

COUNCIL MEETING – 28 JANUARY 2020
REPORT OF THE RESOURCES COMMITTEE

30 October 2019

Present: Councillors Griffiths (Chairman), Allebone, Bell, Emerson, Francis, Graves, Gough, Harrington, Henley, Morrall and Scarborough.

Also present: Mrs L Elliott (Managing Director), Mr S Darcy (Director of Resources/Section 151 Officer), Mr A Piper and Mr E Symons (Assistant Directors), Mr R Watson (Senior Revenue Officer) and Mrs C A Mundy (Democratic Services Officer).

(Councillor G Lawman attended as an observer and speaker.)

(The chairman welcomed everyone and shared the housekeeping rules.)

1. APOLOGIES

Apologies were received from Councillors Bone, Carr, Maguire, Partridge-Underwood and M Waters.

2. DECLARATIONS OF INTEREST

RESOLVED to note that in accordance with the Localism Act 2011, the council's code of conduct and the council's constitution, the following declarations were made:

Name of Councillor	Item	Reason
Scarborough	Minute 9 – 2019-20 Mid-year report on treasury management	DPI – Wife is working on a contract at Santander Bank

3. CONFIRMATION OF THE MINUTES OF THE RESOURCES COMMITTEE MEETING HELD ON 25 SEPTEMBER 2019

The minutes of the resources committee of 25 September 2019 were received.

RESOLVED that the minutes of the resources committee held on 25 September 2019, be confirmed and signed.

4. IRRECOVERABLE COUNCIL TAX, HOUSING BENEFIT OVERPAYMENTS, NON-DOMESTIC RATES AND SUNDRY DEBTS

The circulated report of the section 151 officer was received in relation to the write of irrecoverable debts.

The report detailed the amount of the debts as follows:

Council tax cases	£18,652.43
Housing benefit overpayments cases	£13,304.73

Appended to the report were the details of the following:

Appendix A - Council tax cases

Appendix B - Housing benefit overpayment cases

Further details of these were contained in exempt appendices for members' information.

RESOLVED that:

- (i) approval be given to the write off of £31,957.16 of irrecoverable council tax and housing benefit overpayments;
- (ii) it be noted that the sum of £67,817.67 had been written off under the delegated powers of the section 151 officer.

5. GREATWELL HOMES – LAND RATIONALISATION

The annexed circulated report of the director was received in relation to the transfer of further parcels of land to Greatwell Homes (formerly Wellingborough Homes).

The chairman welcomed a number of speakers to the meeting. He informed them that the matter under discussion only referred to the land rationalisation and not the merits of a potential community asset transfer, which would be heard at another meeting.

The committee heard from Marion Lamont, Tony Knaggs, Jacqui Brown, Kam Parmar and Councillor G Lawman. All raised their concern that Hemmingwell Community Centre, if it passed to Greatwell Homes, would remain as a community centre. As the only community facility on the estate it served as a valuable asset to the people who lived there. The centre was used by a Church, a foodbank, two charities, with one feeding young children, an exam centre and was vital to retain for the community. A mentoring service was also provided from the centre to help vulnerable children, teenagers and young adults and to work with the community to reduce violence and gang culture in the area.

Councillor G Lawman also addressed the meeting, welcoming the proposal for land rationalisation. He was, however, concerned that there had been no consultation with the community in regard to the Hemmingwell Community and Skills Centre, which was a charitable incorporated organisation (CIO). An application had been submitted for a community asset transfer to the council. He appreciated that at the recent meeting held with trustees, the council and Greatwell Homes, that assurances had been received from Greatwell Homes

that they would lease back the building to the centre; however, there was some concern that they had assumed a rental value for the building. A community asset transfer would normally mean a transfer at a peppercorn rental. He also considered that a decision on the land rationalisation should have been made at a council meeting rather than by resources committee.

The chairman thanked the speakers for addressing the meeting and for the fantastic work they were doing in their community.

He referred then to the report which detailed the history of the retention of some parcels of land at the time of the large scale voluntary transfer (LSVT) of housing assets when implemented in December 2007.

A number of issues had arisen over the years and it was agreed that a solution to these issues was to transfer all the retained land and property within the main estates in the urban area of Wellingborough to Greatwell Homes as per the plans and descriptions contained in appendix A to the report. Such transfer would provide a better service to local residents, making it clearer who they should contact if they needed an issue resolving, particularly in relation to environmental improvements, including residents parking. Greatwell Homes have stated their intention to invest in the estate infrastructure and improve maintenance standards.

The transfer will potentially enable Greatwell Homes to achieve housing development, such as in the Penrith Drive and Fulmar Lane areas in Wellingborough and Milner Road, Finedon. An overage clause will be included in the transfer to ensure that the council will secure a share in any uplift in value achieved as a result of obtaining planning permission for development.

