performance management was undertaken where required;
- Care had been taken in designing the open plan of offices to provide spaces that reflect the work activities being carried out. This included quiet spaces for work, break out areas for team work, and meeting spaces;
- Comparison on productivity of staff could be made before and after the relocation in studying the results of the staff survey. This is regularly undertaken and will continue to be used; monitoring of staff sickness could also be used as an indicator of any impact on performance after relocation;

- Digital platform technology had changed in recent years, so a change to a new platform for a single view of the customer was planned to take place in a couple of years;
- The committee were reminded of the rationale behind calculating the office space required for the relocation.

RESOLVED that the review of the People Strategy Action Plan be noted, and the service be congratulated on the outcome of the recent SWAP Audit report on the People Strategy 2017/18.

19 Heart of the South West Productivity Strategy Consultation

The committee were asked to provide their comments to inform a co-ordinated response to the consultation, which runs until the 30 November 2017.

In March 2014, the LEP published the area's Strategic Economic Plan, aiming to maximise economic growth across the area. Government is now focussed on productivity and is developing a national Industrial Strategy. The HotSW Productivity Strategy sets out how the South West area can help close the productivity gap and will inform the UK Industrial Strategy.

The draft strategy set out the ambition to double the size of the economy of the South West by 2036, through developing:

- the leadership and knowledge within businesses
- the ability of people in the area to work and learn in a rapidly changing global economy
- strengthening the connectivity and infrastructure that businesses rely on to get goods to market and exploit new opportunities.

The committee debate centred around four questions in the consultation:

- Does the Strategy set an appropriate balance between an ambitious yet realistic vision;
- How effective do you feel this Strategy is in highlighting the kinds of productivity challenges we face in East Devon;
- Are the strategic objectives the right ones to guide the detailed work in the coming years; and
- Are the themes the right area of focus?

Comments on the draft strategy included:

- The Heart of the South West Local Enterprise Partnership was driving the strategy. We need to develop a high level Productivity Strategy and then from that a more detailed Delivery Plan. This will help inform a framework for a combined authority that may arise from the devolution process;
- Marketing of the area needed to be targeted at the younger, vibrant working community;
- Care on avoiding displacement, whereby attracting high skilled workers to move to area rather than training up local people to fill those jobs;
- Wanting to retain an ambitious target on increasing productivity, but not sure that the target of doubling productivity by 2036 was realistic;
- Need for more business space and infrastructure to facilitate growth;
- Needs much more widespread feedback from the small and medium enterprises on how they feel they can realistically double productivity in that timescale;

- Need to increase in productivity for research and development sector, which leads to the increase of productivity in other sectors;
- Include mechanisms for improving financing – to help SMEs source funding and manage expansion;
- The Strategy did not demonstrate the same degree of local economic intelligence as the ‘All Businesses’ report Lynsey had developed and previously presented;
- Criticality of Broadband to businesses across our area. Improved productivity and fit-for-purpose Broadband are inextricably linked.
- Correct the EHOD functional economic zone set out in the draft strategy.

RECOMMENDED that Cabinet be invited to review and contribute to a joint response from the four Exeter and Heart of Devon authorities comprising our functioning economic market area

RESOLVED to note that Members can provide individual comment direct on the consultation through the online questionnaire, and/or email any additional comments to the Economic Development Manager by the 17 November 2017 to inform a co-ordinated response.

***20 Overview committee forward plan**

The forward plan was noted.

Attendance list

Councillors Present:

- Graham Godbeer (Chairman)
- Peter Faithfull
- Rob Longhurst
- Mike Allen
- John Humphreys
- Christopher Pepper
- Jim Knight

Councillors Also Present:

- Jill Elson
- Paul Diviani
- David Barratt
- John Dyson
- Tom Wright
- Geoff Jung

Officers

- Simon Davey, Strategic Lead Finance
- Karen Jenkins, Strategic Lead Organisational Development and Transformation
- Rob Murray, Economic Development Officer
- Rebecca Heal, Solicitor
- Lynsey Lawrence, Economy Project Officer
- Debbie Meakin, Democratic Services Officer

Councillor Apologies:

- Ian Hall
- Ian Thomas
- Matt Booth
- Mark Evans Martin

Chairman Date.....

Report to: **Overview Committee**

Date of Meeting: 30 January 2018

Public Document: Yes

Exemption: None

Review date for release None

Agenda item: 9

Subject: **Exploring transformation savings and income generation**

Purpose of report: To provide the committee with a research paper on successful examples of transformation savings and income generation from other local authorities. The report covers the main themes discovered as consistent across a number of authorities.

Due to the number of themes, the report retains focus on two main areas for the committee to explore at this time: commercial property investment; and developing an existing service into a trading company.

The committee can debate what concepts they would like to explore further, to determine which authorities the committee would like dialogue with for further information.

Recommendation: **That the committee determine which specific examples they wish to explore further**

Reason for recommendation: The committee are best placed to determine who to consult further with to explore the concepts of commercial property investment and trading companies.

Officer: Debbie Meakin, Democratic Services Officer x2740
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Financial implications: To be completed by Finance.

Legal implications: There are no direct legal implications arising out of the report.

