

CABINET

10 JULY 2013

Present :- Councillor Anne Turrell (the Leader of the Council)
(Chairman)
Councillors Nick Barlow, Annie Feltham,
Beverley Oxford, Paul Smith and Tim Young

Also in Attendance :- Councillor Beverly Davies
Councillor Pauline Hazell
Councillor Nigel Chapman
Councillor Gerard Oxford
Councillor Will Quince
Councillor Dennis Willetts

Date draft minutes published: 11 July 2013

Date when decisions may be implemented if not called in: 5pm, 18 July 2013

All decisions except urgent decisions and those recommended to Council may be subject to call in. Requests for scrutiny of decisions by the Scrutiny Panel must be signed by at least one Councillor and countersigned by four other Councillors (or alternatively support may be indicated by email). All such requests must be delivered to the Proper Officer by no later than 5pm on: 18 July 2013

16. Minutes

The minutes of the meetings held on 22 and 29 May 2013 were approved as a correct record.

17. 2014-2015 Budget Strategy, Medium Term Financial Forecast and Budget Timetable

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member together with a supplementary paper on the implications of the Spending Review for Colchester Borough Council.

Councillor Willetts attended and with the consent of the Chairman, addressed the Cabinet. He expressed concern about the outturn for the 2012/13 financial year, which had revealed an underspend of £543,000. Taken with the unspent sum of £285,000 set aside as contingency for risk factors, this was a significant sum. Whilst a small underspend was prudent, such a large underspend was unacceptable. These funds could have been used to avoid cuts in services such as the closure of Abbots Activity Centre or to reduce council tax. He also expressed his belief that the New Homes Bonus should only be used for funding infrastructure required to support new housing development, rather than being used to support the revenue budget. He was pleased by the announcement in the Spending Review that the New Homes Bonus would revert

back to its original purpose of funding infrastructure projects and noted that it would be administered by Local Enterprise Partnerships (LEPS).

Councillor Turrell, Leader of the Council and Portfolio Holder for Strategy, responded that no decision to close Abbots had been taken. A consultation on the future of Abbots had recently ended and a decision would be made in due course. Over £200 million had been invested in infrastructure in Colchester since the administration had been formed and a map detailing this investment would be circulated to Councillors in due course.

Councillor Smith, Portfolio Holder for Business and Resources, explained that the largest element of the underspend resulted from borrowing at lower interest rates than had been anticipated. This was outside of the Council's control. Spending was planned on priorities identified by residents, such as the town walls and heritage, park and ride and maintaining services being reduced by partners such as litter picking on the A12. The budget strategy was prudent and sensible given the significant loss in funding from central government.

Councillor T. Young, Portfolio Holder for Planning, Community Safety and Culture, indicated that many Councils used the New Homes Bonus to support their revenue budgets. Allowing LEPS to allocate New Homes Bonus was a risk given the scale of the areas they covered and their lack of democratic accountability. The budget strategy reflected the administration's desire to do the best in difficult circumstances and its commitment to protect frontline services and valuable public sector jobs.

RESOLVED that:-

- (a) The pre-audit outturn position for the financial year 2012/13 be noted.
- (b) Funding from balances be released for projects set out at paragraph 3.4 of the Assistant Chief Executive's report.
- (c) The budget forecast, approach and timetable for the preparation of the 2014/15 budget and updated position in respect of balances be noted.
- (d) The updated Medium Term Financial Forecast for the period to 31 March 2016 as set out at Appendix A of the Assistant Chief Executive's report be noted
- (e) The latest position in respect of the Capital Programme be noted.

REASONS

The Council is required to approve a financial strategy and timetable in respect of the financial year 2014/15 and a Medium Term Financial Forecast (MTFF) for the two subsequent financial years.

ALTERNATIVE OPTIONS

No alternative options were presented to the Cabinet.

