



Lewes District Council

Cabinet

Minutes of a meeting of the **Cabinet** held in the **Ditchling Room, Southover House, Southover Road, Lewes** on **Monday, 2 June 2014** at 2.30pm

Present:

Councillor R Blackman (Chair)

Councillors P L Franklin, P A Howson, A T Jones, R K Maskell, E C Merry and A X Smith.

In Attendance:

Councillor S J Osborne (Leader of the Liberal Democrat Group).

Councillor C R O’Keeffe who, with the agreement of the Chair, asked questions at the meeting.

Mr J Sinclair (Tenants’ Representative).

Apologies received:

Councillor I Eiloart (Chair of the Audit and Standards Committee).

Mr D Forsdike (Tenants’ Representative).

Minutes

4 Minutes

The Minutes of the Special meeting held on 15 May 2014 were approved as a correct record and signed by the Chair.

Action

5 Declarations of Interest

Councillor O’Keeffe who, with the agreement of the Chair, was in attendance in order to ask some questions at the meeting, declared her personal, non-prejudicial interest in Agenda Item 9.5 (Disposal of Southover Lodge).

6 Finance Update

The Cabinet considered Report No 75/14 which provided an update on financial matters that affected the General Fund Revenue Account, the Housing Revenue Account and the approved Capital Programme.

Appendix 1 to the Report provided details of Treasury Management activity between 22 March 2014 and 30 April 2014, all of which was consistent with the Council’s approved Treasury and Investment Strategies for 2013/2014 and 2014/2015.

At the time the Report was being prepared, work to close the 2013/2014 accounts was nearing completion. A detailed Report on the final General Fund, Housing Revenue Account and Capital Programme financial outturn for the year was to be made to Cabinet at its meeting on 7 July 2014.

The General Fund year end position for 2013/2014 was sufficiently robust to support the Medium Term Financial Strategy target of no tax rises through to 2015/2016. The Report therefore recommended that the General Fund working balance at 31 March 2014 be set at £2,415,600 which was the amount anticipated when the 2014/2015 budget was set. The Report further recommended that any General Fund surplus in 2013/2014 that was not required to support the working balance be transferred into the Change Management element of the Change Management and Spending Power Reserve.

The Revenue Equalisation and Asset Maintenance (REAM) Reserve included an element earmarked for ‘Interest Equalisation’ which was to provide a buffer for the General Fund against reductions in returns from the Council’s Treasury Management activity. The Council had sold its holding in LBI which had removed the uncertainty of its future recovery. Consequently, it was no longer a priority to retain the balance, which was anticipated to be £0.29m at 31 March 2015. The Report therefore recommended that it be earmarked as funding to support the cost of the Council’s Change Management Programme which included the payment for capitalised pension strain costs when they arose.

In closing down the first year’s retained business rates accounts, timing differences had been identified in settling up the balances between the General Fund and the Collection Fund. It was likely that the Council’s share of the Collection Fund would have a debit balance of £308,000 in 2013/2014 and that the retained business rates element of the General Fund would have a credit balance of £371,000. Part of the reason for such difference was the mechanism Page 2 of 8 the Government reimbursed the

cost of its Autumn Statement policies that affected business rates.

The next opportunity to adjust the 2013/2014 Collection Fund debit balance was when the 2015/2016 business rates estimates were submitted to the Government in January 2015. Transferring the business rates element of the General Fund balance into a new "Business Rates Equalisation Reserve" would help to manage balances over time between the General Fund and the Collection Fund statutory accounts.

Resolved:

- 6.1** That it be noted that Treasury Management activity since the last Report to Cabinet has been consistent with the Council's approved Treasury and Investment Strategy, as detailed in Report No 75/14;
- 6.2** That the General Fund working balance at 31 March 2014 be set at £2,415,600 which is the amount anticipated when setting the 2014/2015 budget; DF
- 6.3** That any General Fund surplus in 2014/2015 not required to support the working balance be transferred into the Change Management element of the Change Management and Spending Power Reserve; DF
- 6.4** That the Interest Equalisation element of the Revenue Equalisation and Asset Maintenance Reserve be transferred into the Change Management element of the Change Management and Spending Power Reserve; and DF
- 6.5** That the remainder of the Report be received and noted.

It was further

Recommended:

- 6.6** That a Business Rates Equalisation Reserve be established for the purpose of equalising balances over financial years, between the General Fund and the Collection Fund statutory accounts. DF (to note)

Reasons for the Decisions:

A Report on funding issues in relation to the Council's General Fund Revenue Account, Housing Revenue Account and Capital Programme is made to each meeting of the Cabinet to ensure that the Council's financial health is kept under continual review. It is essential to ensure that the Council has a sound financial base from which to respond to changing activity levels and demand for statutory services and to ensure that, when appropriate, its finances are adjusted in response to reducing income levels and inflationary pressures on expenditure.