The council has a contractual arrangement with Wellingborough Norse to maintain land on the estates which Greatwell Homes has agreed to pay until the end of the contract in 2022. This will enable the contract between the council and Wellingborough Norse to continue uninterrupted until expiry. Greatwell Homes will make their own arrangements to maintain the land thereafter.

The premise, occupied by the Hemmingwell Community and Skills Centre, is one of the assets to be transferred. It is leased to the organisation, who is reviewing their business plan for the future and has stated their intention to make a bid to the council under the community asset transfer policy (CAT) and have served notice to terminate their lease. To enable sufficient time for the CAT bid to be developed it is proposed to transfer the freehold of the property to Greatwell Homes. The council will then take back a lease of the premises, so that it can continue to be the landlord of the centre pending discussions about a future tenancy. Once agreement is reached with the centre a new tenancy can be transferred to Greatwell Homes.

It is essential that a way forward is identified to allow the transfer of land and assets to Greatwell Homes to proceed without delay. This action will enable the two matters to be dealt with separately and at their own pace.

Greatwell Homes will be receiving land of value, but they will also be taking on significant liabilities, including all the revenue maintenance of the land and structures and significant capital backlog maintenance. Future capital investment to improve the amenity and unadopted infrastructure on the estates will also be funded by Greatwell Homes.

The previous former land for homes agreement between the council and Greatwell Homes will effectively be set aside by this transfer, but Greatwell Homes will be delivering over 100 new homes on the current development sites with potential for many more on the sites with development potential.

The principal of the transfer is that the value of the transferred property will be offset by the liabilities that Greatwell Homes takes on.

The report asked the committee to agree to delegate to officers the detail in respect of the boundaries of the land to be transferred and the financial deal, subject to there being no fundamental changes to either.

Members asked for clarity particularly in regard to the Hemmingwell Community and Skills Centre over the date of the submission of the community asset transfer, and in relation to the car park adjacent to the centre.

It was confirmed that the CAT had been submitted on 29 October 2019.

With regard to the area edged red on the map, this only included the community centre and not the car park.

Members also asked who could grant a CAT.

The assistant director clarified that the CAT policy was a council policy and as such it would only be the council who could grant such transfer. If the land rationalisation transfer proceeded the council would then take a lease back of the community centre and remain as landlord. He also commented that it was not unusual for the freehold of a property to change hands and that consultation was therefore not required. As the council would form part of the unitary council of North Northamptonshire, it was considered that by transferring land to Greatwell Homes, who were investing significantly in the area, security for the future should be assured. He confirmed that the CAT documentation had partially been received but the business case was awaited before this could be processed.

Members thanked the assistant director for his comments. They considered that the proposal before them was good for all parties as there had been much confusion over the division of responsibility over the years. Many of the assets, which belonged to the council, had been neglected and Greatwell would have the opportunity to make considerable improvements to many areas. Their recent housing developments had proved to be of a high standard. Greatwell also understood the communities that it served. It was imperative that the Hemmingwell Community and Skills Centre was protected.

The chairman put the proposal, within the report, to the vote and this was declared carried.

RESOLVED that:

- (i) approval be given to the transfer of land on ex-council housing estates to Greatwell Homes;
- (ii) approval be given to delegate to the assistant director (corporate landlord) the responsibility for agreeing the detail relating to each area to be transferred, subject to the substantial terms of the agreement remaining unchanged.

6 PROPERTY MATTERS

The annexed circulated report of the director was received to update members on ongoing approved property projects.

Appended to the report was an updated projects list.

The report also detailed the sale of 40 acres of land to the north of Niort Way, Wellingborough for residential development. This had secured a substantial capital receipt that can be used to resource approved priority projects in the council's capital programme.

Members queried the resource implications. The assistant director clarified that external consultant fees would now be procured on a project by project basis. Resources would continue to be reviewed to ensure that projects could be delivered on time.

The chairman put the proposal to note the progress made to the meeting and this was declared carried.

RESOLVED that the progress with regard to the projects outlined in the appendix to the report be noted.

7. FINANCIAL MONITORING AND POSITION STATEMENT FOR 2019-20

The annexed circulated report of the section 151 officer was received on the monitoring position for revenue expenditure to 30 September 2019 with further details appended to the report.

The director of resources/section 151 officer presented the report to members and informed them that the net revenue operational budget had been set at £10.658m in February 2019; this was made up of £17.868m of gross expenditure and £7.210m of gross income.

This had subsequently been revised down, in June 2019, to £10.617m using £1.167m of general fund reserves (£0.438m from general reserves and £0.729m from earmarked reserves) and other sources of external funding as detailed within the report.

The report also illustrated that over 37% of financing came from internally generated fees and charges and property income with more than 24% from council tax. Less than 9% was from government grants with 22.6% from retained business rates.

