

## Cabinet

Monday, 18 March 2024

7.30 pm

### Present:

Cllr John Burden (Chair)  
Cllr Shane Mochrie-Cox (Vice-Chair)

Councillors: Lauren Sullivan  
Narinderjit Singh Thandi  
Jenny Wallace

**Note:** Cllrs Derek Ashenden, Helen Ashenden, Leslie Hills and Lenny Rolles were also in attendance.

Stuart Bobby	Chief Executive
Nick Brown	Director (Environment) & Deputy Chief Executive
Sarah Parfitt	Director (Corporate Services)
Jamie Izzard	Director (Communities and Inclusive Growth)
Simon Walsh	Assistant Director (Organisational Development & Democratic Support)
Andrew Johnson	Head of Neighbourhood Services
Laura Caiels	Assistant Head of Legal Services (Place)
Alex Jarvis	Principal Accountant (Housing & Exchequer)
Gary Giles	Principal Accountant (Special Projects)
Ben Clarke	Committee Services Officer
Calvin Lee	IT Projects Officer
Carlie Simmonds	Committee Services Manager (Minutes)

### 87. Apologies

An apology for absence was received from Councillor Emma Morley.

### 88. Minutes

The minutes of the meeting held on Monday 19 February 2024 were agreed and signed by the Chair.

### 89. Declarations of Interest

No declarations of interest were made.

### 90. Delegated Decisions - Cabinet Members

No decisions other than those already circulated had been made.

## 91. Revised Working in Partnership Framework

The Cabinet was presented with an updated Working in Partnership Framework for Gravesham Borough Council.

Members were informed that, in April 2021, the Council adopted an updated Working in Partnership Framework, with clear guidelines to review the framework every three years or when it was prudent to do so.

Appendix one to the report set out the revised Framework (and accompanying appendices) for the Council.

Following a review of the Framework, the proposed changes were minimal. This was due to an in-depth review being undertaken in April 2021, following the COVID-19 pandemic, which implemented a number of changes and as such, the Framework was considered to be still fit for purpose, subject to Members comments. The proposed changes were outlined at paragraph 2.3 of the report.

The Framework had also been considered by the Special Cabinet Advisory Committee on 27 February 2024. The Committee was supportive of the Framework and made a few suggestions for inclusion which were outlined at paragraph 2.4 of the report.

Subject to approval, the updated Working in Partnership Framework would be presented to Full Council for formal adoption.

**Resolved** that the Working in Partnership Framework for the Council, as attached at appendix one, be approved for submission to Full Council for formal adoption.

## 92. Development of the Corporate Risk Register 2024-2025

The Cabinet was informed that the Risk Management Strategy sets out the approach adopted by the Council for identifying, evaluating, managing and recording risks to which it is exposed. A review of the strategy is carried out annually and, where necessary, presented to the Cabinet for approval if it is subject to any updates and amendments.

The Cabinet was informed that there had been no updates or amendments made to the Risk Management Strategy.

In preparing the draft Corporate Risk Register for 2024-25, Management Team, Senior Officers and Members were contacted and requested to identify and evaluate new risks and analyse existing risks currently recorded in the 2023-24 Corporate Risk Register.

The risks identified were as follows:-

1. On-going financial viability of the Council;
2. Changes in national priorities and legislation;
3. Organisational capacity/resilience;
4. Cyberattack resulting in data breach or corruption of data;
5. Investment Risk;
6. Adoption and delivery of sound Local Plan;
7. Implementation of the Elections Act 2022; and
8. STG Building Control Partnership – Licencing of Surveyors (new risk).

The Cabinet was informed that a risk evaluation and analysis was undertaken and those risks that had generated a “High” residual risk score had been included in the 2024-25 Corporate Risk Register. The Director (Corporate Services) confirmed that all of the risks listed above had been included.

The Cabinet was informed that the draft Corporate Risk Register was considered at the Finance and Audit Committee on 5 March 2024 and an extract of the minute from that meeting was attached at appendix two of the report. The comments made by the Finance and Audit Committee had been incorporated within the register.