The Council's Treasury Management function deals with very large value transactions on a daily basis. It is essential that the Council is satisfied that appropriate controls are in place and in accordance with the Code of Practice on Treasury Management in the Public Services prepared by the Chartered Institute of Public Finance and Accountancy and adopted by the

Council.

7 Change Management at Lewes District Council – Next Steps in Organisational Development

The Cabinet considered Report No 76/14 that proposed the approval of an Organisational Development Strategy which, if implemented, would improve services and the customer experience as well as being a driver for financial efficiencies and approval of some specific actions which were required to implement that Strategy. A copy of the Strategy was set out at Appendix 1 to the Report.

The Report summarised the Strategy which moved the Council to a customer focussed model with a new organisational structure and culture. It focussed on several outcomes, details of which were set out in paragraph 2 of the Report.

There were three drivers of the Strategy namely:

- (a) The national context of diminishing funding which required an agile organisation that could respond to changing circumstances through adopting new models for organisational structure and service delivery for which there were many possibilities;
- (b) The Council was facing a funding challenge for which the approved Medium Term Financial Strategy required savings of c£2.9 million by 2020; and
- (c) Customer expectations of services had changed. They expected services to be more participative, more personalised and more driven by community and individual need than by organisational structures and processes, the implications of which were that the Council needed to be more flexible and responsive.

The Strategy continued the Council's transformation programme and built on the restructuring that had already taken place. Agile working had been introduced and senior management had been restructured. Staff and managers were working together to break down departmental silos, redesign services and start the shift to delivering services in mixed, multi-disciplinary, teams.

The Strategy at Appendix 1 to the Report set out the future direction which was informed by the guiding principles that had been adopted in January 2014 and the philosophy of end-to-end customer care and continued staff involvement which had been recommended by staff focus groups.

The Strategy recognised four business units around which the Council needed to be organised namely:

- (1) Corporate HQ – the governance and strategy function required to be a unique, competent and accountable local authority;

- (2) Service Delivery – the day-to-day customer service function for the Council's customers;
- (3) Place Shaping – the policy development and project management function that supported development of the District and the communities within; and
- (4) Corporate Services – the corporate functions that enabled the organisation to operate,

further details of which were set out in the Report.

Paragraph 7 of the Report set out details of the actions that needed to be taken in order to implement the Strategy.

The Chief Executive reported that the Director of Corporate Services, who was a shared resource with Eastbourne Borough Council where he was employed as its Deputy Chief Executive, was shortly to leave his appointments with the two Councils in order to take up a new position elsewhere. However, Eastbourne Borough Council had subsequently appointed a successor Officer who would also serve as a shared resource with the Council.

Resolved:

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| 7.1 | That the draft Organisational Development Strategy, as set out at Appendix 1 to Report No 76/14, be adopted, and that the role it will play in delivering the Council's medium term financial strategy be noted; | DCS |
| 7.2 | That, in order to progress those changes introduced by the Cabinet Report of January 2014: | DCS |
| | <ul style="list-style-type: none"> (a) The restructuring of the senior roles in the Service Delivery Unit be noted; (b) The initial development of multi-skilled teams be endorsed pending the full introduction of new technology; (c) The implementation of the competency framework be noted and endorsed; and (d) It be noted that iESE have been commissioned to report on the costs, benefits and issues of working in partnership with Eastbourne Borough Council and/or other public sector partners with regard to the Corporate Services unit. It is anticipated that a Report on iESE's findings will be reported to Cabinet at its meeting on 7 July 2014; and | |
| 7.3 | That the development of: | DCS |
| | <ul style="list-style-type: none"> (a) a technology specification to support the new ways of working within the Service Delivery unit; (b) business change specifications to support the implementation | |

of the new ways of working within the Service Delivery unit;
and

- (c) a procurement strategy, with assistance from iESE, to secure partners capable of providing the services set out in 7.3(a) and 7.3(b) above,

be endorsed.

Reasons for the Decisions:

To progress the Council's ambition to provide a customer focused service, drive service improvements and realise financial savings.

8 Photovoltaic (PV) Panels to Housing Properties

The Cabinet considered Report No 77/14 which set out details of progress to install photovoltaic (PV) panel systems to housing properties through an external provider and proposed that Officers be authorised to conclude discussions and move to delivery of the scheme.

The Report also proposed that Officers be authorised to explore other sources of funding including use of the borrowing 'headroom' on the Housing Revenue Account in parallel if that was more advantageous to the Council to allow it to extend the scheme to additional properties.

The Government's current PV Feed in Tariff and relatively low costs of PV panel systems were such that a provider had offered to install PV panel systems to qualifying housing at no cost to the Council's tenants which, if implemented, would enable the installation of approximately £5 million of PV panels in the year.

The Council was committed to using its borrowing 'headroom' to fund new affordable housing in the District which meant that it would not have been possible to fund a PV installation programme of that scale without the support of an independent provider.

