

## CABINET

Meeting held in the Council Chamber, Council Offices, Urban Road, Kirkby-in-Ashfield,

on Thursday, 23rd March, 2017 at 6.30 pm

**Present:** Councillor Cheryl Butler in the Chair;

Councillors Jim Aspinall, Tim Brown, Don Davis,  
Jackie James and Keir Morrison.

**Apologies for Absence:** Councillors Nicolle Ndiweni.

**Officers Present:** Craig Bonar, Edd deCoverly, Ruth Dennis,  
David Greenwood, Alan Maher, Robert Mitchell  
and Carys Turner-Jones.

**In Attendance:** Councillor David Griffiths and Councillor  
Paul Roberts.

### **CA.87 Minute's Silence**

Cabinet observed a minute's silence as a mark of respect following the murder of PC Keith Palmer and the serious injury of others in the same terrorist incident, on Wednesday 22 March 2017.

### **CA.88 Declarations of Disclosable Pecuniary and Non Disclosable Pecuniary / Other Interests**

No Declarations of Interest were received.

### **CA.89 To receive and approve as a correct record the minutes of the Cabinet meetings held on 20 February 2017 and 27 February 2017**

The minutes of the meetings held on Monday 20 February 2017 and Monday 27 February 2017 were approved as a correct record.

### **CA.90 Corporate Leadership Restructure**

The Deputy Chief Executive (Resources), Assistant Chief Executive (Governance), Service Director – Corporate Services and Transformation and Service Director - Place and Communities, left the meeting for this item.

The report to Cabinet set out proposals for restructuring the Corporate Leadership Team. Members were told that under these proposals, the team would consist of the Chief Executive and four Directors. Three of these posts

would be substantively the same as the existing Service Directors. As a consequence, the current post holders would assimilate to them. The fourth Director would combine the responsibilities of the Deputy Chief Executive (Resources) and Service Director – Corporate Services and Transformation. Neither of the existing post holders would automatically assimilate to the new post.

Cabinet discussed the report. Members expressed their thanks to the existing Leadership Team, which had performed well and risen to the challenges facing the Council. However, they reluctantly accepted that the change would be required in order to help achieve the £1M savings target for the 2017-18 financial year. In this context, they were told that the proposed restructure would save £158k per annum. Cabinet welcomed the greater than expected savings.

During the discussion, Members were assured that the new arrangements would enable senior management to work effectively. Their areas of responsibility would be grouped together appropriately, which would enable the benefits of synergy between the different service areas to be achieved. Similarly, by carrying out the restructure now, the new arrangements would help to ensure stability within the Leadership Team and provide opportunities for others to become involved in senior management tasks.

In this context, Members were told that more use would be made of the skills and expertise of Third Tier Officers. This would help to increase the overall management capacity of the organisation, especially when progressing changes to how the Council works.

At the conclusion of the discussion Cabinet endorsed the restructure of the Corporate Leadership Team and welcomed the prospect that it offered for on-going stability within the Leadership Team. Cabinet also made it clear that it hoped the restructure would help to release the potential of Third Tier Officers within the organisation and in particular that they could play a more prominent role. Members noted that a review of Third Tier Officer posts would take place later in the year, which they thought could facilitate this.

## RESOLVED

- a) That Cabinet approves and recommends to the Chief Officers Employment Committee the revised employee structure as shown in Appendix 1 and detailed in the report;
- b) That Cabinet authorises the Chief Executive in consultation with the Leader of the Council to implement the revised structure, subject to approval by the Chief Officers Employment Committee;
- c) That Cabinet authorises the Chief Executive in consultation with the Leader of the Council to undertake the necessary Human Resources actions required to implement the revised structure, subject to approval by the Chief Officers Employment Committee.

## Reasons

The proposed new structure reduces the number of posts to four, each reporting to the Chief Executive, enabling an annual financial saving of £158k to be achieved.

## **CA.91 Commercial Property Investment Strategy**

Cabinet was next asked to endorse the Commercial Property Investment Strategy. In particular, Members were asked to agree that a £10M fund be established, to purchase commercial properties. These properties would then be leased-out to tenants. In this way they would provide both ongoing rental income and potentially significant financial gains to the Council when they were eventually sold.

The report explained that other local authorities had successfully built up similar investment portfolios. It further explained that when the idea had been put forward as part of the Council's recent budget consultation exercise, 57% of the respondents had supported the idea.

Members discussed the report. There was a consensus that building up a portfolio of commercial properties would make a valuable contribution to reducing the expected budget shortfalls highlighted in the Medium Term Financial Strategy and so help to protect front line services to the local community. Cabinet emphasised that any investment decisions made by the Council should be both ethical and judicious. Members believed that investments ought to be based clearly on the prospects for achieving a good financial return. For this reason they recognised that investment opportunities should be sought from across the country and not just restricted to Ashfield.

At the conclusion of the discussion Cabinet made it clear that the Council should explore the scope for increasing still further the size of this Commercial Property Investment Portfolio, if the strategy proves to be successful and suitable investment opportunities become available.

### **RESOLVED**

- a) That Cabinet approves and agrees to implement the Commercial Property Investment Strategy, as set out in the report;
- b) Cabinet agrees that Council should create a ring-fenced investment fund of £10M to invest in property investments that have been evaluated to provide a suitable rental return on the capital investment;
- c) That Cabinet recommends to Council the creation of an investment fund of £10M in addition to the Capital Programme;
- d) That Cabinet approves the proposed governance arrangements for implementing this strategy.

### **Reasons**

The purchase of commercial property will enable the Council to invest capital to enable it to receive a revenue income from the rent received, whilst still retaining the freehold interest of the property, which it is anticipated will grow in value over time.

## **CA.92 The Council's Treasury Management Strategy**

The report to Cabinet set out the revised Treasury Management Strategy. Members were reminded that the Council is required by law to produce a Treasury Management Strategy in order to explain how it is going to manage the amount it borrows and invests, and how any risks from this borrowing or investment will be mitigated.

Cabinet was told that the revised Strategy would enable the £10M Commercial Property Investment Fund to be established. Members heard that this would involve changes to the Minimum Revenue Provision policy, so that the capital costs for these properties could be met out of the expected increase in their values, rather than have to be paid back incrementally along with any interest payments.

Members discussed the Treasury Management Strategy and the role that it would play in enabling the Council to operate in a commercial way. Cabinet felt that the Strategy recognised how important it was for the Council to do this, while at the same time making sure that the Authority remains financially safe. In this context, Members welcomed the role which the Prudential Indicators would play in ensuring that the amount which the Council borrowed remained within sustainable limits.

### **RESOLVED**

- a) That Cabinet recommends to Council that any capital receipts from assets where Option 4 Depreciation Method for Minimum Revenue Provision is used should be earmarked for the repayment of debt liability;
- b) That Cabinet recommends the Treasury Management Strategy Statement as set out in Section 4 of the report to Council for approval;
- c) That Cabinet recommends the Prudential Indicators, as set out in Section 5 of the report to Council for approval.

### **Reasons**

The Treasury Management Strategy Statement recommendations will allow for effective Treasury Management operations within the Authority and the Prudential Indicator ratios offer a benchmark by which any future capital expenditure decisions should be made.

## **CA.93 Proposed Purchase of Hucknall Properties**

Cabinet heard that it had not been possible to proceed with this item at the moment and that as a consequence the report had been withdrawn.

The meeting closed at 7.10 pm

Chair.