

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Overview Committee held at Knowle, Sidmouth on 30 January 2018

Attendance list at end of document

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

***21 Public speaking**

There were no public speakers at the meeting.

***22 Minute confirmation**

The minutes of the Overview Committee held on the 7 November 2017, were confirmed as a true record.

***23 Transformation Strategy update**

The Chief Executive reminded the committee of the challenges faced in the coming years, and the plan for dealing with those – the Transformation Strategy.

The strategy covers five themes, with some of the examples of that listed below:

- Deliver our Worksmart Strategy and transforming our culture through new ways of working underpinned by the right technology at the right time – as evidenced at the newly refurbished offices in Exmouth;
- Deliver improved online services through our Open for Business project – with 200 services available online and more to add;
- Implement systems thinking reviews across all services – evidenced with improvements in council tax collection and delivery of benefits;
- Maximise the value of our assets through commercial thinking with a focus on income generation, sustainability and developing local economies – most recently the pending introduction of a green waste service;
- Actively pursue alternative service delivery methods and models – evidenced by the corporate fraud and compliance team, the only in-house team in the County, through whom money was being identified by intelligent data.

The Chairman welcomed the reminder of the transformation concept and felt that the Council had now realised and accepted the need to be part of this process in order to deliver services in future years. He commended the work of officers for their hard work in improving services in the face of reducing budgets over his years as an elected Member.

Debate and questions on the transformation strategy included:

- Tours of Blackdown House construction would be available once the scaffolding was removed, to help enable Members and others to visualise how the building would be used;
- Concern about stability of the newly formed Housing Company in light of recent liquidation of Carillion – Members were reassured that the purpose of the newly formed company, with its modest first year target of acquiring and renting out ten properties, was not comparable to Carillion;
- It was possible that in future years the Housing Company would build their own properties. There was a risk that, if using HRA funding to build housing for letting to Council tenants, the property would fall under the Right to Buy legislation and the Council could end losing that asset;
- If limits in investment existed for local authorities that may prevent ambitious schemes – a pending announcement from the Secretary of State may dictate a limit;

- The Council did not show any appetite at present for investment outside of the district, which may yield better return on commercial property than on property inside the district;
- The Chairman of the Council voiced his wish to see the Council broaden their aspect and be ambitious in projects, taking advice from other Councils who had already done so, in order to protect the services of the authority for future years;
- Take a pragmatic view of what local businesses want in the form of the size and scale of business units;
- Consider a much longer term view in investment in projects, as undertaken by Clinton Devon Estates for periods of 50 to 60 years;
- Have clear picture of what income needs to be realised in future years to either maintain the current level of services, or move to further improve and increase them.

The Chairman thanked the Chief Executive for his informative presentation.

RESOLVED that the update on the Transformation Strategy be noted.

***24 Link Asset Services presentation**

The Chairman welcomed Adam Burleton of Link Asset Services to the meeting to present to the committee the financial limitations that Councils had to operate within, when undertaking projects such as setting up a trading company, or purchasing assets for income gain.

His presentation covered:

- Summary of commercial activity
- Overview of legal issues including State Aid implications;
- Due diligence requirements;
- Costs and benefits of financial implications;
- Examples of local authority commercial activity;
- Treasury management and prudential code, including the need for a Capital Strategy and Member approved schedule of non-treasury management investment;
- CLG overview of investment guidance consultation and proposed changes.

The [presentation from Link Asset Services](#) can be viewed online.

Questions and debate included:

- A council can take advantage of borrowing at a low fixed rate for up to a 50 year period. Whilst this is useful, it also has to be balanced against the ability of the project to cover that borrowing for the term of the agreement. Due diligence has to be undertaken to ensure that the money can be paid back;
- The need to set up a trading company for a service was dependent on a number of legal factors and the scale of the service, but was not necessarily needed to extending an existing service on a small scale;
- Commercial income was not limited, but it was more sensible and prudent to have income from across a number of sources rather than one large source – the risk being higher if that large source did not deliver the expected income and the consequences being more damaging to the authority as a result;
- Some authorities did operate a small level of peer to peer funding, or loan pools lending at a commercial rate;
- Would there be accepted measures of proportionality in the future, if highly geared authorities (where size of loan is bigger than value of asset) start to become

prevalent? The current Government agenda is to bring about innovation in funding by local authorities, and the investment framework will be developed to have rigour in place for an investment profile. Each local authority was required to undertake due diligence. The proposed changes by the CLG to the capital framework are in direct response to the increase in local authorities investment in commercial property in recent years, and to ensure that there are more checks and members involvement in the process;

- Worst case scenario to enable statutory services to continue was to consider not funding discretionary services and the risk appetite for closing such services;
- Need to keep a synergy between the income opportunities explored and the delivery of the agreed council plan;
- Not afraid to borrow in order to realise future savings or income – the key was for the project to be affordable, sustainable and prudent.

The Chairman thanked Mr Burleton for his informative presentation and for answering the questions of the Members.

RESOLVED that presentation be noted.

***25 Exploring transformation savings and income generation**

The Democratic Services Officer presented her report, outlining some examples of other local authorities that had realised savings or generated income by developing an in house service to extend delivery to others, or through investment in commercial property.

From the authorities listed, the committee selected some to request further information from, with a view to making arrangements for a visit from that authority or to travel to that authority for further dialogue.

RESOLVED that the Democratic Services Officer pursue further information with the selected local authorities in order to further develop the Committee's knowledge of good and successful practice elsewhere.

***26 Overview committee forward plan**

The forward plan was noted, with addition of an update from the Countryside Team on 13 March with findings from the Naturally Healthy Devon Schools project.

Attendance list

Councillors Present:

Graham Godbeer (Chairman)
Peter Faithfull
Rob Longhurst
Mike Allen
John Humphreys
Mark Evans-Martin

Councillors Also Present:

Paul Diviani
Ian Thomas
Phil Twiss
Andrew Moulding

Brian Bailey
David Barratt
John Dyson
John O’Leary
Geoff Jung

Officers

Mark Williams, Chief Executive
Richard Cohen, Deputy Chief Executive
Simon Davey, Strategic Lead Finance
Tim Child, Property Services Manager
Adam Burleton, Link Asset Services
Debbie Meakin, Democratic Services Officer

Councillor Apologies:

Ian Hall
Jim Knight
Jill Elson
Tom Wright
Pauline Stott

Chairman Date.....