The Government had recently announced that councils could submit an expression of interest by 16 June 2014 to increase that headroom through the Local Growth Fund – Housing Revenue Account Borrowing Programme (2015/16 and 2016/17) which must meet certain criteria including the provision of affordable housing. However, there might be other options to use different funding streams for affordable housing schemes and PV schemes in respect of which the Council would continue to be open to all options that increased affordable housing supply or created a revenue stream to the Council.

The Council had made significant progress on finding external funding for PV schemes through the Sussex Energy Savings Partnership (SESP) and the West Sussex procurement framework. Carillion plc was the appointed contractor for the Sussex Energy Savings Programme Contract that had been made between West Sussex County Council and Carillion Energy

Services Limited (the “SESP Contract”). West Sussex County Council was the lead authority and had procured energy saving measures on behalf of a number of authorities.

Carillion, together with its funding partner, Access Energy plc, had been working with the Council and were close to agreeing terms to be able to proceed to award a contract and implement stages for which the team had identified 694 houses and bungalows which had suitable roofs. There was a potential for 300 additional houses and PV systems to blocks of flats, subject to negotiation.

Tenants in the houses and bungalows on which panels were installed would benefit by receiving some free electricity generated during daylight hours only and, consequently, they would see a reduction in their electricity bills. However, before PV panels could be installed at a property, it was necessary for the tenant to enter into an agreement confirming that they agreed to such installation and that they would allow access for the survey, installation, operation and maintenance of the PV system. The agreement would also confirm that the tenant could use electricity generated by the PVs without charge. In the event that the tenant did not wish to sign the agreement, there would be no obligations or liabilities on the Council.

The Council had an extensive tenant consultation network and consultation had begun with the Tenants of Lewes District (TOLD) group. Consultation would continue with TOLD and would need to commence on a tenant by tenant basis once the agreement with Access Energy was in place.

Further details relating to the proposed tenant agreement were set out in the Report.

Resolved:

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| 8.1 | That discussions and the contract be concluded with Access Energy and Carillion Construction through the Sussex Energy Savings Programme Contract 2013, as detailed in Report No 77/14, to provide photovoltaic (PV) panels to approximately 694 identified properties as the first phase of this project; and | DSD |
| 8.2 | That, in parallel, other sources of funding be explored for the second phase of this project including the use of the borrowing ‘headroom’ of the housing revenue account for PV panel systems so that the whole PV scheme can be delivered by 31 March 2017. | DSD |

Reasons for the Decisions:

This is an opportunity to secure an investment of between £5m and £10m value of photovoltaic (PV) panels to Council houses in the District which will reduce the cost of electricity for tenants receiving the panels.

This can be fully funded by an external provider. External providers rely on income from the Government’s Feed in Tariff, at 13.5 pence per kW energy produced for 20 years to fund PV schemes. However, there is also the option of looking to fund the scheme or part of it from the Council’s own resources to extend it to additional homes and buildings which may be

advantageous to the Council by securing its own potential revenue stream through the feed in tariffs. It is important that this work does not delay the installation of PV panels.

9 Ward Issues Raised by Councillors at Council

The Cabinet considered Report No 78/14 relating to responses to ward issues which had been raised by councillors at the Annual Meeting of the Council held on 7 May 2014.

Resolved:

- 9.1** That Report No 78/14 relating to responses to ward issues which had been raised by councillors at the Annual Meeting of the Council held on 7 May 2014, be received and noted.

Reason for the Decision:

To ensure that appropriate follow up action is taken.

10 Exclusion of the Public and Press

Resolved:

- 10.1** That, in accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended), the Public and Press be excluded from the meeting during the discussion of Report No 79/14 entitled "Disposal of Southover Lodge" as there is likely to be a disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act (ie information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11 Disposal of Southover Lodge

The Cabinet considered Report No 79/14 which sought approval for the disposal of Southover Lodge which was a non-Housing Revenue Account property located in central Lewes.

Appended to the Report was a plan which showed the location of the building.

Resolved:

- 11.1** That the Director of Corporate Services be given delegated authority to dispose of Southover Lodge as per the terms set out in Report No 79/14 together with any [Page 8 of 19](#) as required by the Assistant

DCS

Director of Corporate Services and the Director of Finance.

Reason for the Decision:

Southover Lodge (also referred to as Grange Lodge or Southover Grange Lodge) has been identified within the Property Strategy as an underperforming asset.

(Note: Councillor O’Keeffe who, with the agreement of the Chair, was in attendance in order to ask some questions in respect of other items on the Agenda at the meeting, declared her personal, non-prejudicial interest in this item as a member of her family owned a property which was located in close proximity to Southover Lodge, Lewes, an issue which might affect the value of their property. However, in any event, Councillor O’Keeffe was not a member of Cabinet and, therefore, she was able to attend in order to witness the consideration, discussion and voting on this item).

The meeting ended at 3.06pm.

R Blackman
Chair