18. New Housing Arrangements Proposal

Councillor T. Young (in respect of his position as Chairman of Colne Housing) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).

The Head of Commercial Services submitted a report a copy of which had been circulated to each Member together with the minute of the Scrutiny Panel meeting of 2 July 2013. A update to the proposed decision was also circulated to each Member.

Ian Vipond, Director Commercial and Place, and Karen Loweman, Director of Housing, Colchester Borough Homes, attended to assist the Cabinet and presented the proposals to the Cabinet.

Councillor T. Young thanked Ian Vipond and Karen Loweman for their presentation and for the work done by both Colchester Borough Council and Colchester Borough Homes in bringing forward the proposals. He congratulated Alison Inman on her award as Board Member of the Year at the recent ALMO awards. He welcomed the proposals, which he believed would be good for tenants.

RESOLVED that:-

- (a) The proposal to develop new housing arrangements for Colchester Borough Council and Colchester Borough Homes to work together to deliver housing services be approved.
- (b) Authority be delegated to the Chief Executive for the negotiation and agreement of a new Management Agreement with Colchester Borough Homes for a period of ten years, with an option to extend for a further five years following a satisfactory review at the seven year point.
- (c) Authority be delegated to the Chief Executive for the approval of a new Memorandum and Articles of Association for Colchester Borough Homes.

REASONS

Colchester Borough Homes is a wholly-owned trading company of the Council which delivers the majority of the Council's legal landlord obligations. The performance of the company and delivery of the Council's tenant and housing stock management objectives are governed by a Management Agreement. This management agreement was renewed in 2008 and the current agreement expires in 2013.

The New Housing Arrangements proposal fulfils four main purposes:

1. To put in place new arrangements for the Council's housing functions which are fit for purpose to deliver the Council's future housing objectives.

2. To put in place more resilient and responsive governance between the Council and Colchester Borough Homes which supports the delivery of the opportunities set out in the Council's Fundamental Service Review of Customer Contact (UCC FSR).
3. To contribute to the vision in the UCC FSR of a sustainable commercial services arm, by enabling Colchester Borough Homes to increase its range of housing services as a wholly-owned trading company of the Council
4. To contribute to the vision in the UCC FSR by supporting the delivery of the Universal Customer Environment.

ALTERNATIVE OPTIONS

The alternative options would be not to approve the proposal or to ask for changes to be made to that proposal. In either scenario, the delivery of improvements could be delayed or not delivered.

19. Year End Performance Report including Strategic Plan Action Plan and Proposed Targets and Actions 2013/14

The Head of Community Services submitted a report a copy of which had been circulated to each Member.

Councillor Willetts attended and with the consent of the Chairman addressed the Cabinet. He expressed concern about the performance on indicator KI R3 on sickness rates. He believed that local authority jobs were rewarding and valuable and was therefore surprised that sickness rates were so high. The private sector achieved much lower rates and he believed the Council needed to look beyond other local authorities to see what could be done to bring sickness levels down. He was also worried about the performance on indicators KSI W2 and W3. Over the years, the Council's performance on recycling had slipped due to inaction by the Cabinet. This was illustrated by the delays in introducing the collection of food waste. The Council's approach of trialing food waste collections in the borough rather than by learning from the experience of other authorities that had already introduced them had been timid. Determined action was required to start food waste collections as soon as possible.

Councillor Quince attended and with the consent of the Chairman addressed the Cabinet. He argued that firm action was needed on waste issues. He highlighted a number of issues since the administration had been formed, such as the failure to reach the 60% recycling target, the failure to sign the Inter Authority Agreement, the failure to extend recycling to flats and the continued failure to declare the administration's intentions on wheelie bins.

Councillor Turrell, Leader of the Council and Portfolio Holder for Strategy, responded that the as Colchester was the second largest borough in Essex, the experiences of other smaller boroughs were not relevant and that therefore it was sensible to trial food waste collection methods. It was anticipated that food waste collections would be introduced on 15 October for collection routes 1 to 5 and in November for collection

route 6. All other authorities in Essex had received money from Essex County Council to help introduce food waste collections. Opinion on wheelie bins was deeply split within the borough, which made it difficult to bring forward a workable policy.