The Director (Corporate Services) advised that progress made against the actions in relation to each risk recorded in the register will be monitored quarterly and progress information will be presented via a half yearly report to the Finance and Audit Committee.

**Resolved** that the Corporate Risk Register that has been developed for 2024-25 be approved for submission to Full Council for formal adoption.

### **93. Procurement Strategy 2024-2027**

The Cabinet was informed that, in June 2023, an internal audit of the Council’s procurement function was carried out which made several recommendations to strengthen the Council’s procurement operating procedures and compliance with statutory requirements. A key recommendation within the audit report was for the Council to update its existing Procurement Strategy.

The current strategy was written in 2018 and therefore:-

- did not reference changes to procurement requirements put in place by Central Government since then;
- referred to the previous Corporate Plan so needed to be updated to reflect the Council’s current priorities and targets; and
- following changes to the Contract Procedure Rules in June 2022, it also needed to be updated to reflect the raised thresholds now in place.

The purpose of the strategy was to set out the principles that the Council will follow in the acquisition of goods, works and services from third-party and in-house providers.

The updated strategy had been prepared drawing on good practice and benchmarking of other national local authorities. Following the initial presentation of the updated strategy to Management Team in December 2023, feedback was also gathered from Line Managers which was factored into the strategy.

The Cabinet was informed that the updated strategy was attached at appendix one of the report and advised that the decision-making arrangements of the Council regarding procurement remained as set out in Annex 2.7 of the Council’s Constitution (Contract Procedure Rules).

The Cabinet was pleased to see that the strategy recognised the importance of economic development and social value as this was a priority for the Council.

The Cabinet also stated that it was important for there to be ongoing performance reviews; these reviews must look at qualitative evidence.

**Resolved that:-**

1. the draft Procurement Strategy, attached at appendix one of the report, be approved for adoption; and
2. seek to enhance ongoing performance reviews and meetings with key suppliers as set out in section 11 of the strategy document.

**94. Live Streaming Council Meetings - Changes to the Constitution and Meeting procedures**

Further to minute 36 (02.10.2023), the Cabinet was provided with an update on the progress of the project to Live Stream Council meetings and the installation of audio visual (AV) equipment in the Council Chamber.

Following the report taken to Cabinet and Full Council in October 2023 which sought approval of the project, a procurement exercise was conducted and a supplier was awarded the contract.

The installation of the new equipment took place in January 2024. Officers from Committee Services and IT Services had received all relevant training on how to use the AV equipment, microphones and the meeting management system following the installation.

The Cabinet was informed that the installation of the new equipment was only one part of the overall project; changes were now required to the operation of committee meetings, the website and the Council's Constitution. The report detailed those changes required subject to Members comments.

The Assistant Director (Organisational Development & Democratic Support) advised that internal tests of the system would be conducted by officers in April 2024 to ensure the system is working efficiently ready for its official implementation; those tests will include the recording of some committee meetings but they would not be live streamed.

A provisional live date to implement the live streaming and recording of committee meetings had been set for Monday, 20 May 2024 which was currently scheduled as a Special Cabinet Advisory Committee. This would subject to the internal tests being successful.

Members and lead officers will receive training and guidance on the new procedures prior to going live and Committee Chairs will also receive additional training on the Council's Procedural Rules for dealing with disruptive behaviour.

The Cabinet noted that some of the meetings on the lead up to the live date would be recorded, therefore, it was requested that these recordings be shared with both Group Leaders so that the recordings can be reviewed by each Group; Members and Officers needed to be mindful of their conduct/etiquette at meetings.

It was also acknowledged that the 'Opening' and 'Part B' address had been produced as helpful guidance; the address/wording was not set in stone.

With regard to the Constitutional changes/Annex 3.13, it was requested that paragraphs (iii) and (iv) of section 4 be updated to state that video/audio recording should also be ceased as well as mobile phone use.

