

# Uttlesford District Council Meeting

## 10 October 2023

### Written Questions to Members of the Executive and Committee Chairs

#### Written responses to be published on 9 October 2023

**1. By Councillor Loughlin to Councillor Hargreaves – Portfolio Holder for Finance and the Economy:**

“In view of the credit agency, Moody’s, look at local government finances where Uttlesford was placed ninth on a list of councils’ borrowing to income ratio, have any of Uttlesford’s debtors failed to service their debt and has this council failed to service theirs?”

**Response from Councillor Hargreaves:**

“The short answers are No and No. (Cllr Loughlin has confirmed that the question relates only to the commercial investment portfolio, and not for example general debtors such as for council tax). A more fulsome response is to Cllr Dean on the same topic.”

**2. By Councillor Dean to Councillor Hargreaves – Portfolio Holder for Finance and the Economy:**

“What steps has and will the Leader of Council continue to take to deal with the reputational damage to this Council following the recent publication by the national ratings agency, Moody’s, of a report about councils with high levels of debt? The report placed Uttlesford District Council amongst the ten worst indebted councils in England relative to their financial size.”

**Response from Councillor Hargreaves:**

“Although the question was addressed to the Leader, it clearly makes much more sense for it to be answered by the Cabinet Member for Finance, who has just answered the last question on the same broad topic. Cllr Dean’s attention is drawn to the press release issued on September 13<sup>th</sup> following his contacting of all the local media:

*As highlighted in the Moody’s report, Uttlesford District Council does have a high gearing but unlike authorities who may be in trouble, it has substantial positive equity, not negative equity. The council’s successful commercial property investment portfolio provides an ongoing positive income stream, even*

*after servicing all borrowing costs, minimum revenue provision, dilapidation reserve and rental income reserve contributions.*

*Moody's measurement is only one of many available and is crude without considering capital growth/shrinkage or confidence in income assumptions. Uttlesford's commercial portfolio by any sensible measure is exceptionally high performing, with high-quality, well-known brands in modern buildings (including Waitrose, Pets at Home, Amazon, Aldi and B&Q) as well as a 50% share in a highly successful and fast-growing life sciences park in the district, on the fringe of Cambridge. The council does not own any high street shops, shopping malls or offices, which are sectors clearly in decline. No tenant has ever defaulted on rental payments in the whole time it has owned the stock, including during Covid.*

*Even in these market depressed times, the portfolio is worth significantly more than the level of borrowing used to fund it – tens of millions of pounds more, as tested by independent, external quarterly valuations. The net rental income received ensures the council can continue to deliver the high-quality services its residents expect.*

*There is often a misconception that commercial investments be considered in the same way as owning the house you live in and servicing the mortgage from personal income. It is utterly different. Our tenants pay all the running costs and there is substantial income received and all properties have upward only rent reviews.*

*The cross-party governance arrangements are also recognised as sector leading, and all investments have been supported by industry-leading independent expert advisers.*

The next quarterly valuation will be available in a few weeks' time. Following the completion of the Moog office building and the granting of planning permission for further building at the highly successful Chesterford Research Park, it may be anticipated that the value of the portfolio will have further increased.”

**3. By Councillor Silcock to Councillor Coote – Portfolio Holder for Housing:**

- 1) “How many houses will the Administration build/ acquire during the lifetime of this Council?”
- 2) Could the portfolio holder provide an update of the relationship between the Council and Uttlesford Norse. Further can minutes of the partnership board meetings be provided on a regular basis?”

**Response from Councillor Coote:**

“We have not currently designated a target for new build or acquisitions in this four year council cycle – not because we are not fully committed to

maximising that number, but because our forward projections on the capital programme are absolutely hamstrung by uncertainty over future government funding. It is beyond ironic that central Government requires us to set a rolling five year Medium Term Financial Strategy, but only gives us a one year funding settlement at a time.

We have no provision in this year's capital programme, set by the then full Council in February this year. The prospects for sufficient headroom in the capital programme look more positive for future years, but it would be foolhardy to try to predict a number at this point just to try to score some political point.

The situation regarding the provision of repairs and maintenance of and capital improvements to our 2,800 housing stock continues to take up a lot of time and attention.

On the one hand, I am pleased to confirm that the aspect that originally rang alarm bells – performance against health and safety requirements around gas checks, electricity checks, fire risk assessments, asbestos in communal areas, and lift testing – has been massively improved for some time.

