

MINUTES OF COUNCIL MEETING HELD ON 19 FEBRUARY 2018

I N D E X

Page No	Minute No	Heading
1	540	Appointment of Chair for the Meeting
2	541	Apologies for Absence
2	542	Declarations of Interest
2	543	Minutes of Council Meeting held on 11 December 2017
3	544	Chair's Announcements
3	545	Public Participation
3	546	Questions asked under Council Procedure Rule No 9.2
3	547	Motions considered under Council Procedure Rule No 10
3	548	Medium Term Financial Plan 2018/19 to 2021/22
9	549	Treasury Management Strategy 2018/2019 to 2021/22
10	550	Exclusion of Public
10	551	Development Investment – Ankerbold Road
11	552	Strategic Alliance – Senior Management Team Review – Recommendations

NORTH EAST DERBYSHIRE DISTRICT COUNCIL

MINUTES OF THE MEETING OF THE COUNCIL

HELD ON 19 FEBRUARY 2018

Present:

Councillor S Peters Chair (appointed for the meeting)

Councillor Armitage

“ N Barker

“ B Barnes

“ J Barry

“ G Baxter MBE

“ L Blanshard

“ S Boyle

“ G Butler

“ A Cooper

“ S Cornwell

“ C Cupit

“ A Dale

“ S Ellis

“ Miss M Emmens

“ Mrs A Foster

“ A Garrett

“ M Gordon

“ R Hall

“ D Hancock

“ E A Hill

“ Mrs P A Holmes

Councillor G Hopkinson

“ C Hunt

“ P R Kerry

“ H Laws

“ J Lilley

“ G Morley

“ A Powell

“ T Reader

“ B Rice

“ B Ridgway

“ Mrs L Robinson

“ K Rouse

“ D Skinner

“ Mrs C A Smith

“ L Stone

“ M E Thacker MBE

“ C Tite

“ R Welton

“ J Windle

“ B Wright

A

Also in attendance:-

D Swaine - Chief Executive

K Hanson - Strategic Director

L Hickin - Strategic Director

S Sternberg - Assistant Director of Governance and Solicitor to the Council & Monitoring Officer

D Clarke - Assistant Director – Finance & Revenues and Benefits

N Calver - Governance Manager

540 Appointment of Chair for the Meeting

Due to unforeseen circumstances both the Chair and Vice Chair were unable to attend the meeting. Therefore, in line with Council Procedure Rule 2.1(a) the Chief Executive conducted a vote to elect a Member to preside for the remainder of the meeting.

Nominations were received for Councillor S Peters and Councillor M E Thacker MBE, and on the matter being put to the vote Councillor S Peters was duly elected as Chairman of the meeting.

541 Apologies for Absence

Apologies for absence had been received from Councillors P Antcliff, J Austen, P Elliott, M Foster, Mrs C D Huckerby, B Lewis, T Mansbridge, Mrs J Ridgway, R Smith and K Tait.

542 Declarations of Interest

Members were requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

Councillors N Barker, G Butler, R Welton and E A Hill declared a disclosable pecuniary interest in Item 8(a) as remunerated board members of Rykneld Homes and indicated that they would withdraw from the meeting at the appropriate time.

Councillor M Gordon declared a significant other interest in Item 10 as a Director of Northwood and indicated that he had chosen to withdraw from the meeting at the appropriate time.

No further declarations were made.

543 Minutes of the Council Meeting held on 11 December 2017

Councillor M E Thacker MBE drew the Council's attention to Minute No 403 – Questions from Members under Procedure Rule No 9.2(c) – where Councillor M E Thacker MBE had asked a question to Councillor M Gordon in regard to the adoption of the Local Plan.

Concern was raised around the accuracy of the final paragraph under that Minute which stated –

“Councillor Gordon disputed Councillor Thacker's remarks and described his comments as disgraceful, stating that personal attacks were not appropriate”.

For clarity Councillor M E Thacker MBE reiterated that a personal attack was not made nor were any personal remarks made during the debate, and wished for the record of the meeting to reflect this.

Councillor M Gordon maintained his view that the Minute was correct.

RESOLVED – That the Minutes of the meeting of the Council held on 11 December 2017 be approved as a correct record and signed by the Chair.

544 Chair's Announcements

The Former Chairman, (Councillor S Peters) who had been duly elected to preside over the meeting, explained to Members that both the Chairman nor the Vice-Chairman of the Council were able to attend the meeting due to both being involved, separately, in accidents to which they were both were recovering from resulting surgery.