Councillor Smith, Portfolio Holder for Business and Resources, indicated the majority of the targets had been met and overall the report indicated a solid level of performance of which the Council should be proud. He acknowledged concerns on waste, but highlighted the lack of funding received from Essex County Council and the impact that success in reducing waste had on recycling rates. Particular performance was drawn to the performance on housing issues and also the performance on K1 R4 on reducing carbon emissions. This had been instituted by the previous administration and he offered his congratulations to officers for meeting this target.

RESOLVED that:-

- (a) The 2012 /13 year-end performance summary and appendices be noted.
- (b) The proposed indicators and targets for next year along with the key actions proposed for the Strategic Plan Action Plan be noted.
- (c) The strategic plan actions for 2013/14 be noted.
- (d) The comments made by the Scrutiny Panel on 11 June 2013 be noted.

REASONS

Part of the Council's performance management framework includes the commitment to report its year-end performance progress.

ALTERNATIVE OPTIONS

No alternative options were presented to the Cabinet.

20. Social Value Act

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member.

Sean Plummer, Finance Manager, attended to assist the Cabinet and presented the proposals, together with the proposals for the Local Authority Mortgage scheme. Both were examples of how the Council could use national schemes or legislation to support the delivery of local strategic priorities, recognise risk and value for money alongside these priorities and help support local residents and business.

Councillor Smith, Portfolio Holder for Business and Resources, supported the proposals which would encourage the use of local firms and therefore help develop the local economy. Supporting the living wage would also help boost the local economy. The environmental benefits were also welcomed. Councillor Feltham, Portfolio Holder

for Communities and Leisure, and Councillor T. Young, Portfolio Holder for Planning, Community Safety and Culture also expressed their support for the proposals.

RESOLVED that:-

(a) The Council's procurement process and guidance be amended to include a requirement to consider appropriate and relevant measures to address the impact on the local economy, the environment and compliance with the living wage at the pre procurement stage of future procurements over the EU threshold.

(b) The key social value issues applicable to Colchester Borough Council will be those set out at paragraph. 4.7 of the Assistant Chief Executive's report.

REASONS

To promote the economic, social and environmental wellbeing of the local community.

ALTERNATIVE OPTIONS

The only alternative would be not to consider how services procured might improve the economic, social and environmental well being of the borough, but that would be contrary to the requirements of the Social Value Act.

21. Local Authority Mortgage Scheme

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member.

Sean Plummer, Finance Manager, attended to assist the Cabinet and presented the proposals, together with the proposals relating to the Social Value Act. Both were examples of how the Council could use national schemes or legislation to support the delivery of local strategic priorities, recognise risk and value for money alongside these priorities and help support local residents and businesses.

Councillor Quince attended and with the consent of the Chairman, addressed the Cabinet. He appreciated that the proposals addressed a real problem and that first time buyers often faced difficulties securing a mortgage. However, the report over-estimated the level of deposit that was often needed. He sought an assurance that the Council would assess rigorously those who would benefit from the scheme so that young people would not be granted mortgages they could not afford in the long term.

Councillor Smith, Portfolio Holder for Business and Resources, stressed that the Council's position would be protected as it was only guaranteeing the liability for the first five years of the mortgage. The total funding allocated by the Council was £2million with a maximum of £150 000 for each individual lender. This also helped protect the Council's position and would also help ensure a larger number of people could benefit from the scheme. The Council was one of only five in Essex working in partnership with Essex County Council to help its residents in this way.

