

## **Legal and Democratic Services – report to the Scrutiny Committee**

As requested this report focuses on Quercus 7, the Council's trading company

### **Quercus 7**

#### **Strategic Direction**

Quercus 7 was set up to enable Sevenoaks District Council to invest in property on a commercial basis, ensuring a sustainable income for the Council, as well as enabling the Council to invest in and hold residential property, which it is otherwise not allowed to do.

The Council, which is also the Shareholder of the Company, wishes Quercus 7 to prioritise return on investment, whilst also recognising that as a public body there may be wider considerations and sensitivities that the Council must consider.

The investments will adhere to the principles set out in the Council's Property Investment Strategy.

#### **Criteria of the strategy:**

- i Income Yield of 5%+ when not borrowing or in excess of 3% for schemes that include some external borrowing, based on an average over 10 years. (Flexibility may be applied to those opportunities that show an acceptable social return on investment).
- ii Individual properties or portfolios.
- iii Lot size of £1m - £5m.
- iv Freehold / long leasehold.
- v Single or multi tenanted.
- vi Asset categories: Industrial, Office, Retail, Trade Counter and Private Residential.
- vii Within a 50 mile radius of Argyle Road, Sevenoaks
- viii Potential to increase rental income, through pro-active Asset Management.

Sometimes Quercus 7 will be able to support the Council's wider strategies in addition to ensuring the best Return on Investment.

On a case-by-case basis, the Council will consider whether an investment should be made directly through the Council, or through Quercus 7, depending on which route is most beneficial to the Council.

#### **Board Membership and Reporting Structure**

The Quercus 7 Board consists of three SDC Chief Officers and two Non-Executive Directors who bring relevant property and finance expertise. The Board report to the Trading Board (consisting of SDC Cabinet Members) on a quarterly basis.

The first Quercus 7 Annual General Meeting will take place after the SDC Council meeting on 21 November 2017.

## **Financial Forecast**

From when Quercus 7 started in November 2016 until 30 September 2017, £115,000 of expenditure has been incurred. The majority of this is for SDC staff recharges as it is important that full costs are passed on to Quercus 7 as the company is not allowed to receive 'state aid'. Only £10,000 of the expenditure incurred has left the council that was for the allowances paid to the Non-Executive Directors, insurance and company registration.

The current financial plan assumes that the first acquisition starts in April 2018 with a further acquisition in each following year. This plan results in Quercus 7 making a cumulative profit from 2019/20.

## **Investment Opportunities**

The original intention was that Quercus 7 would focus on the development of residential property using land in SDC's ownership. These sites had not got to the stage where Quercus 7 could take them on therefore, in June the Board requested that Quercus 7 be able to look for other investment opportunities that comply with the Property Investment Strategy criteria. The Trading Board approved this approach and agreed that £5m, of the £25m approved by Council for the Property Investment strategy, be earmarked for Quercus 7. This would allow Quercus 7 to be proactive in searching for suitable investments rather than waiting for SDC owned sites to progress appropriately.

Since June, a number of investment opportunities have been investigated with the following still ongoing:

- South London, 24 flats. In discussion with the construction company who own the land and are applying for planning permission.
- East Kent, site with planning permission for 3 houses. Initial appraisal complete.
- Medway, site with outline planning permission for 36 apartments. Initial appraisal complete.
- East Kent, site with planning permission for 6 houses. Initial appraisal complete.
- Surrey, site with planning permission for 14 apartments. Initial appraisal commenced and awaiting further details from agent.
- Mid Kent, site with planning permission for 3 residential units. Initial appraisal commenced and awaiting further details from agent.

Investment opportunities are being identified directly or through a local land agent. Discussions have also started with another construction company about how Quercus 7 could be involved in projects they have planned or on other projects.

## **Other areas of the Legal & Democratic Services Portfolio**

Given the length of time since I last appeared before you an update on other areas of my portfolio follows.

## **Affordable Housing Company**

At my last advisory committee we considered in detail a report on setting up an Affordable Housing Company which will now be considered by Cabinet and Council in November. Authority was given by LDAC to obtain further expert advice to establish whether a sound business case can be proved. Officers will be engaging external advice to develop a detailed business plan for the Affordable Housing Company and, subject to a sound business case being proved, the Company will be set up by the end of December 2017.

## **Licensing**

### **Achievements**

On the 5<sup>th</sup> July 2017 the Department for Business, Energy and Industrial Strategy annual Regulatory Awards awarded a posthumous award to Claire Perry, former Head of Licensing Partnership, recognising her outstanding contribution to the Kent and Medway Better Business for All scheme. The licensing team were also finalists in the Association of Public Sector Excellence awards for the regulatory sector and Claire has been nominated by the Institute of Licensing S E region to the National IOL awards for outstanding contributions to Licensing' on the 16<sup>th</sup> November. It is particularly noteworthy that nine other Councils in addition to SDC have nominated Claire Perry for this award.

Despite the loss of the Partnership Manager the licensing team have met all their performance targets for the current year. Jessica Foley agreed to step up as acting Senior Licensing Officer and Janet Lockie as acting admin team leader and have both performed extremely well. This arrangement continues and it is possible will be made permanent.

A new Head of Licensing Partnership, Sharon Bamborough (currently Business Development Manager including Licensing for the London Borough Of Lambeth) has been appointed and will start on 30<sup>th</sup> October. Sharon has 20 years of licensing experience from her previous roles at the London Boroughs of Lambeth and Westminster. Also on the 30<sup>th</sup> October a new admin assistant starts.

An on line knowledge test for hackney carriage and private hire vehicle taxi drivers was introduced in July.