On behalf of all Members the Former Chairman wished them both a speedy recovery. Further, Councillor S Peters welcomed Councillor R Marriott who had been duly elected to serve on the Council following the by-election for Grassmoor Ward on 15 February 2018.

Councillor R Marriott was a former NEDDC Member, previously representing Hasland, then Grassmoor Ward from 1999 to 2007.

It was advised that the Chairman would update Members on her forthcoming events in due course.

545 Public Participation

In accordance with Council Procedure Rule No 8 members of the public were allowed to ask questions about the Council's activities for a period of up to 15 minutes. The replies to any such questions will be given by the appropriate Cabinet Member. Questions must be received in writing or by email to the Monitoring Officer by 12 noon seven clear working days before the meeting.

No questions from the public had been submitted.

546 Questions from Members under Procedure Rule No 9.2

In accordance with Council Procedure Rule No 9.2 Members were permitted to ask the Chairman of the Council or relevant Committee or the appropriate Cabinet Member questions about Council activities.

No questions had been submitted under Procedure Rule No 9.2 for this meeting.

547 Motions from Members under Procedure Rule No 10

No motions had been submitted under Procedure Rule No 10 for this meeting.

548 Medium Term Financial Plan 2018/19 to 2021/22

Council considered a report of Councillor P R Kerry, Portfolio Holder with Responsibility for Economy, Finance & Regeneration and ICT, which recommended the approval of the proposed budget for 2018/19 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2018/19 to 2021/22.

The report confirmed the position previously reported to members with regard to the estimated outturn for 2017/18, this being that the Council had achieved efficiencies of £420,000 during the year with an anticipated contribution to the Invest to Save Reserve of £57,000.

The report had also taken in to account the recent settlement figures and the introduction of the Business Rates Pilot for a one year period, following which, the Council would revert back to the previous funding regime where RSG would have been phased out.

In preparing the budgets, all known factors had been taken account of and included in assumptions. This had identified a shortfall in the Council's budget of £545,000 for 2018/19. To mitigate any shortfalls and balance budgets, local authorities were able to increase their budgets by a maximum of 3% (or £5). The proposed increase for North East Derbyshire District Council for 2018/19 was 1.99%, generating additional revenue of £111,000. This would require efficiencies of £434,000 to be achieved during the year to avoid a call on General Fund balances.

A revised set of recommendations were circulated to the meeting, following consideration of the Medium Term Financial Plan by Cabinet on 14 February 2014.

Recommendations (1) to (6) were proposed and seconded.

Recommendation (3) was discussed in detail –

“a Council Tax increase of £3.64 is levied in respect of a notional Band D property (1.99%)”.

An amendment was proposed by Councillor S Ellis duly seconded by Councillor A Dale –

“That Council Tax be frozen at the rate set for the 2017/18 Financial Year”.

It was believed that savings could be made in areas such as Twinning, Unison duties, Tourism, Communications and Marketing, and Leisure Centres. In response to the amendment Cabinet Members confirmed that Council Tax was collected on behalf of County wide services, including Derbyshire County Council, Derbyshire Police and the Fire Authority. Further, the District's Leisure Centres were a credit to the Council, providing community services to residents who were unable to afford private leisure. Councillor A Foster clarified that a suggestion had not been made to close the district's Leisure Centres only that the service may be delivered in a different way in order to reduce the financial support required by the Council.

A recorded vote was requested on the amendment by Councillors A Foster, A Dale and S Ellis:-

For the amendment – 12

(Councillors W Armitage, L Blanshard, C Cupit, A Dale, S Ellis, Miss M Emmens, Mrs A Foster, R Hall, G Hopkinson, P Powell, M E Thacker MBE and R Welton).

Against the amendment – 31

(Councillors N Barker, B Barnes, J Barry, G Baxter MBE, S Boyle, G Butler, A Cooper, S Cornwell, A Garrett, M Gordon, D Hancock, E A Hill, Mrs P A Holmes, C Hunt, P R Kerry, H Laws, J Lilley, R Marriott, G Morley, S Peters, T Reader, B Rice, B Ridgway, Mrs L Robinson, K Rouse, D Skinner, Mrs C A Smith, L Stone, C Tite, J Windle and B Wright).

Abstentions – 0

The amendment was lost.

