

**MINUTES OF A MEETING OF
THE EXECUTIVE
HELD AT FOLLATON HOUSE ON THURSDAY 20 JULY 2017**

Members in attendance:			
* Denotes attendance			
∅ Denotes apologies for absence			
*	Cllr H D Bastone	*	Cllr R J Tucker
*	Cllr R D Gilbert	∅	Cllr S A E Wright
*	Cllr N A Hopwood	*	Cllr K R H Wingate

Also in attendance and participating		
Item 6	E.10/17	Cllrs Birch, Brazil, Green, Pennington and Saltern
Item 7	E.11/17	Cllrs Birch, Bramble, Brazil, Foss, Hicks, Holway, May, Pearce and Pennington
Item 8	E.12/17	Cllrs Baldry, Brazil, Birch, Cuthbert, Green, Pennington and Saltern
Item 10	E.14/17	Cllrs Brazil, Pearce and Pennington
Item 11	E.15/17	Cllrs Green and Pearce
Item 14	E.18/17	Cllrs Green and Pennington
Also in attendance and not participating		
Cllrs Blackler, Brown, Huntley, Rowe and Steer		

Officers in attendance and participating		
All items		Executive Director (Strategy and Commissioning), Section 151 Officer and Specialist – Democratic Services
Item 6	E.10/17	Group Manager Commercial Services
Item 7	E.11/17	Group Manager Business Development, Solicitor
Item 10	E.14/17	Group Manager Commercial Services
Item 11	E.15/17	COP Lead Assets

E.07/17 MINUTES

The minutes of the Executive meeting held on 29 June 2017 were confirmed as a true record and signed off by the Chairman.

E.08/17 DECLARATIONS OF INTEREST

Members and officers were invited to declare any interests in the items of business to be considered during the course of this meeting but none were made.

E.09/17 PUBLIC QUESTION TIME

It was noted that no public questions had been received.

E.10/17 MEDIUM TERM FINANCIAL POSITION 2018/19 TO 2022/23

Members were presented with a report that set out the Council's Medium Term Financial Position based on a financial forecast over a rolling five year time frame to 2022/23 which would help ensure resources were aligned to the outcomes in Our Plan. The forecast was intended to provide a framework within which decisions could be made regarding the future service provision and council tax levels whilst building an approach that guaranteed South Hams District Council's longer term viability.

The Leader presented the report and he and the s151 Officer responded to a number of questions on the content of the report.

One Member raised that there had been no information circulated in relation to the projected savings relating to Dartmouth Lower Ferry. In response, the Group Manager Commercial Services advised that a Task and Finish Group was working on options in relation to the Lower Ferry and she would make notes of those meetings available to all Members. The s151 Officer also advised that a report would be presented to the Executive in September relating to the Lower Ferry.

Another Member asked if the budget gap could be closed by increasing council tax by a large enough amount, if a referendum permitted, rather than proceeding with a Single Council Option or taking the risks involved with Commercial Property Acquisition, both options being the subject of later reports on the agenda. The Leader responded that the possibility of a significant council tax increase to close the budget gap had been discussed, but it was important to proceed with consideration of the Single Council Option before other options were costed and considered.

It was then:

RESOLVED that:

- i. the forecast budget gap by 2020/21 of £0.8 million be noted;
- ii. the financial strategy of the SH/WD Joint Steering Group (JSG) set out in paras 1.7 to 1.13 of the presented report be agreed;
- iii. the budget principles set out in para 1.14 be agreed;
- iv. the current Council policy on the minimum level of unearmarked reserves being £1.5m be agreed;
- v. the five year Medium Term Financial Position (MTFP) be considered including certain elements with the MTFP such as:
 - a) The level of council tax for 2018/19; and
 - b) The use of New Homes Bonus to support the revenue budget for 2018-19 onwards.

E.11/17 COMMERCIAL PROPERTY ACQUISITION STRATEGY

Members were presented with a report that set out the business case, based on advice received, for the Commercial Property Acquisition Strategy. The objective of the proposed strategy was to generate revenue streams to contribute to the financial sustainability of the Council, enabling it to continue to deliver, and where possible improve, frontline services in line with the Council's adopted strategy and objectives.

As the agenda item commenced, Cllr Birch, a Member of the Invest to Earn Group credited with authoring the report, asked that the minutes reflect that he had taken no part in writing the report.