**Resolved** that the Cabinet recommends to Full Council that the proposed amendments to the Constitution in relation to 'Filming, Photographing and Audio Recording at Committee Meetings' be adopted subject to an amendment being made to paragraphs (iii) and (iv) of section 4 to state that video/audio recording should also be ceased as well as mobile phone use.

## 95. Whistleblowing Policy

The Cabinet was informed that whistleblowing was the disclosure of malpractice or wrongdoing within an organisation. The Public Interest Disclosure Act 1998 contained measures which would help to promote greater openness between employers and employees in the workplace and supports a structure for whistleblowing. It gave statutory protection to employees who "blow the whistle" on their employer's malpractice and, although not requiring Councils to set up appropriate mechanisms for dealing with whistleblowing, it makes clear the important role that such a mechanism can play in helping Councils comply with the law.

An internal audit of the Council's Whistleblowing Policy and Procedures had recently been carried out which recommended that a review of the policy be undertaken given the passage of time since it was last adopted. It was important to note that the update had been prompted by the need for a periodic review rather than any underlying concerns about malpractice or increased fraud within the organisation.

Annex 1.2 of the Council's Constitution currently stated that responsibility for oversight and periodic review of the Council's Whistleblowing Policy had been delegated by Full Council to the Standards Committee. On the basis that there were no pre-arranged meetings of the Standards Committee in the committee timetable, under such circumstances the amended Whistleblowing Policy had been brought to the Cabinet for approval.

The key policy changes were outlined at section 2 of the report.

Trade Unions had been consulted and no amendments to the proposed policy were required.

Subject to approval, the updated policy would be rolled out to all employees and Line Managers with in-house training sessions being delivered by the HR Team.

**Resolved** that:-

1. the amended Whistleblowing Policy be approved; and
2. the roll out of the Whistleblowing Policy to all employees with this being accompanied by relevant training being carried out in house by the HR Team be agreed.

## 96. Balancing The Budget - Gravesend Town Centre Options

In the last decade, the Council had experienced a sustained period of challenge to its financial sustainability. In response to those challenges, the Council's Medium Term Financial Strategy (MTFS) since 2016 had focused on the delivery of a multi-faceted programme of activity intended to optimise income generation, innovate delivery of services and ensure that the limited resources of the Council were appropriately focused on the needs of the Borough.

The Council delivered against the programme and, in February 2020, was able to announce that £4.25m of base budget reductions had been implemented in the period since 2016, putting the Council in a position where it had in place a sustainable financial plan for the forthcoming 10 years.

Since that time, the Council had faced further significant challenges as a result of the COVID-19 Pandemic and the economic situation. In response to this, in February 2023, the Council approved a revised five-year MTFS spanning 2022-23 to 2026-27 intended to respond to the identified budget gap at that time.

Despite delivering measures to reduce the Council's base budget by £3.3m since 2022, cost and demand pressures continued to be present and the Council's level of annual expenditure continued to exceed anticipated income with working balances significantly depleted in recent years and no longer a sustainable source to manage the Council's financial position.

In February 2024, Full Council was informed that without proactive action to deliver the Balancing the Budget initiatives, the Council could find itself in a position where it had limited capacity to respond to and manage the impact of any significant or unexpected events or emergencies during 2024-25 and set a budget for 2025-26.

Therefore, the report presented to the Cabinet set out options for savings and reducing cost pressures in relation to activities undertaken by the Council within Gravesend Town Centre; the three main activities being Splash of Colour, Town Centre Dressing and the Visitor Information Centre. It should be noted that Town Centre Dressing did not incorporate formal flag raising on the Community Square.

The options for consideration were outlined in appendix one to the report. The options did not include recommendations made with regard to enhancing processes within specific service areas that had been identified as a result of the review process. These were being taken forward by the relevant Head of Service to implement.

The options had been set out into three categories which would deliver three different levels of savings ranging from £13,000 to £63,000:-

- Option A – continue current service with reduced budget and continuation of the Visitors Information Centre;
- Option B – reduce service and relocation of the Visitors Information Centre; or
- Option C - cessation of a service.