Councillor M E Thacker MBE drew Members' attention to 1.8 of the report which confirmed that Revenue Support Grant (RSG) would continue to be phased out in line with the four year settlement. It was advised that the Conservative Group continued to object to the phasing out of the grant for Parish Councils. Councillor M E Thacker MBE referred to a letter from the Secretary of State to Leaders setting out Central Government's expectation that money made available for this purpose should be filtered down to Parishes from Districts. Further he had received a letter from Pilsley Parish Council which stated:

"The Parish Council has asked me to write and ask what account you have taken of this guidance, particularly as many of the activities which the Parish Council is now undertaking can be regarded as some of the statutory functions of the District Council, such as street cleaning, dog control and the general obligation to promote the wellbeing of residents through services such as recreation and leisure.

The Parish Council is concerned that you did not carry out any meaningful consultation with Town and Parish Councils or take full consideration of the impact on local communities prior to implementing the decision to withdraw the Council Tax Support Grant".

Councillor M E Thacker MBE stated that all Parish and Town Councils should receive the funds due to them to carry out their functions, money which had been received by the District Council from Central Government.

It was confirmed by Cabinet Members that the District Council was doing as it could to reduce the contributions to Parish and Town Councils in a step-by-step process rather than all at once and that Parish Councils had been aware of the changes for some time and had made provision within their budgets.

At this point in the meeting Councillor D Skinner left.

An additional recommendation was proposed by Councillor M E Thacker and duly seconded by Councillor A Foster that:

“the phasing out of RSG be ended and for the Council to issue to Parish and Town Councils what was intended by Government”.

A recorded vote was requested by Councillors Mrs A Foster, A Dale and S Ellis.

For the motion – 13

(Councillors W Armitage, L Blanshard, C Cupit, A Dale, S Ellis, Miss M Emmens, Mrs A Foster, R Hall, D Hancock, G Hopkinson, P Powell, M E Thacker MBE and R Welton).

Against the motion – 28

(Councillors N Barker, B Barnes, J Barry, G Baxter MBE, S Boyle, G Butler, S Cornwell, A Garrett, M Gordon, E A Hill, Mrs P A Holmes, C Hunt, P R Kerry, H Laws, J Lilley, R Marriott, G Morley, S Peters, T Reader, B Rice, B Ridgway, Mrs L Robinson, K Rouse, Mrs C A Smith, L Stone, C Tite, J Windle and B Wright).

Abstentions – 1

(Councillor A Cooper)

The motion was lost.

Members returned to the recommendations as written and then, in line with the provisions set out in the Council's Constitution - a recorded vote was taken. (where matters affecting the setting of the Council's budget or Council Tax are considered.)

For the motion – 29

(Councillors N Barker, B Barnes, J Barry, G Baxter MBE, S Boyle, G Butler, A Cooper, S Cornwell, A Garrett, M Gordon, E A Hill, Mrs P A Holmes, C Hunt, P R Kerry, H Laws, J Lilley, R Marriott, G Morley, S Peters, T Reader, B Rice, B Ridgway, Mrs L Robinson, K Rouse, Mrs C A Smith, L Stone, C Tite, J Windle and B Wright).

Against the motion – 13

(Councillors W Armitage, L Blanshard, C Cupit, A Dale, S Ellis, Miss M Emmens, Mrs A Foster, R Hall, D Hancock, G Hopkinson, A Powell, M E Thacker MBE and R Welton).

Absentions – 0

RESOLVED –

- (1) That in view of the Chief Financial Officer, that the estimates included in the Medium Term Financial Plan 2018/19 to 2021/22 are robust and that the level of financial reserves whilst at minimum levels are adequate, be accepted.
- (2) That officers report back to Cabinet and the Audit and Corporate Governance Scrutiny Committee on a quarterly basis regarding the overall position in respect of the Council's budgets. These reports to include updates on achieving the savings and efficiencies necessary to secure a balanced budget for 2018/19 and future years.
- (3) A Council Tax increase of £3.64 is levied in respect of a notional Band D property (1.99%).
- (4) The Medium Term Financial Plan in respect of the General Fund as set out in Appendix 1 to the report be approved as the Estimated Outturn Budget 2017/18, as the Original Budget 2018/19, and as the financial projections in respect of 2019/20 to 2021/22.
- (5) That any under spend in respect of 2017/18 be transferred to the Invest to Save Reserve.
- (6) On the basis that income from Planning Fees is anticipated to exceed £0.400m in 2018/19, the Chief Executive in consultation with the Leader be granted delegated powers to authorize such additional resources as are necessary to effectively manage the resultant increase in workload.

At this point in the meeting Councillors R Welton, G Butler, N Barker and E A Hill left as they indicated that they would do so at the beginning of the meeting.