The Lead Member for Business Development presented the report. The report had been presented to a meeting of the Overview and Scrutiny Panel immediately prior to this meeting taking place and an amendment had been proposed and accepted to the third recommendation that included the Lead Member for Business Development in the delegated decision-making process.

During discussion, it was clear that Members had mixed views on the proposal. The s151 officer and Group Manager Business Development responded to technical queries. Points raised during the debate included the following:

- Members had not been elected to borrow significant sums on behalf of residents;
- Borrowing would distort the market;
- The retail property market was volatile;
- The borrowing was for a long time, within such time there could be many changes within the market;
- Borrowing £80m equated to £1,000 for every man, woman and child in the South Hams;
- It was some Members' view that the Council did not have the expertise to undertake this proposal. The Leader responded that, if approved, then advice would be taken from the right people or organisations;
- The proposal did not include a defined exit strategy, nor the cost of early redemption of borrowing. In response to the second point, the s151 officer advised that the cost of early redemption would depend on the type of borrowing;
- The borrowing would be spread across multiple tenants and multiple properties thereby mitigating the risk;
- Whilst risks existed, safeguards were in place;
- The possibility of a conflict if both South Hams and West Devon sought to acquire the same property;
- If the council was to borrow, it should be invested in affordable housing. The financial returns may not be as good, but at least the council would be supporting one of its priorities.

The Lead Member concluded the debate by stating that whilst the concerns raised were understandable, the expertise was there to get the right advice. The strategy was to buy assets, so in addition to revenue, capital growth should also be considered.

It was then:

RESOLVED

That Council be **RECOMMENDED** to:

1. Approve and implement the proposed commercial property acquisition strategy as detailed in Appendix A;
2. Agree that officers conclude an appropriate procurement process to commission property experts to work on behalf of the Council in relation to the proposed commercial property acquisition strategy;
3. Delegate individual commercial property portfolio purchase and disposal decisions to the Head of Paid Service, in consultation with the s151 Officer, the Leader, the Lead Executive Member for Business Development and the appointed Chair of the 'Invest to Earn' Working Group; and
4. Borrow funds on fixed rate terms from the appropriate source in order to pursue this strategy. To fulfil the first tranche of the proposed strategy, this would require borrowing of up to £26.75 million (£25 million plus acquisition costs of 7%).

E.12/17

PROPOSAL FOR A SINGLE COUNCIL FOR SOUTH HAMS AND WEST DEVON

Members were presented with a comprehensive report that set out recommendations from the SH/WD Joint Steering Group (JSG) to agree in principle to establish a single second tier Council for South Hams and West Devon from 1 April 2019.

The Leader introduced the report and advised that the presented recommendation should be amended to state that the Executive recommended to Council. He referred to recent press coverage of this matter, and in response to claims that South Hams would be 'bailing out' West Devon he advised that both South Hams and West Devon had benefitted financially from working together over the last ten years. Neither authority could afford to go their own way. A number of Members had concerns over the timetable, but advice from central government was that to be confident of there being adequate parliamentary time to approve a single council, the proposal must be with the Secretary of State by November 2017. The recommendation today was to go to public consultation.

During discussion a number of Members stated that they felt the right thing to do would be to go to public consultation on this issue. A number of Members were concerned that South Hams council tax payers would have to pay higher council tax. Members discussed the matter of council tax in more detail and there were alternative interpretations of how the percentage increase in council tax was calculated. The s151 Officer clarified this point.

One Member raised questions regarding the process of consultation, particularly how it would be carried out with vulnerable adults. In response, the Leader confirmed that Members could have a role to play in reaching all sectors of the community. He added that he had asked officers to look at whether relief could be applied to less well-off households in terms of the projected council tax increases.

Another Member felt that the report could have given more detail in terms of a strategic overview, for instance the costs of moving to a central location and releasing the existing buildings. In response, a Member of the JSG stated that this had been considered, but at this early stage the available information clouded the issue and did not provide any clarity.

The Chairman of Overview and Scrutiny Panel raised his concerns with the wording of the presented first recommendation, and a number of Members agreed that, as written, it implied a *fait accompli*. It was **PROPOSED, SECONDED** and on being put to the vote declared **CARRIED**, to amend the recommendation to 'agree to consider', rather than 'agree in principle'.