RECOMMENDED to COUNCIL that:-

- (a) The Council agree the development of a Local Authority Mortgage Scheme (LAMS) in Colchester Borough.
- (b) A total indemnity value of up to £2million be allocated to LAMS subject to match funding from Essex County Council up to £1million.
- (c) The eligibility for the Council scheme referred to will be limited to people borrowing £150,000 or less.
- (d) A capital scheme to a maximum value of £2million for LAMS be included in the Council's Capital Programme for 2013/14 funded in equal parts through borrowing and match funding from Essex County Council as set out within the Assistant Chief Executive's report.
- (e) The Assistant Chief Executive, in consultation with the Monitoring Officer and the Portfolio Holder for Business and Resources be authorised to:
- determine the allocation of the £2million scheme funding to specific lenders, including Lloyds TSB;
 - determine the qualifying post codes for the scheme;
 - agree the detailed financial and contractual arrangements with Lloyds TSB and any other LAMS lenders.
- (f) The Monitoring Officer be authorised to give an opinion letter as required to any LAMS lender.
- (g) Approval be given by the Council to enter into a deed of indemnity with the Monitoring Officer in respect of any opinion letter he gives, the form of such deed to be approved by the Assistant Chief Executive.

REASONS

One of the main barriers to first time buyers getting on the housing ladder is the requirement from many lenders for deposits in the region of 20 - 25% even where income levels mean that the mortgage is affordable.

To help address this issue the Council has been invited to work with Essex County Council to establish a Local Authority Mortgage Scheme (LAMS) that will give a limited financial indemnity to an approved lender providing mortgages to first time buyers.

LAMS were first established as a pilot in 2009 by Sector Treasury Services (Sector), and there are schemes operating in 54 local authority areas

ALTERNATIVE OPTIONS

The Council could choose not to take part in this initiative.

22. Delivery of Jobs and Investment at Northern Gateway on Land for Inchcape (VW Dealership)

The Head of Commercial Services submitted a report a copy of which had been circulated to each Member.

Councillor Barlow, Portfolio Holder for Regeneration, indicated that this proposal was a symbol of what the administration was seeking to achieve at the Northern Gateway site. The proposals would generate a sizeable receipt, safeguard a significant number of existing jobs and create further employment. He thanked officers for their work in securing this investment in Colchester.

RESOLVED that:-

- (a) The Heads of Terms as set out within the Head of Commercial Services report in part B of the agenda, which will form the basis of the freehold disposal to Inchcape, be approved.
- (b) The commercial advice from the Council's valuers, NPS, that the agreed Heads of Terms currently represent the best consideration to the Council, taking into account current market conditions and the developable site area, be accepted.
- (c) Authority be delegated to the Executive Director Ian Vipond, in joint consultation with the Portfolio Holders for Regeneration and Business and Resources to conclude the disposal in general accordance with the Heads of Terms

REASONS

Following the end of the contract with Easter Developments on land at Axial Way, the Council has stepped in to ensure the sub sale deal to Inchcape continues in order to retain 50 existing jobs in the Borough and lead to the creation of 30 new employment opportunities.

The Inchcape investment in Colchester is substantial and could have been lost if an appropriate site had not been found. In addition, the land transaction will bring an important capital receipt quickly to the Council, which is greater than originally forecast.

ALTERNATIVE OPTIONS

The Council could refuse to accept that the proposed Heads of Terms offer the Council the best possible consideration for this site and remarket the site which would lead to Inchcape potentially relocating from the Borough as their site search has found no other suitable sites for a car dealership.

The Council could seek to renegotiate terms with the prospective purchaser, or decide that the Capital receipt is not sufficiently desirable. The Council's agent, NPS has confirmed in a report in Part B of the agenda that in their professional opinion, the financial terms proposed by Inchcape do represent the best consideration for the Council's asset, in current economic conditions.

The Council could seek to retain this land until the broader development proposals at Northern Gateway have been progressed; however the opportunity to retain the Inchcape jobs will be lost and would have to wait longer for this significant capital receipt.