Councillor P R Kerry, Portfolio Holder with Responsibility for Economy, Finance & Regeneration and ICT, explained that the HRA Budget was a rollover budget with exception of the reduction in dwelling rates of 1% in line with Government guidelines and changes to non-dwelling rents as outlined in the report. It also proposed that the Management Fee paid to Rykneld Homes remain unchanged for 2018/19.

The Capital Programme included the Housing Investment Programme and the standing items that appeared in the General Fund Programme. Any new schemes in relation to the General Fund or HRA would be subject to separate reports to Cabinet with robust Business Plans.

Recommendations (7) to (13) were proposed by Councillor P R Kerry, seconded by Councillor G Baxter MBE and in line with the provisions set out within the Council's Constitution - a recorded vote was taken. (where matters affecting the setting the Council's Budget or Council Tax are considered.)

For the motion – 38

(Councillors W Armitage, B Barnes, J Barry, G Baxter MBE, L Blanshard, S Boyle, A Cooper, S Cornwell, C Cupit, A Dale, S Ellis, Miss M Emmens, Mrs A Foster, A Garrett, M Gordon, R Hall, D Hancock, Mrs P A Holmes, G Hopkinson, C Hunt, P R Kerry, H Laws, J Lilley, R Marriott, G Morley, S Peters, A Powell, T Reader, B Rice, B Ridgway, Mrs L Robinson, K Rouse, Mrs C A Smith, L Stone, M E Thacker MBE, C Tite, J Windle and B Wright).

Against the motion – 0

Absentions – 0

RESOLVED –

- (7) That Council sets its rent levels in line with Government regulations, reducing rent levels by a further 1% from 1 April 2018.
- (8) That the increases in respect of all other charges be implemented in line with the table shown at 1.30 in the report with effect from 1 April 2018.
- (9) The Medium Term Financial Plan in respect of the Housing Revenue Account as set out in Appendix 3 to the report be approved as the Estimated Outturn Budget in respect of 2017/18, as the Original Budget in respect of 2018/19, and the financial projection in respect of 2019/20 and 2021/22.
- (10) That the Management Fee for undertaking housing services at £9.902m and the Management Fee for undertaking capital works at £1.1m to Rykneld Homes in respect of 2018/19 be approved.
- (11) That Members endorse the section in the current financial Protocol which enables the Council to pay temporary cash advances to Rykneld Homes in excess of the Management Fee in order to help meet the cash flow requirements of the company should unforeseen circumstances arise in any particular month.
- (12) That Members note the potential requirement to provide Rykneld Homes with a “letter of comfort” to the company’s auditors and grant delegated authority to the Council’s Chief Financial Officer in consultation with the Portfolio Member for Finance to agree the contents of that letter.
- (13) That the Capital Programme as set out in Appendix 4 to the report be approved as the Estimated Outturn in respect of 2017/18 and as the Approved Programme for 2018/19 to 2021/22.

At this point in the meeting Councillors N Barker, G Butler, E A Hill and R Welton returned to the meeting.

549 Treasury Management Strategy 2018/19 to 2021/22

Council considered a report of Councillor P R Kerry, Portfolio Holder with Responsibility for Economy, Finance & Regeneration and ICT, which provided the necessary information to approve the Council's Treasury Management Strategy 2018/19 to 2021/22.

It was advised that the Treasury Management Strategy was all but an appendix to the Medium Term Financial Plan and followed the requirements of the Prudential Code Framework. The key objectives of the Prudential Code are to ensure that:-

- The Capital investment plans of local authorities are affordable, prudent and at sustainable levels.
- To ensure and demonstrate that the local authority is aware of its financial position and therefore able to take corrective action should it be in danger of failing to ensure the above.
- To ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability.

Councillor M E Thacker MBE raised concerns around the proposed borrowing strategy as set out in paragraph 1.46 of the report, in particular that officers were to monitor the position to ensure that external borrowing remained within the CFR limit, and not Members of the Council.

Further, he referred Members to the Investment Strategy as set out between 1.56 and 1.80 of the report with a view that this Strategy should be revisited and inclusion be given to the Audit & Corporate Governance Scrutiny Committee to play their part in supporting the Strategy.

The recommendations as set in section 6 of the report were moved by Councillor P R Kerry, seconded by Councillor G Baxter MBE.

RESOLVED – That Council:-

- (1) Approves the Capital Financing Requirement as summarised in Table 2 of the report.
- (2) Approves the Borrowing Strategy as summarised in section 1.46 of the report.
- (3) Approves the Minimum Revenue Provision Policy for 2018/19 as set out in section 1.47 to 1.55 of the report.
- (4) Approves the Investment Strategy as set out in sections 1.56 to 1.80 of the report.