It was then:

RESOLVED

That Council be **RECOMMENDED** to:

1. Agree to consider establishing a single second-tier Council for South Hams and West Devon from 1 April 2019;
2. Proceeds to consultation with the public and stakeholders from early August through to the end of September 2017;
3. Agree to bring to Council for approval, the outcome of the consultation together with the final Proposal for submission to the Secretary of State, if appropriate.

E.13/17

EXCLUSION OF PUBLIC AND PRESS

RESOLVED

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting during consideration of the following item of business as the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Schedule 12A to the Act is involved.

E.14/17 **DELIVERY OF BEST VALUE FOR MONEY FRONT LINE SERVICES**

Members were presented with a report that set out how the SH/WD Joint Steering Group had been tasked by both Councils to consider options to achieve financial sustainability and address the forecast budget deficit for both Councils; one of those options was to look at the way in which front line services were provided and designed.

The Portfolio Holder for Commercial Services introduced the report.

It was then:

RESOLVED

That, based on the advice of the Joint Steering Group, Council be **RECOMMENDED** to:

1. Test the front line services in scope through competitive dialogue processes with combined procurements where the services allow;
2. Prepare a bid by a wholly owned company if a competitive and sustainable price for service can be proved against benchmarked current costs with the external market place; and
3. Continue to test market costs and income opportunities during the summer period to further inform the market position.

E.15/17 **TRANSFER OF LAND TO SALCOMBE TOWN COUNCIL**

Members were presented with a report that set out an 'in principle' agreement for a transfer of land owned by South Hams District Council to Salcombe Town Council.

The Leader introduced the report and the COP Lead Assets responded to questions.

It was then:

RESOLVED

That Council be **RECOMMENDED** to:

1. support the principle of an asset transfer of land in Salcombe (indicatively shown on the plan at Appendix 1 and described in paragraph 1.2 of the presented report) based on the detail set out in the presented report;
2. dispose of a parcel of land on the Berry for best consideration, outlined in blue in presented Transfer Plan 1 of the agenda report; and

3. delegate authority to conclude detailed negotiations and the disposal of the Area A land to the CoP Lead Assets, in consultation with the s151 Officer, Head of Paid Service and Leader of Council.

E.16/17 READMITTANCE OF THE PRESS AND PUBLIC

It was then:

RESOLVED

That the press and public be readmitted to the meeting.

E.17/17 WRITE OFF REPORT

Members considered a composite report that detailed the debts for all revenue streams within the Revenue and Benefits Service remit up to the value of £5,000, written off by the S151 Officer under delegated authority.

The Lead Executive Member for Support Services introduced the report and explained the debts over £5,000 in a little more detail.

It was then:

RESOLVED

1. That in accordance with Financial Regulations, it be noted that the s151 Officer had authorised the write-off of individual South Hams District Council debts totalling £109,557.03 as detailed in Tables 1 and 2 of the presented agenda report; and
2. That the write off of individual debts in excess of £5,000 totalling £9,650.91 as detailed in Table 3 of the presented report be approved.

E.18/17 WRITE OFF REPORT 2017/18 Q1

Members considered a composite report that detailed the debts for all revenue streams within the Revenue and Benefits Service remit up to the value of £5,000, written off by the S151 Officer under delegated authority.

The Lead Executive Member for Support Services introduced the report and explained the debts over £5,000 in a little more detail.

It was then:

RESOLVED

1. That in accordance with Financial Regulations, it be noted that the s151 Officer had authorised the write-off of individual South Hams District Council debts totalling £55,319.54 as detailed in Tables 1 and 2 of the presented agenda report; and
2. That the write off of individual debts in excess of £5,000 totalling £22,367.17 as detailed in Table 3 of the presented report be approved.

(NOTE: THESE DECISIONS, WITH THE EXCEPTION OF E.10/17, E.11/17, E.12/17, E.14/17 AND E.15/17 WHICH ARE RECOMMENDATIONS TO THE SPECIAL COUNCIL MEETING TO BE HELD ON 27 JULY 2017, WILL BECOME EFFECTIVE FROM 5.00PM ON MONDAY, 31 JULY 2017 UNLESS CALLED IN, IN ACCORDANCE WITH SCRUTINY PROCEDURE RULE 18).

(Meeting commenced at 10.30 am and concluded at 1.30 pm)

Chairman