The Director (Communities and Inclusive Growth) advised that the savings/income identified within the report were estimates and as such, should Members be minded to implement an option, the actual savings achieved may differ from those within the report as more detailed financial analysis would be undertaken. Updated information on the financial impact of 'minded to' options would be presented to Members periodically.

The Cabinet was asked to consider the options presented in appendix one and identify those initiatives that it was 'minded to' progress as a means of delivering base budget reductions required in support of the MTFs.

The Cabinet was informed that the Council had a duty to consult residents/service users where changes were being made to services. The Council must be clear on what the proposal is and those whom it may affect and then consult with the required groups accordingly. The key aspect of the consultation process is that there must be clear evidence that the decision maker had considered the consultation responses, or a summary of them, before taking its decision. There would be one option that may impact on officers of the Council and as such, an internal staff consultation would need to be undertaken (with the trade unions) before any final decision could be made regarding this option to ensure staff feedback had been received and considered before finalising any proposal(s).

The Cabinet considered the options and felt that their preferred option would be 'Option B - reduce service and relocation of the Visitors Information Centre' which would generate a saving of circa £37k. It was noted that visitors information would be provided from the St George's Art Centre, which was currently getting good attraction/footfall; therefore it was felt that the relocation would not have a detrimental effect and may enhance it.

The Cabinet also stated that it wished for the bunting/flags in relation to St. Goerge's Day to be maintained.

It was also confirmed that should there be a special event/celebration such as a Coronation then one-off funding would be sought.

With regard to Splash of Colour, it was felt that a more sustainable approach to the Town Centre horticulture (e.g. evergreen and perennial planting) would align more with the Council's climate change pledge.

**Resolved** that the Cabinet be 'minded to' reduce budgets by a total of £37,000 by:-

- taking forward a wider programme of town centre improvements, primarily funded through UKSPF with a smaller budget of £10,000 retained from the Splash of Colour budget to meet ongoing maintenance costs;
- reducing the Town Dressing budget to £3,000 to allow for 1 set of town bunting only per year; and
- delivering visitor information through existing staff at St George's Art Centre. The existing Visitor Information Centre staffing of 1FTE moved to an office-based role with continued responsibility for management of Visit Gravesend website and social media as well as additional proactive work to build partnerships and better market Gravesham as a visitor destination.

## 97. Lothbury Property Fund

In the last decade, the Council had experienced a sustained period of challenge to its financial sustainability. In response to those challenges, the Council's Medium Term Financial Strategy (MTFS) since 2016 had focused on the delivery of a multi-faceted programme of activity intended to optimise income generation, innovate delivery of services and ensure that the limited resources of the Council were appropriately focused on the needs of the Borough. Optimisation of income generation did not only consider opportunities for the Council to derive income from the fees and charges it levied and use of the assets it had available to it, but also on how it used its cash balances to generate a return which can then be applied to pay for Council services. The practice of investing cash balances held was common across the local government sector, with different approaches adopted based on the level and duration of cash balances an authority holds and its risk appetite, but always with a focus on security and liquidity before yield.

In approving the 2016-17 Treasury Management Strategy Statement (TMSS), Full Council provided the capacity to place a maximum of £10m in such investments with a limit of £5m placed into each fund. Link, the Council's treasury management consultants, were engaged to assist officers with the identification and selection of suitable Property Fund Management companies.

Due diligence was undertaken and a report was taken to the Property Acquisitions Cross Party Member Working Group on 24 May 2016; it was agreed that the following investments be made into each Property Fund:-

- Hermes - £3m;
- CCLA - £2m; and
- Lothbury - £5m.

On 1 July 2016, 2,658 units were purchased in the Lothbury Property Fund. Each unit was priced at £1,862.17 which gave an entry investment value of £4,949,648. An entry fee of 1% was charged on top which resulted in a fee of £49,492, giving a total cost of £4,999,140.

On 7 June 2023, Link alerted the Council to the fact that Lothbury had received redemption requests from investors which totalled £500m, in addition to the £170m still outstanding from the previous quarter against a fund value at 31 March 2023 of £1.086bn. All property funds had seen an increase in the level of redemption requests at the time, and whilst it was not clear why Lothbury had seen such a high number, Link believed several factors had come into play. These factors were outlined in section 2.1 of the report.