Equalities impact: Low Impact

Risk: Low Risk

Links to background information: • Overview Committee [agenda](#) and [minutes](#) 7 November 2017

Link to Council Plan: Continuously improving to be an outstanding Council



Report in full

1. Identified need for further savings and income generation

- 1.1. Overview Committee previously met on 7 November 2017 to discuss the projected deficit for the Council's General Fund in the medium term. Following a scoping exercise, the committee discussed their approach to exploring concepts and ideas for both further savings and income generation to add to the existing projects in the Transformation Strategy. Some ideas were suggested at that meeting, but predominantly there was agreement to explore what had already been achieved by other authorities. The benefits of this would be to understand from the perspective of other councillors and officers the trials and tribulations of embedding a commercial approach in local government.
- 1.2. The committee recommended to Cabinet that the work on transformation saving and income generation is reported to the Budget Working Party for consideration and development, before recommending to Cabinet and Council. This was agreed by Cabinet on the 29 November 2018.

2. Approaches by other authorities

- 2.1. In researching other authorities nationally, the following approaches were adopted – in many cases, authorities using a number of options in order to deliver the savings and income required. These included:
 - 2.1.1. Changing the overall ethos to a commercial approach, reflected in corporate plans and strategies;
 - 2.1.2. Review of fees and charges;
 - 2.1.3. Review of existing assets in both use, rental potential and advertising;
 - 2.1.4. Investment in new assets, including land for housing delivery, office accommodation and other projects;
 - 2.1.5. Regeneration partnerships with developers;
 - 2.1.6. Energy partnerships and green energy;
 - 2.1.7. Procurement rationalisation;
 - 2.1.8. Providing services for others, such as neighbouring authorities or the private sector.
- 2.2. Examples of two of these approaches are set out in this report. Examples on the other approaches can be provided to the committee at future meetings, but with the extent of information available, it felt a better option to focus on two areas to start with.
- 2.3. **Commercial property investment**
 - 2.3.1. Purchase of land or existing buildings for delivery of housing, office accommodation and other projects;
 - 2.3.2. Many authorities have housing companies, including Richmondshire District Council, South Holland District Council, Telford & Wrekin Council and South Norfolk District Council to name a few. Oldham Metropolitan Borough Council have used their trading company to deliver an apartment complex for people with learning disabilities and complex needs. All examples reviewed have included delivery of housing for rent or sale as a commercial aspect of the business;
 - 2.3.3. Investment in managed workspace and business units. Examples include Vision Park in Burnley by Burnley Borough Council where LEP funding aided delivery; and the Business Hub at South Staffordshire District Council that includes space for training, events and marketing;

- 2.3.4. Purchase of new assets which generate a high investment yield (not labelled as regeneration) – Eastleigh Borough Council are now landlords to a number of high street chains, a bank, a chain brewery, and a chain hotel;
- 2.3.5. [Addlestone ONE project](#) by Runnymede Borough Council, funding the construction costs and obtaining income from commercial tenants. The project also delivers housing, with its own community heat network;
- 2.3.6. The Evesham town centre project by Wychavon District Council, delivering income from rents and stimulating the local economy.

2.4. Provide services for others

- 2.4.1. Expanding on existing services that are highly successful, delivering for neighbouring authorities as opposed to having a shared service, or to the private sector;
- 2.4.2. Wolverhampton City Council created a recruitment company to save money on their temporary and interim workers bill, which in 2013 was costing £7.5 million; the company is now turning a profit; [West Lindsey Council](#) bought an existing recruitment firm they used and have expanded it;
- 2.4.3. Waltham Forest Council (London Borough) expanded their grounds maintenance team to provide services on blocks of private accommodation, based on their good reputation and economies of scale for delivery;
- 2.4.4. Broxbourne Borough Council, Elmbridge Borough Council, and South Norfolk District Council have all expanded their Building Control services to cover larger scale projects or multi-location projects and build on their good reputation of expertise, used as a selling point by developers;
- 2.4.5. Sutton London Borough Council have developed their insurance service to serve three other local authorities and includes an Academy insurance scheme for others. They have made savings by reducing the overall staff number and diversifying the risks covered by their insurance funds;
- 2.4.6. Revenues and benefits services – Wychavon District Council provide these for a number of councils working in partnership with Civica;
- 2.4.7. Kent County Council have set up a trading company to deliver legal services for itself and other authorities; as have Essex County Council, with ELS who have expanded to bid for national contracts and accounts. Essex County Council have also developed an environmental consultancy which partners with some other authorities.

Sources

- Grant Thornton's "[The Income Spectrum](#)" (2017)
- LGiU's "[The Essential Guide to financial sustainability](#)"
- [South Norfolk Business Plan 2017 – 18](#)
- [MJ awards 2017](#) winners and runner up
- MJ article [Councils need to lead regeneration projects](#) – focus on Aylesbury Vale District Council
- [LGA commercialisation best practice data](#)
- Aylesbury Vale District Council – [how is AVDC changing?](#)
- Sevenoaks District Council [Efficiency Plan](#); [10 year budget](#); and [Corporate Plan](#)
- [South Somerset District Council Commercial Strategy 2017 - 2021](#)

Agenda item 10

Overview Committee



Overview Committee Forward Plan 2017/18

| Date of Committee | Report |
|--------------------------|--|
| 13 Mar 2018 | Local authority examples of income generation and transformation savings continued |
| 14 June 2018 | |
| 13 Sept 2018 | |
| 10 Jan 2019 | |
| 11 Apr 2019 | |

Work for scoping and allocation to the Forward Plan:

| Proposed date | Topic |
|----------------------|--|
| tbc | Review how regeneration boards operate |
| tbc | Public Toilet review |