Similarly, I am content that our response to the increased national scrutiny on damp and mould issues has been very robust and appropriate, and our progress against the new health and safety requirement around smoke and carbon monoxide detectors is very sound. Similarly, our urgent checks for any RAAC concrete in our housing stock are proceeding at substantial pace, with none discovered as of time of writing. Much of this success has been driven by the Client Team that UDC employ, particularly our Safer Homes Officer who has directly procured Damp and Mould contractors and our Repairs Surveyor who has been inspecting for RAAC.

On the other hand, certain other areas of performance remain of considerable concern. For example, void property turnarounds (ie how long it takes when a council house becomes empty to get it ready for the new tenants) are continuing to take about twice as long as they should do – and this in turn means people waiting twice as long in temporary accommodation, as well as costing us in lost rent.

We are negotiating a turnaround agreement with Norse to reset this relationship into a place where performance is consistently good across the board, rather than patchy. More specifics of this process will be detailed in a report to the next Cabinet meeting. The minutes of Board meetings of Uttlesford Norse Services Ltd, on which the Council holds two out of four seats, are commercially sensitive, and our partners have a legitimate expectation that they will not be published. I am however continued in my commitment to openness and transparency about the issues in question, as we have been consistently now for the last two years, with regular reporting up to various Committees, warts and all.”

**4. By Councillor Sell to Councillor Reeve – Portfolio Holder for the Environment and Climate Change:**

“What have been the % of missed collection for domestic and garden waste and can this information be provided on a monthly basis for 2023?”

**Response from Councillor Reeve:**

“Thank you for your question, which could lead to a service improvement.

The figures below, show the number of missed collections by month in 2023. They relate only to missed collections reported by residents. They represent the collections that were missed by our crews when undertaking regular collections. On average they represent less than 0.02% of planned collections. This is very probably a lower bound figure. Unfortunately, we do not have recorded figures of, or details relating to, collections which were late or where work was not completed on schedule. We are looking to collect this data in future.

Jan	28
Feb	32
Mar	31
Apr	27
May	17
Jun	24
Jul	23
Aug	20
Sept (provisional)	27

Finally, as I intimated at the last Full Council meeting, officers are reviewing existing resourcing levels. A report detailing services pressures, and their mitigations, is being urgently prepared.”

**5. By Councillor Sell to Councillor Lees – Leader of the Council**

“What were the full time equivalent (fte) for UDC employees as at 1/9/23 compared to 1/9/22?”

**Response from Councillor Lees:**

“The full-time equivalent figures on that date for the last few years are as below:

1/9/23	286.6
1/9/22	280.8
1/9/21	296.64
1/9/20	297.39

As with most local authorities, Uttlesford has a number of part-time staff, so our employee headcount is approximately 316.

The small drop in FTE between 2021 and 2022 is predominantly because Covid was over and people were comfortable leaving to take up a job elsewhere, which they didn't do earlier.

In addition, we are not automatically filling all our vacancies with permanent staff, this supports the Blueprint Uttlesford delivery of savings, which were identified in the Medium-Term Financial Strategy, approved by members in February 2023

Uttlesford is a good employer with a very positive engagement with our workforce and our one recognised trade union, Unison – including a cross-party Joint Staffing Committee in which Members regularly meet with staff and union representatives. Uttlesford enjoys a fairly stable workforce and has no unusual patterns of churn beyond sector-standard turnover patterns. Uttlesford has similar hard-to-recruit professions in common with councils generally and our neighbouring councils in particular, such as in planning officers, lawyers and accountants.”

**6. By Councillor Barker to Councillor Lees – Leader of the Council**

“At the August Council meeting I asked Cllr Lees to write, in her capacity as leader of the Council, to Bloor Homes regarding soundproofing to the Electricity Substation at Mortimer’s Gate. At the time she responded that all possible avenues had been explored. I am delighted that she took another look at this, followed my suggestion, and did write an open letter to Bloor Homes that she shared with Councillors.

Can I ask whether Bloor Homes have officially replied to the Council as to how much, or what percentage of the costs involved they are prepared to fund to remedy the situation for residents?

They were due to be discussing this at a Board meeting in late September.”

**Response from Councillor Lees:**

“It’s bold of Cllr Barker to try to claim credit for any aspect of the resolution of this saga, when it is a matter of record that last time we all met hers was the only vote against breaking the deadlock in this long-running matter by making council funding available. I of course continued to push the housing developer to reach into their pockets even after the last council meeting, and I am delighted that they have now done so. The Chief Executive and I met with senior representatives of the developer in person just last week to drive forward the deal, and I pay tribute to them for their constructive engagement. The specific details are being finalised carefully but with pace, as the residents need to see progress.”