The level of redemptions logged were a high percentage of the fund value and therefore it was necessary for Lothbury to sell a significant number of its assets in order to meet the redemptions. To provide investors in the fund with an element of protection to sell assets in a timely manner and avoid the need to sell assets quickly at a low price, Lothbury introduced a redemption suspension i.e. a period where investors were made to wait before their investment was repaid.

The Council determined that to best protect its position it would also submit a redemption request in accordance with the fund timescales. This decision was discussed by the Director (Corporate Services) with the Chief Executive and Leader of the Executive at that time. At the point of submitting the redemption request, the Council's investment was valued at £4.421m.



During the investment period, Members of the Council had been updated on performance of the fund through the Finance & Audit Committee; with the latest position being reported at the meeting in November 2023.

Section 3 of the report outlined how the capital value of the Council's investment in the Lothbury Property Fund had fluctuated during the period of investment. The peak in the capital valuation of the Lothbury fund was in June 2022, when the Council's investment was valued at £5,912,900 which was an increase of 19.46% on the initial investment. As of 29 February 2024, the Council's unit holding in Lothbury Property Fund was worth £3,969,640, a decrease in value of 19.8%. It was important to note that, during the investment period, the Council had seen the capital valuations of all three property funds fluctuate.

Since the initial deposit into the fund was made it has generated a regular and stable source of dividend income for the Council. The Council has received a total of £1,549,780 as a gross dividend (£1,158,270 net of fees). The gross return from Lothbury had outperformed the return tracking the Bank of England and a similar return to the Council's other internally managed investments.

At a meeting of investors on 14 September 2023, Lothbury proposed a restructured smaller fund but was unable to generate and secure sufficient support. However, at the same meeting, investors requested Lothbury commenced exploring an alternative option of merging the residual fund with another. Whilst the merger was being explored, Lothbury commenced with its planned sale of assets. As at end of Q4 2023, assets valued at £378.8m were at various stages of the disposal process.

The UBS managed Triton Fund emerged as a credible option as a potential merger partner and during Q4 of 2023, Heads of Terms were drafted, and initial due diligence was undertaken. Therefore, a fund termination notice effective of 31 December 2023 was issued and, at an Extraordinary General Meeting (EGM) on 14 December 2023, sufficient support was secured to extend the termination date to 31 March 2024 to allow further time for the merger works to commence including the completion of due diligence and for detailed terms to be agreed.

Heads of Terms were agreed and signed with UBS on 8 February 2024 but a request to extend the termination date to 30 June 2024 at a further EGM on 29 February 2024 was rejected due to insufficient investor support. As a result, there was insufficient time to complete the merger with UBS Triton and therefore the fund was set to close on 31 March 2024.

At both EGM's the Council had voted in favour of extending the termination date. Officers felt that this was the best option in terms of protecting the Council's investment and would enable the Council to make the best decision for itself rather than being forced into a position. In the meantime, officers met with the UBS managed Triton Fund to understand more about the fund. As a result, the Council had indicated that it would be interested in transferring its investment into the new fund but had not yet submitted formal confirmation. Section 5 of the report outlined details and performance of the UBS managed Triton Fund.

If the Council was to transfer the current investment from Lothbury to UBS Triton, advice will need to be sought on the matter of accounting for the capital loss that had accumulated up to the point of transfer. Currently the capital loss was circa £980k. Prudence would indicate that the capital loss should be recognised at the point of transfer and then the value of the new investment with UBS Triton recognised at the entry value in the Council's accounts. If this was the case, it would indicate that the Council would need to account for a capital loss if it decided to vote for or against the termination date being extended. The only difference being that if the Council's investment were to transfer, the capital loss would be known at the point of transfer, whereas the total capital loss, if the Council were to exit on termination of the fund, would not be known until all assets were sold.

