

# NORTH NORTHAMPTONSHIRE SHADOW AUTHORITY

## REPORT TO THE SHADOW EXECUTIVE COMMITTEE

**THURSDAY 7 JANUARY 2020**

<b>Report Title</b>	<b>Assets, Capital Schemes and Reserves Notification</b>
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**Appendix 1 – Revisions to the Assets, Capital Schemes and Reserves Notification Process**

**Appendix 2 – Kettering Borough Council (KBC) Executive Committee Report**

**Appendix 3 – KBC Plan of the site**

**Appendix 4 – Report to One Corby Policy Committee 1st December 2020;**

**Appendix 5 – Minute Extract**

**Appendix 6 – Shire Plan**

### **1. Purpose**

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1.1 The purpose of this report is to request the Shadow Executive Committee to:-

- (i) approve proposed revisions to the Assets, Capital Schemes and Reserves Notification Process; and
- (ii) note and endorse funding decisions by Kettering Borough Council and Corby Borough Council respectively, as follows:-
  - Granting Groundworks Northamptonshire a 99 year lease of The Green Patch, Kettering at an undervalue rent;
  - Drawing down of £870k additional funding from reserves to complete a capital works project at Shire Lodge Cemetery, Corby;

## **2. Recommendations**

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2.1 It is recommended that the Shadow Executive Committee:-

- (i) Approves the proposed changes to the Assets, Capital Schemes and Reserves Notification Process as detailed in Appendix 1 to this report;
- (ii) notes and endorses the decision by Kettering Borough Council to grant Groundworks Northamptonshire a 99 year lease of The Green Patch, Kettering at an undervalue rent (Appendices 2 and 3);
- (iii) notes and endorses the decision by Corby Borough Council to allocate an additional £870,000 to the Shire Lodge Cemetery Extension capital project, with the additional funds being drawn down from the Council's Reserves (Appendices 4 to 6);

*(Reason for Recommendation:-*

*To ensure effective and timely delivery of the views of the Shadow Authority in respect of Assets, Capital Schemes and Reserves notifications, and to ensure an up to date Assets, Capital Schemes and Reserves notifications process)*

## **3. Issues and Choices**

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### **3.1 Report Background**

#### Assets, Capital Schemes and Reserves Notification Process

- 3.1.1 In June 2020 the West and North Shadow Executives approved a paper entitled "The Assets, Capital Schemes and Reserves Notification Process", the purpose of which was to set out for approval and adoption a process that allows discussions to be held and conclusions reached in a managed manner on proposals from existing councils concerning assets, capital schemes and reserves.
- 3.1.2 Due to the experience gained in using the previously agreed process, and the passage of time, it is necessary to make minor changes to the process. These are summarised as follows:
- Giving due consideration to the Workforce and HR sections set out in the Change Freeze document;
  - Adding that any proposed leasing of assets or provision of licences to occupy assets must be notified to the relevant Shadow Executive(s), where no de minimis level will apply;
  - Deleting reference to interim Chief Executives, now that the permanent Chief Executives have been appointed;
- 3.1.3 In order to provide for simplified procedures where both North and West Shadow Executive Committees are required to receive the same notification,

the above changes mirror that as being presented to the West Northamptonshire Shadow Executive Committee.

#### Granting Groundworks Northamptonshire a 99-year lease of The Green Patch (Kettering)

- 3.1.4 Kettering Borough Council owns the freehold of the Green Patch, Valley Walk, Kettering. Groundworks Northamptonshire (GN) had a lease of the Land at £1 per annum for a term from 1<sup>st</sup> April 2009 until 31<sup>st</sup> March 2019. They have continued to occupy the land whilst discussions over their occupation have taken place.
- 3.1.5 GN are committed to the site and have indicated they would commit to a new 99 year lease at a peppercorn rent. Due to the length of term and the nominal rent committee approval is sought. The rent is considered an undervalue rent.
- 3.1.6 The report attached at Appendices 2 and 3 details the recommendation of granting a new Lease to enable GN to continue using the Land as a community market garden and smallholding for a further 99 years.
- 3.1.7 If the Council had taken back possession and run the facility in-house the upkeep and maintenance of the entire site would revert to the Council. It is likely this would have resulted in a budget pressure.
- 3.1.8 Kettering Borough Council's Executive Committee approved the lease at its meeting on 9<sup>th</sup> December 2020.

#### Shire Lodge Cemetery Extension (Corby)

- 3.1.9 Corby Borough Council had previously agreed to the allocation of £750,000 towards an extension to the existing Shire Lodge Cemetery. This had been included in the 2019/20 Capital Programme and had been carried forward into 2020/21. Deducting support costs, contact administration costs, service diversion costs and project management fees, the remaining construction budget was £530,000.
- 3.1.10 Following a procurement exercise to obtain contractors to undertake the works, no tender received provided a quote within budget; the lowest tender received was £1,684,000. Although sign posting to local contractors had been undertaken, the four completed tenders received were from national contractors.
- 3.1.11 The proposal by officers at the One Corby Policy Committee meeting on 1st December 2020 was to increase the overall budget by £570,000, however this would require the proposed car park extension to be excluded and for further value engineering of the project to be undertaken.
- 3.1.12 Committee Members having considered the options provided in the officer's report (see Appendix 4) determined that they did not wish to have the original proposals reduced significantly. Because of this, the Committee determined that an alternative option to that recommended by officers be approved, and

that a further £870,000 be allocated to the project. This would provide for the car park extension and reduce the amount of value engineering required.

