

Agenda for Overview Committee

Tuesday, 13 March 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 30 January 2018 (pages 3 - 6)
- 3 Apologies
- 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 JLL presentation - Commercial Property Investment for Local Authorities

JLL is a leading professional services firm that specializes in real estate and investment management. A Fortune 500 company, JLL helps real estate owners, occupiers and investors achieve their business ambitions.

Presenting Team

John Kinsey, National Director

John Kinsey joined the practice in November 2003 and has over 30 years of experience within the property markets throughout the South West. He has considerable experience in out-of-town leisure and retail developments along with High Street A3 developments. He is the representative for Whitbread Plc for their Premier Inn hotel chain throughout the South West. He has advised a number of local authorities on key project work and regeneration schemes.

Simon Bennett, National Director

Simon joined Jones Lang LaSalle in October 1995. He has 22 years' experience within the Investment Department, specialising in the disposal and acquisition of a variety of properties across the whole of the South West. His clients are a wide range of institutional, local authority, property companies and private investors, together with a number of charity clients. Recent clients include CBRE Global Investors, AEW, IO Group, Standard Life and Mayfair Capital.

David Roberts, Director

A Director in JLL's Planning and Development Team with a focus on the preparation and implementation of effective estate strategies for a range of public sector clients. David also currently works on a significant number of commercial and residential

regeneration projects across the South West. His specialist skills include concept development, masterplanning, options appraisal, viability analysis, due diligence, business planning and estate strategy, implementation strategy, development partner procurement, agency and funding support.

Presentation

JLL will be presenting and discussing with the council the recent drive by local authorities to enter into the commercial investment market and how this is being used for both income generation and regeneration projects.

They will present a number of case studies and also discuss case studies where local authorities have used their covenant to enable regeneration and investment opportunities.

8 Naturally Healthy Devon Schools project

The Countryside Team will deliver a presentation on their current outdoor learning provision along with a focus on the completed Naturally Healthy Devon Schools project: a 2 year project that worked with all primary schools in Exmouth.

The project objective was to stimulate the demand from schools for outdoor learning, supporting teachers to build learning outdoors into everyday practice by providing training and networking opportunities. The project also aimed to increase our understanding of both learning and health benefits of outdoor learning. There was a particular emphasis on increasing East Devon children's access to their local outstanding environment. Training took place in schools grounds, local green and blues spaces.

9 Overview Forward Plan (page 7)

Under the Openness of Local Government Bodies Regulations 2014, any members of the public are now allowed to take photographs, film and audio record the proceedings and report on all public meetings (including on social media). No prior notification is needed but it would be helpful if you could let the democratic services team know you plan to film or record so that any necessary arrangements can be made to provide reasonable facilities for you to report on meetings. This permission does not extend to private meetings or parts of meetings which are not open to the public. You should take all recording and photography equipment with you if a public meeting moves into a session which is not open to the public.

If you are recording the meeting, you are asked to act in a reasonable manner and not disrupt the conduct of meetings for example by using intrusive lighting, flash photography or asking people to repeat statements for the benefit of the recording. You may not make an oral commentary during the meeting. The Chairman has the power to control public recording and/or reporting so it does not disrupt the meeting.

[Decision making and equalities](#)

For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546

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.....

Agenda item 9

Overview Committee



Overview Committee Forward Plan 2017/18

Date of Committee	Report
Tbc late April	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