The Council currently had £500k in the Interest Equalisation Reserve which could cover some of the potential loss but at the current fund value the remaining £490k would be a direct charge and a cost to the General Fund's revenue account. The final capital loss would not be fully known until the date of the merger and/or redemption.

The next EGM was due to be held on 28 March 2023 therefore the Council needed to make two decisions:-

- the first being to submit a vote to the EGM being held on 28 March, to agree or disagree to the termination date of the fund being extended from 31 March 2024 by a maximum of a further 60 days to allow existing investors to transfer their holdings into the UBS-managed Triton Fund, should they wish to do so. It was recommended that the Council votes in favour of extending the termination date by a maximum of 60 days; and
- the second being to determine whether the Council will transfer its existing investment into the merged fund or whether it wants to have its investment repaid. It was recommended that the Council should notify the fund manager that it wishes to transfer its investment in Lothbury Property Fund to the UBS managed Triton Fund.

It was noted that if 75% of investors do not agree to the termination date being extended by 60 days, then the termination date of 31 March 2024 will stand and the merger deal will collapse. All investors will be treated equally, and redemptions will commence shortly after the terminations date with the current cash in the portfolio being distributed first and then on a rolling basis as sale proceeds were realised.

The Director (Corporate Services) informed Members that the report had not been included as part of the main agenda pack at the time of publication and was also a key decision. The Leader of the Executive, Deputy Leader and Leader of the Opposition (as Chair of Overview Scrutiny) had all been consulted on the decision to treat this as an urgent item under any other business. The urgency being that the Council was informed on 7 March 2024 that they would be required to indicate their decision regarding the future of the Fund by 3pm on 26 March 2024.

Whilst delegated authority was granted under the Constitution to the Director (Corporate Services) to take any necessary action in respect of the management of the Council's investments, given the significance of the decision to be made on behalf of the Council, it was felt that endorsement should be sought from the Cabinet.

The Leader stated that he had previously been through a similar process and that the disposal process can be timely. It was suggested that the Council/investors should challenge those fees as detailed in paragraph 3.6 of the report.

It was acknowledged that this would be another pressure on the financial sustainability of the Council however this situation was completely outside of the Council's control. The Council and its treasury management consultants had undertaken all necessary due diligence and, unfortunately, economic factors etc had caused the current situation.

The Leader acknowledged that the Leader of the Opposition (as Chair of Overview Scrutiny) had been consulted on the decision to treat this as an urgent item and if it were to be considered at Overview Scrutiny as a call-in then the Committee to be mindful that the decision cannot be referred back to the Cabinet/Full Council due to the urgency.

**Resolved that:-**

1. the action of submitting a vote to the Extraordinary General Meeting (EGM) of the Lothbury Property Fund being held on the 28 March in favour of the termination date being extended from 31 March by a maximum of 60 days be endorsed; and
2. the action of confirming that the Council's investment in the Lothbury Property Fund is transferred to the UBS-managed Triton Fund be endorsed.

**98. Exclusion**

**Resolved** that pursuant to Section 100A(4) of the Local Government Act 1972 that the public be excluded during the following item of business because it was likely in view of the nature of business to be transacted that, if members of the public were present during the item, there would be disclosure to them of exempt information.

**99. Rosherville Limited Business Plan 2024-27**

The Cabinet was presented with the business plan for Rosherville Limited for the period 2024-27.

**Resolved** that the Business Plan for Rosherville Limited, attached at appendix one of the report, be approved.

**100. Appointment of Independent Non-Executive Director to Rosherville Limited and future role changes**

The Cabinet was presented with a proposal for the appointment of an Independent Non-Executive Director for Rosherville Limited from 1 April 2024.

In addition, the Cabinet was also asked to approve the updating of job titles for those officers who had been appointed to a Rosherville Company Board, without the need to bring a formal report to Cabinet.

**Resolved that:-**

1. the appointment of an Independent Non-Executive Director to the Rosherville Limited Board from 01 April 2024 be approved; and
2. the approach set out in section three of the report with regards to the future approach to changes in officer job titles be approved.

**Close of meeting**

The meeting ended at 8.29 pm.