### **Challenges**

- Succession planning & managing staff changes
- Continuing to absorb LB Bexley's special treatment licences into the team
- Growing the Licensing Partnership to deliver further economies of scale without compromising service quality. A meeting is set up with the London Borough of Bromley before Christmas.

## **Equalities**

### **Achievements**

- Successfully preparing for the Apprenticeship Levy and Duty, with three apprentices appointed in 2017 and a traineeship funded through the levy

- Supporting Dementia Friendly Communities, including the very first Run, Walk, Push event for Dementia and training for Taxi drivers
- Supporting those who are old, lonely, ill or very over-weight by the introduction of a new volunteer led gentle well-being walk, **Every Step Counts** which meets in Otford every Wednesday in the memorial carpark at 10 am. Launched on National Fitness Day, Wednesday, 27th September, by local former BBC newsreader Peter Sissons with the support of the Council's health team.
- Approved new taxi licensing policy to increase the number of accessible vehicles
- Reviewed our local council tax support scheme in 2017 with a proposal to improve access to support for the self-employed
- Improved the accessibility of the Council website
- At our next "Making It Happen" Awards we will introduce categories for Carer of the Year and Equalities Champion of the Year.

### **Challenges**

- Tunbridge Wells BC decision to end the shared West Kent Equalities Officer post
- Developing and delivering on a new Equalities Action Plan for 2017/18
- Preparing for the new duty for mandatory gender pay gap reporting

And there are a list of other achievements in the last report to Advisory Committee at <http://cde.sevenoaks.gov.uk/documents/s31543/09%20Equality%20Action%20Plan.pdf?J=1>

### **Shared Services**

#### **Achievements**

- On the 22<sup>nd</sup> August I presented the Shared Services work at SDC to the Kent Ambassadors which now saves this Council Shared services now result in annual savings of nearly £700,000.
- Parking Enforcement for Tandridge DC – started 01/09/17, expected to deliver a saving of around £50,000 pa.
- West Kent Health Integration Hub –
  - On 20th September 2016 it was agreed at the West Kent Integration Board that a new West Kent Preventative Health Service would be established, comprising the three West Kent Councils (Sevenoaks, Tunbridge Wells and Tonbridge & Malling) and Kent County Council's Public Health Service.
  - This Partnership will deliver local health improvements through three local hubs one in each district/borough, supporting the County wide delivery of the 'One You' Service
  - The advantage of this approach is that it will ensure a more holistic triage and assessment of need, particularly picking up and support vulnerable people to address wider underlying causes of ill health such as debt, unemployment or poor housing.
  - The West Kent Health Hub started on 01/10/17. This will not result in any savings but will result in an improved service to residents.

## **Challenges**

Finding additional shared services that deliver additional savings to SDC without reducing performance and committing scarce resources.

## **Shared Services**

On 22<sup>nd</sup> August I presented our shared services work to the Kent Ambassadors which now result in annual savings of nearly £700,000. Two new shared services have come on-line since the last meeting of this committee.

- Parking Enforcement for Tandridge DC – started 01/09/17 and expected to deliver a saving of around £50,000 pa; and
- The West Kent Health Integration Hub which started on the 1/10/17 which will not result in any additional savings to this authority but will result in an improved service to residents.

## **Legal**

The legal team is currently made up of 3 lawyers: Martin Goodman, Head of Legal Services & Monitoring Officer, Kate Jardine, temporary locum planning Solicitor and David Lagzdins, qualified Solicitor.

## **Achievements**

A table of the legal teams recent successes is attached to this report including:

- Obtaining High Court injunction at Combe Bank to prevent any development taking place
- High profile environmental health prosecution against UK Chicken Doner & Poultry Ltd and Sukru Ahmet which resulted in a 4 months custodial sentence.

## **Challenges**

Staffing - the Council is currently advertising for the second time for a Senior Legal Officer having failed to get a single application first time round. The addition of a training contract has helped. Finding a permanent Principal Planning Solicitor to replace Kate Jardine is also proving very difficult.

## **Electoral services**

### **Achievements**

- Successful delivery of two major national elections ( May and June 2017)
- Piloting use of tablets to carry out annual IER household canvass
- Successful delivery of annual IER canvass (ongoing). 43% of people have now responded on-line cf 41% last year and a third the year before resulting in a modest saving this year of £2,000.
- Successful delivery of District By-Election for Penshurst, Fordcombe and Chiddingstone on 3<sup>rd</sup> August. (Turnout 37%)

### **Challenges**

- Continue to drive behavioural change towards on-line IER – target is 50% on-line. Containing costs of IER.

- Polling Place Review in 2018

## **Democratic Services**

### **Achievements**

- Team restructure and relocation.
- Delivery of new member training programme to commence shortly following very positive response to the “Investing in Members Survey” earlier this year.
- Supporting the Chairman - The Chairman’s diary is now sent out electronically to Cabinet and Deputy Cabinet members to encourage closer working with the Chairman. This is working well and the next step is to try and alert members when the Chairman is going to be in their ward to ensure members have the opportunity to also be present. The Chairman is working extremely hard and doing a superb job.

### **Challenges**

Staff turnover – The two last junior Democratic Services Officers have left in a matter of months putting a considerable burden on Vanessa Etheridge and Charlotte Sinclair.

## **Corporate Health & Safety at work**

The officer working group continues to embed good H&S practise across the organisation by accident investigation and reporting, review of H&S policies, review of risk assessments and training. Recently many staff have been trained in asbestos awareness and lone working. A lone working safety device has been introduced and implemented across the Council where lone working regularly occurs.

## **Governance**

Considering and reviewing the report of the Joint Independent Remuneration Panel (JIRP) concerning member allowances. Final recommendations to go to Full Council will be discussed and agreed by the Governance committee on 7<sup>th</sup> November 2017.

**Anna Firth, Portfolio Holder**