- (5) Approves the use of the external treasury management advisors Counterparty Weekly List – or similar – to determine the latest assessment of the counterparties that meet the Council's criteria under section 1.56 to 1.76 of the report before any investment is undertaken.
- (6) Approves the Prudential Indicators for 2018/19 as detailed in Appendix 1 to the report, in particular:-

Authorised Borrowing Limit	£200,168,000
Operational Boundary	£195,168,000
Capital Financing Requirement	£190,168,000
Temporary Borrowing	£5,000,000

550 Exclusion of Public

RESOLVED - That the public be excluded from the meeting during the discussion of the following items of business to avoid the disclosure to them of exempt information as defined in Paragraphs 1, 3 and 4, Part 1 of Schedule 12A to the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006).

At this point in the meeting Councillor M Gordon left the room as he had indicated that he would do so.

551 Development Investment – Ankerbold Road

Council considered a report of Councillor P R Kerry, Portfolio Holder with Responsibility for Economy, Finance & Regeneration and ICT, which recommended for Council to approve investment of shareholder equity and make available a commercial loan to fund the development of Ankerbold Road. The report also recommended Council to approve Prudential Borrowing up to £8.663m in order to fund up to £0.963m shareholder investment, together with a loan of up to £7.7m on commercial terms to facilitate the development of Ankerbold Road.

Should the Council agree to approve Prudential Borrowing, it was recommended that the Treasury Management Strategy be updated to ensure the additional borrowing was reflected within the Authorised Borrowing Limit, the Operational Boundary and the Capital Financing Requirements.

Members considered the report in detail paying close attention to areas such as the viability model, commercial loan funding (which included risks and mitigation measures), shareholder equity, and the financial forecast (detailing profit, expenditure, total income).

On the basis that the Council supported the investment outlined within the report, and subject to the partner company securing their shareholder equity and a deliverable planning consent, the development of Ankerbold Road was forecast to deliver 197 new good quality family homes, which included 39 affordable homes.

Councillor S Ellis sought assurance that all alternatives had been considered and that the risks against the investment were mitigated as much as possible. It was deemed that the risks identified were worth taking in exchange for the benefit to the District in terms of affordable housing and profit to be invested back in to Council services.

The quality of the build was questioned and assurances were given that this had been checked in detail and was of exceptional quality.

Concerns were raised around the viability model and some considered that the report did not contain sufficient information. A proposal was made by Councillor M E Thacker MBE to -

“defer consideration of the report pending provision of additional information in regard to viability” was seconded by Councillor A Dale, and upon being put to the vote the motion was lost.

RESOLVED – That Council:-

- (1) Approves an investment of up to £963,000 in shareholder equity funded from Prudential Borrowing.
- (2) Approves up to £7.7m commercial loan as outlined in the report and commercial terms benchmarked from the HCA or alternative commercial source, to be funded from Prudential Borrowing.
- (3) Approves the revised Capital Financing Requirement, Operational Boundary and Authorised Limit to reflect the additional prudential borrowing required.
- (4) Delegate authority to the Joint Strategic Director with responsibility for property and development to enter any such agreements to facilitate the shareholder equity and loan investments outlined in the report.
- (5) Should external support be needed, agree that this will be funded through the arrangement fee and monitoring fees as detailed in the report.
- (6) Ring fence income arising to the Invest to Save Reserve for future transformation projects.

(Paragraph 3)

552 Strategic Alliance Management Team Review

Council considered a report of Councillor G Baxter MBE, Leader of the Council, which sought approval from Council for a proposed new structure for the Strategic Alliance Management Team (SAMT).

The report detailed the consultation period that took place during November 2017 which enabled early dialogue with the affected employees and their trade union representatives. The process had helped to identify potential options which had formed part of the formal 30 days consultation period.

A full consultation process had been undertaken, including meetings with the Cabinet and Scrutiny Chairs.

The proposed structure was designed to provide sufficient capacity to enable the Council to meet both its strategic objectives and service provision obligations, providing an efficiency saving of £140,000.

Paragraph 4.1 of the report set out the proposed structure which involved the slotting in of the six current postholders and a proposed recruitment process for the remaining positions.

RESOLVED – That:-

- (1) The proposed new structure for the Strategic Alliance Management Team (SAMT) be approved.
- (2) That the Joint Chief Executive report to Cabinet proposals for the recruitment of the two vacant roles within the structure, taking in to account previous practice for posts at that level.

(Paragraphs 1, 3 & 4)
