

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **CABINET** held on 25 July 2019 at 6.00 pm

Present

Councillors R M Deed (Leader)
L D Taylor, G Barnell, D J Knowles, A White
and Mrs N Woollatt

Apologies

Councillor(s) S J Clist

Also Present

Councillor(s) Mrs C P Daw, R J Dolley, C J Eginton and F W Letch

Also Present

Officer(s): Stephen Walford (Chief Executive), Andrew Jarrett (Deputy Chief Executive (S151)), Andrew Pritchard (Director of Operations), Kathryn Tebbey (Group Manager for Legal Services and Monitoring Officer) and Sally Gabriel (Member Services Manager)

27. APOLOGIES

Apologies were received from Cllr S J Clist.

28. PUBLIC QUESTION TIME (00-01-30)

Mr Quinn referring to the minutes of the previous meeting stated that at the last Cabinet meeting, I asked the Cabinet to consider changing the aims of the 3 Rivers programme from high profit houses to low-cost homes for local people, I did not get an answer.

The draft minutes of the meeting show my statement and question accurately, but do not accurately record the response of the Deputy Chief Executive in respect of the development at Burlescombe. What he actually said was “ The first development that 3 Rivers has successfully delivered was a 6 unit council housing development at Burlescombe, where we have delivered 6 houses for the Council’s Housing Revenue Account, so you can’t get much more affordable than that. So, clearly 3 Rivers will continue a mixed portfolio and will be very keen to deliver affordable housing for our residents”.

There are three things in the response of the Deputy Chief Executive that I will comment on:

Firstly, he said that the development was of council houses not affordable houses. I ask that the minutes be corrected to show: That the Deputy Chief Executive stated the development was of council houses and not affordable houses.

Secondly - my question was put to the Cabinet for consideration, with all due respect to the Deputy Chief Executive, I believe it was wrong of him to make the statement

that “3 Rivers would continue with a mixed portfolio” - since the Cabinet had yet to consider the question, I take it that this was personal view.

Thirdly, the statement “you can’t get more affordable than that” is wrong. When the Cabinet awarded the contract for this development to 3 Rivers, on 1st February 2018, They stated that the maximum budget was £850,000. The actual cost of the build was £982,291, that is £132,291 over budget (more than 15%), so yes the houses could have been more affordable, if they had been built for the contract price.

Since I was unable to find a record of the Cabinet authorising an overspend on the Burlescombe development I should also like to ask who authorised this overspend?

The Chairman indicated that a written response would be provided.

29. DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (00-04-55)

Cllr G Barnell declared a personal interest in Item 7 (Crediton GP/NHS Hub) as he was a patient at one of the GP Practices.

30. MINUTES OF THE PREVIOUS MEETING (00-06-00)

Subject to an amendment to the Deputy Chief Executive’s response to a question posed in public question time (5th Line) to remove the words “affordable houses” and replace with “a 6 unit Council House Development”, the minutes of the previous meeting were approved as a correct record and signed by the Chairman.

31. NOTIFICATION OF KEY DECISIONS (00-07-12)

The Cabinet had before it, and **NOTED**, its rolling plan* for August 2019 containing future key decisions.

32. ACCESS TO INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC

It was **AGREED** that it was not necessary to go into closed session for discussion on the following item, unless during the debate it was deemed necessary.

33. CREDITON GP/NHS HUB - LOAN DECISION (00-09-02)

The Cabinet had before it a *report of the Deputy Chief Executive (S151) requesting the Cabinet to consider a long term loan arrangement to help facilitate the construction of a NHS Hub building in Crediton.

The Cabinet Member for Finance outlined the contents of the report stating that he appreciated the time and effort that officers had taken with regard to this matter, he felt that the project was a good investment for the area of Crediton and important to the town. He informed the meeting of the background to the project, the request for funding that had been received at the end of 2018 by representatives of two GP Practices who were proposing to merge and locate to a new building in Crediton. The new building was proposed to provide much more than just a larger GP Practice, but to be more of an integrated health hub with both GP and wider NHS treatment areas. They had approached the Council to see whether it could offer a more competitive lending rate than that already offered by two banks. The initial timeline had been

tight, hence the urgent decision on the principle of supporting the project, since that time further work had been completed and the urgency of the request had subsided due to the extension of the timelines by the NHS.

He explained the lending criteria that had been negotiated, that of £2.1m over a 28 year period and that the authority would have the first charge on the property, external legal advice had been sought, State Aid had not been triggered, 85% of the funding required would be financed by the NHS with the remaining 15% requested from the District Council. He also outlined how the funding would be managed by the authority.

Consideration was given to:

- Appreciation for the work of officers with regard to the project and the additional information available
- The benefits of the project for the town of Crediton
- The excellent location for the hub with good parking facilities and access to the station
- Whether any equity would be released from the original GP surgeries
- The terms of the loan and the repayment scheme
- The level of risk
- The governance arrangements following the merging of the 2 GP practices and the liability of the debt
- The residual value of the site and the future phases of the project

RECOMMENDED to Council that:

1 A loan to the GP Practice of £2.1m repayable over 28 years on an annuity basis at a fixed interest rate of 3.75% be agreed, subject to the Deputy Chief Executive (S151), in consultation with the Group Managers for Finance and Legal Services:

- (a) Completing a suitable loan agreement with the Practice adequately protecting the Council's position;
- (b) Registering a first charge over the relevant land and completing a deed of priorities to be registered at the Land Registry; and
- (c) Being satisfied following the finalisation of any remaining due diligence deemed necessary, that the loan remains a financially prudent course of action.

before the Practice is permitted to draw down any portion of the loan.

2 this is added to the Capital Programme and funded from External Borrowing when necessary

(Proposed by Cllr D J Knowles and seconded by Cllr G Barnell)

Notes:

- i) Cllr G Barnell declared a personal interest as a patient of one of the GP surgeries;

- ii) *Report previously circulated, copy attached to minutes.

(The meeting ended at 6.37 pm)

CHAIRMAN