3.1.13 As the attached report at Appendix 4 details, the current spare capacity in the cemetery is quantified at 18-24 months. The extension once completed would increase this capacity to 25-30 years.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 The Shadow Executive Committee, at its meeting held on 25 June 2020, approved a notification process that any **proposed** purchase, disposal and transfer of assets, new capital schemes with on-going financial commitments and use of reserves **above those already set out in each council's budget**, by any of the existing councils above a set de minimis level of £100,000 must be notified to the North Northamptonshire Shadow Executive.

4.1.2 As we enter the final three months of the Shadow Authority period, it was considered timely to review the notification process. Full details of the proposed changes are contained in Appendix 1 to this report.

### **4.2 Resources and Financial**

4.2.1 In relation to the revised notification process the resource and financial implications are positive, given that these changes increase the scope of activities that must be notified to the relevant Shadow Executive(s) and allow for due consideration of the Change Freeze document.

#### Granting Groundworks Northamptonshire a 99 year lease of The Green Patch (Kettering)

4.2.2 The proposed lease renewal enables a community facility to continue to be provided in the town.

4.2.3 It is not anticipated that this community facility would achieve a significant rental income if it were to be let on the open market for the current use, however it is likely to hold a small value. Part of this site had previously been included within plans to facilitate the road widening for the Kettering east development, however, at this stage these are not active discussions.

4.2.4 If the Council were to take back possession and run the facility in-house the upkeep and maintenance of the entire site would revert to the Council. It is likely this would result in a budget pressure.

4.2.5 Whilst it is not directly linked to the Land the Council pays Groundworks as an organisation a grant payment of £10,000pa, with the Core Service Objective being:

- To deliver projects which improve poor physical and mental health and increase self-esteem through environmental and outdoor socially based activities.

### Shire Lodge Cemetery Extension (Corby)

- 4.2.6 The original budget allocated for the project in Corby Borough Council's 2019/20 Capital Programme was £750,000. The One Corby Policy Committee at its meeting on 1st December 2020 determined that an additional £870,000 be allocated to the budget. The additional monies will be drawn down from the Council's Reserves.
- 4.2.7 Allowing for the deduction of the additional monies, Corby Borough Council's Reserves would be c. £4.1m.

### **4.3 Legal**

- 4.3.1 The notification process referenced in 4.1.1 and 4.1.2. provides for the Shadow Authority to be notified and consulted on any new significant financial spend or new financial liability being considered by sovereign councils.
- 4.3.2 Decision making over funding proposals in these circumstances remains with the relevant sovereign council and so endorsement, rather than approval, is sought in respect of the recommendations within notification reports.

### Granting Groundworks Northamptonshire a 99 year lease of The Green Patch (Kettering)

- 4.3.3 Following negotiations with the tenant, solicitors will be instructed to formalise their occupation under a new lease. The lease will be a protected lease under the Landlord and Tenant Act 1954 Pt II therefore the tenant will have a right to renew at the end of the term.
- 4.3.4 Ordinarily best consideration should be obtained for short tenancy lettings, unless there are justifiable social, economic or environmental benefits derived from the letting. The circumstances of the proposed letting will give rise to positive social benefits. This transaction is considered an undervalue.

### Shire Lodge Cemetery Extension (Corby)

- 4.3.3 Issues relating to covenants on the proposed cemetery extension site have been resolved, and the project proposals have received planning consent from the local Planning Authority. There are no legal implications arising from the proposals for the Shadow Authority.

### **4.4 Risk**

- 4.4.1 As part of the transition process to North Northamptonshire Council, due to this proposed capital schemes being over £100k, referral is required to be made to the North Northamptonshire Shadow Executive for consideration, endorsement or other comment from Kettering BC and from Corby BC.

### **4.5 Consultation**

- 4.5.1 None required.

## **4.6 Equality and Health**

- 4.6.1 There are no negative equality or health implications arising from this report. There is only a positive impact of repairing the lifts on those with mobility issues.

## **4.7 Consideration by Overview and Scrutiny**

- 4.7.1 None

## **4.8 Climate Impact**

### Granting Groundworks Northamptonshire a 99 year lease of The Green Patch (Kettering)

- 4.8.1 None.

### Shire Lodge Cemetery Extension (Corby)

- 4.8.2 Wherever possible the use of plastics will be reduced. For landscaping trees and shrubs will be native and from sustainable sources. An enhanced wildlife corridor is proposed between the cemetery and existing residential dwellings to the south of the site.

## **4.9 Community Impact**

### Granting Groundworks Northamptonshire a 99 year lease of The Green Patch (Kettering)

- 4.9.1 The activities on site are considered to have a positive impact on the community.

### Shire Lodge Cemetery Extension (Corby)

- 4.9.2 The current spare capacity in Shire Lodge Cemetery has been quantified at 18-24 months. The extension when completed would increase this to 25-30 years.

## **5. Background Papers**

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- 5.1 [North Northants Shadow Executive 25<sup>th</sup> June 2020](#)