When the monitoring position was reported in July 2019 it was forecasting a decrease in the need to use reserves of £311k. The spending position was now forecasting an overall decrease in the budgeted level of reserves required of £377k, giving a revised use of general reserves of £61k. This is a decrease of £66k from the previous reported position and was further summarised in the report.

The report also detailed the significant work that was being undertaken to create Wellingborough Town Council and it was proposed to utilise £10k of the current forecast underspend across services to support the process. This will be used to fund branding, website creation, NALC membership to support the governance arrangements as well as training for new members once elected.

Work was ongoing to review service budgets for 2020-21 to reduce the use of reserves required for the financial year ahead. Initial assessments indicate that the use of reserves forecast has dropped from that previously reported from £1.3m to £0.3m and further details will be presented to the committee in December.

Members asked if there would be a cost implication for the council should the Parliamentary election be called. The managing director responded and informed the meeting that all costs could be reclaimed from the government, apart from the loss of productivity.

A member asked if the reliance on business rates funding of 37.9% was sustainable. The director confirmed that whilst this was a relatively significant element of the funding it was a small proportion of business rates collected in totality. As the local government reform programme progressed it was hoped that more could be retained.

The chairman put the proposal to the meeting and it was declared carried.

RESOLVED that the position on the revenue monitoring and the reasons for the variances reported be noted.

8 CAPITAL PROGRAMME MONITORING

The annexed circulated report of the section 151 officer was received on the capital programme monitoring to 30 September 2019.

The report detailed the revised capital budget for 2019-20 of £10.494m.

Details of the movements with the budget were shown in the report. Particular reference was made to the following:

- Empty Properties scheme (K007) – reprofiling of £150k into 2020-21;
- PfP Leisure - Repurpose of £7k to install CCTV cameras at Redwell Leisure Centre. An option appraisal is being conducted to advise on the needs for the future. The installation of these cameras would increase availability during the daytime. If approved an amount of £7k would be reprofiled forward into the current capital programme;
- A recent drainage survey at Tithe Barn Office block confirmed that drains had collapsed in eight areas, causing foul water to back up resulting in the toilets overflowing at times. The pipework needs to be replaced at a cost of £30k. Such work will take three to four weeks to complete. If a further survey is required additional funding may be required.

The report also detailed that the section 106 monies were held in trust, and as such were outside the council's revenue and capital budgets and not included in the medium term financial plan. This did not, however, prevent section 106 contributions being spent on projects identified in the medium term financial strategy, capital programme or revenue budget.

Projects had been identified to ensure they contribute to the mitigation of the impact of a number of developments completed throughout the borough over a number of years. If these funds are not allocated and not spent in the time specified in the agreement, the funds would have to be returned to the developer who made the contribution. The report summarised the section 106 monies held.

Members thanked officers for the closer monitoring of capital expenditure and commented that though over £2.5m had been spent, there remained £8m of capital funding.

The director clarified that a significant sum related to the expenditure on the multi-storey car park, work was also ongoing to increase the housing programme.

The chairman congratulated officers on the work undertaken to progress a number of excellent projects and put the proposal contained within the report to the vote, which was declared carried.

RESOLVED that:

- (i) the projected outturn and anticipated variances as at 30 September 2019, as detailed in appendix 1 to the report, be noted;
- (ii) the external funding, as detailed in appendix 2 to the report, be noted;
- (iii) approval be given to the updates and amendments to the 2019-20 capital programme as detailed in the report;
- (iv) the update in respect of the section 106 monies, as detailed in the report, be noted.

(Councillor Scarborough left the meeting, having declared an interest in the following item.)

9. 2019-2020 MID YEAR REPORT ON TREASURY MANAGEMENT

The annexed circulated report of the section 151 officer was received to inform members of the treasury management activity as at 30 September 2019.

Appended to the report were the following:

- Appendix 1 – Summary of investment transactions at 30 September 2019;
- Appendix 2 – Summary of economic background and interest forecast at 30 September 2019.

The report detailed the annual investment strategy and the 2019-20 performance to date showing the type of investment and the timing of investments. The director was pleased to report that investments were performing well.

Wellingborough's portfolio of investments currently total £36m, comprising of £11m with four domestic banks and £25m with eleven domestic building societies. The average rate of return achieved for the first six months was a little over 1% compared to the average three months London Interbank Bid Rate, interest rate for the same period of 0.75%.

The estimated interest receivable for the year would be £352k, based on an average annual interest rate of 1%, with anticipated performance for the year of approximately £62k above budget; the surplus on the budget for investment income will be reported as part of the revenue monitoring process for the year.

A member asked why Santander was referred to in appendix 1 – it was clarified that its interest rate was slightly higher which had proved to be good and an extension would be sought if possible.

The chairman put the proposal to the vote and this was declared carried.

RESOLVED that the mid-year report on treasury management be noted.

Chairman

The meeting concluded at 8.10pm.