**7. By Councillor Barker to Councillor Hargreaves – Portfolio Holder for Finance and the Economy**

“Aspire (CRP) Ltd has not submitted its accounts for the 2021-2022 year by the due date of 31<sup>st</sup> March 2023.

Can I ask the reason/s for the delay, accompanied with a timeline for these accounts to be submitted, and what impact this delay has on each of the Officers/ Directors of the Company?”

**Response from Councillor Hargreaves:**

“The delay is due to the lack of audit resource available. The auditors for Aspire (CRP) Limited are BDO the same as for the main Council accounts. It is anticipated that the accounts will be filed by the end of November. The Directors continue to engage with Companies House to avoid any action being taken. However, ultimately the Directors could be disqualified and get a criminal record. The S151 Officer would then also be disciplined by his accountancy profession and potentially have his accountancy qualification removed.”

**8. By Councillor Gregory to Councillor Coote – Portfolio Holder for Housing**

“What progress has been made on remediation of the problems discovered at Reynolds Ct, the cost to date and the extent to which those costs have been recovered?”

**Response from Councillor Coote:**

“The cost of all firestopping works has been met by Lovell. The final replacement fire door to flats will be completed Monday 9<sup>th</sup> October and we are in negotiation with Lovell to recover all costs associated with the waking watch. This is due to end on 15<sup>th</sup> October 2023 and will total £68,000. All works have been checked and verified.”

**9. By Councillor Moran to Councillor Evans – Portfolio Holder for Planning**

“Can you update councillors as to progress in regards to recruiting additional enforcement officers for UDC, including details on how the backlog in enforcement cases is being actively and effectively reduced, and, to help us understand the current situation, how many open enforcement cases does UDC have at present?”

**Response from Councillor Evans:**

“Thank you for raising the question of planning enforcement; an area upon which we have placed much focus over the past year.

So far this year we have already served more enforcement notices than in 2020, 2021 and 2022 combined. Our enforcement team currently has 265

cases under investigation. Only 71 of these pre-date the current calendar year. The majority are thus recently raised cases. Therefore case management and the number of older cases compares very well to previous years.

We are currently developing a number of key performance indicators and a new Service Plan Action for planning enforcement. These will be reported to the Audit and Standards Committee on a quarterly basis.

A significant challenge within Planning Enforcement is staff recruitment and retention. Last year, we introduced Career Grading within Planning Enforcement to allow progression of officers through the ranks to assist with retention of staff. We also introduced an additional post for a fixed term of 1 year and have recruited to that post. We currently have 2.5 full time equivalent staff – 2 full time and 1 part time – and we are currently recruiting for 1 full time and 1 part time post. Interviews are taking place this week.”

**10. By Councillor Martin to Councillor Hargreaves – Portfolio Holder for Finance and the Economy**

1. “Can the CBRE report, which supports the uplift in asset valuation be provided to the council for review?”

**Response from Councillor Hargreaves:**

“Yes, attached with the answers (the report has been appended to this document). It is normally included with the papers for the Investment Board and previous quarters are published there.”

2. “Why, when the investment is stated at the historical cost basis, is there still such a material uplift in the value of the investment – it’s only approximately £250K less than under the fair value method. If this reflects additional investment, which represents the cost uplift, why is it treated as profit rather than simply being capitalized into the balance of the asset?”

**Response from Councillor Hargreaves:**

“Having looked again at note 4 of the Aspire 2020/21 accounts, there appears to be some confusion around what is being shown. There are two tables. The first table shows a reconciliation between the opening fair value and closing fair value of the investment. The second table, shown below, shows the same for historic cost, but with an added reconciliation of the historic cost figure back to the fair value figure as shown on the Balance Sheet.

For the avoidance of doubt, the historic cost of the investment as at 31 March 2021 was £58.744m, and the fair value £71.040m. The difference of £12.296m represents the cumulative net gain in the fair value of the investment over its life. This is best shown as in the second table as follows:-

	2020/21	2019/20
	£'000	£'000
Opening Balance 1 April (Historic Cost)	51,401	48,401
Further investment	7,343	3,000
Closing Balance 31 March (Historic Cost)	<u>58,744</u>	<u>51,401</u>
Reconciliation to Balance Sheet:		
Cumulative gains/(losses) in fair value of investment	12,296	(241)
Closing Balance 31 March (Fair Value)	<u>71,040</u>	<u>51,160</u>

We accept that the current presentation is not particularly clear in using two tables showing fair value and historic cost and then mixing the two sets of data, with the intent of showing the gain (loss as it was in 2019/20) versus the cost. We will work with the auditors to try and clarify this within the 2021/22 accounts.”