23. Request for delegated authority to approve the award of contract – ICT systems supporting the Fundamental Service Review of Customer Contact

The Assistant Chief Executive submitted a report a copy of which had been circulated to each Member.

RESOLVED that:-

(a) Authority be delegated to the Chief Operating Officer, in consultation with the Portfolio Holder for Business and Resources, to approve the award of contract for the procurement of the Customer Experience ICT solution as part of the Universal Customer Contact Fundamental Service Review (UCC FSR), with the action being reported back to the next meeting of Cabinet.

(b) This delegation be extended to future ICT procurement carried out as part of the ICT Theme of the UCC FSR.

REASONS

Delivery of the benefits from the UCC FSR is dependent upon provision of suitable ICT systems, and we are currently engaged in an exercise to procure software solutions aimed at improving the customer experience. The planned date for the appointment of a preferred supplier is 6 September 2013, to allow sufficient time to implement the chosen solution by April 2014. However, this date does not fit with the cycle of meeting dates and papers for Cabinet, and would mean that the appointment could not be considered by Cabinet until its meeting on 9 October at the earliest. This would delay implementation and potentially impact on the budgeted savings for 2014/15. Therefore, delegation is being requested to ensure the appointment, and the subsequent implementation, is not delayed.

The total cost of the solution, over the course of a five year contract, is likely to exceed the financial limit of £500,000 which currently determines who can approve such expenditure.

The contract for the software solution we currently use ends in March 2014. Slippage in the implementation of a replacement system could result in additional costs associated with a short-term renewal of the existing contract.

ALTERNATIVE OPTIONS

The alternative is to progress the approval through the normal channels, and ask Cabinet to consider the contract award at its 9 October meeting. This would shorten the

implementation of a complex system from six to five months and introduce a higher risk that implementation will not be complete in time to go live in April 2014.

24. Progress of Responses to the Public

The Assistant Chief Executive submitted a progress sheet a copy of which had been circulated to each Member.

RESOLVED that the contents of the Progress Sheet be noted.

REASONS

The progress sheet was a mechanism by which the Cabinet could ensure that public statements and questions were responded to appropriately and promptly.

ALTERNATIVE OPTIONS

No alternative options were presented to the Cabinet.

The Cabinet/Panel resolved under Section 100A(4) of the Local Government Act 1972 and the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended) to exclude the public from the meeting for the following item as it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

25. Northern Gateway - Approval of Heads of Terms (Inchcape)

The Head of Commercial Services submitted a report a copy of which had been circulated to each Member.

Councillor Barlow thanked Ian Vipond, Director Commercial and Place, and Fiona Duhamel, Regeneration and Estates Manager, for their work in ensuring the deal to secure the sale of land to Inchcape, with its significant benefits for the borough, did not collapse.

RESOLVED that:-

(a) The specific content of the Heads of Terms attached to the Head of Commercial Services report agreed at minute 22, which will form the basis of the freehold disposal to Inchcape, be noted.

(b) The commercial advice from the Council's valuers, NPS, that the Heads of Terms currently represent the best consideration to the Council, taking into account current market conditions and the developable site area, be accepted.

REASONS

As set out in minute 22.

The report by NPS confirmed that the Heads of Terms with Inchcape represent, in their professional opinion, the best consideration for the Council's landholding in the current economic conditions

A valuable capital receipt will be payable which exceeds the forecast in the Council's capital programme.

ALTERNATIVE OPTIONS

The Council could refuse to accept that the proposed Heads of Terms offer the Council the best possible consideration for this site, or agree that they fail to realise the Council's aspirations in respect of the Masterplan.

The Council could seek to renegotiate terms with the prospective purchaser, or decide that the contributions to the Council's capital programme is not sufficiently desirable however in order to retain Inchcape in Colchester it is important that any deal is brought to a swift conclusion as their current premises are no longer suitable for their operation and they must move within 18 months.