

FINANCE AND GOVERNANCE CABINET ADVISORY BOARD

Tuesday, 14 January 2020

Present: Councillor Tom Dawlings (Chairman)
Councillors Scott (Vice-Chairman), Chapelard, Everitt, Hayward, Hickey, Mrs Soyke and Reilly

Officers in Attendance: Caroline Britt (Democratic Services Officer), Lee Colyer (Director of Finance, Policy and Development (Section 151 Officer)), Keith Trowell (Team Leader (Corporate Governance)), Ian Hirst (Head of Digital Services and Communications), David Candlin (Head of Economic Development and Property), John Antoniadis (Estates Manager) and Jane Clarke (Head of Policy and Governance)

Other Members in Attendance: Councillors Atkins

APOLOGIES

FG73/19 Apologies were received from Councillor Horwood. Councillor Holden was not present.

DECLARATIONS OF INTERESTS

FG74/19 There were no disclosable pecuniary or other significant interests declared at the meeting.

NOTIFICATION OF VISITING MEMBERS WISHING TO SPEAK

FG75/19 There were no visiting Members.

MINUTES OF THE MEETING DATED 12 NOVEMBER 2019

FG76/19 Members reviewed the minutes. No amendments were proposed.

RESOLVED - That the minutes of the meeting dated 12 November 2019 be approved as a correct record.

WORK PROGRAMME AS AT 19 DECEMBER 2019

FG77/19 Members considered the Work Programme. No amendments were proposed.

RESOLVED - That the Work Programme as at 19 December 2019 be noted.

*BUDGET 2020/21 AND MEDIUM TERM FINANCIAL STRATEGY

FG78/19 Lee Colyer, Director of Finance, Policy and Development introduced the Report that outlined the assumptions that had been built into the budget for 2020/21.

Discussion and responses to Members questions included the following matters:

- This was the 4th Report in the process of setting the budget.
- The Queens Speech (19 December 2019) included the importance of Business Rates to local authority funding, retail discount relief would

increase from 33% to 50% and a proposed Planning White Paper that would make the planning process clearer and address resource issues experienced at local authority level.

- The provisional Local Government Finance Settlement 2020/21 was announced on 20 December 2019. The settlement was for 1 year only which made strategic financial planning difficult.
- The settlement included a decision by Government to consult on the future of New Homes Bonus spring 2020.
- Legacy payments for New Homes Bonus would no longer be paid. TWBC responded to a Government Technical consultation (closing on 17 January 2020) their disappointment that the 4 years of Legacy payments, as originally agreed by Government would not be paid. Councillors endorsed the response to the consultation and the Leader had taken the issue up with Greg Clarke MP.
- There were no proposals to uplift the £5 de minimus Council Tax limit for Shire councils.
- The Budget date had been set for 11 March 2020.
- Expenditure for 2020/21 had been set at £67.4m.
- Government would be undertaking a spending review during the next year that would set out the Departmental spending limits for all Central Government Departments.
- TWBC had done well in the retention of Business Rates due to the higher rateable values that could be attributed to new buildings, new car showrooms and the new Premier Inn.
- Calverley Square had expected to provide a £34m increase in wider economic benefits which would have resulted in a much higher business rate yield.
- It would be important to attract inward investment into the Borough. The Council continued to work with British Land regarding the improvements to the shopping centre. There were good reasons to be optimistic, the Borough was reasonably placed to benefit from Business Rate growth.
- Recruitment continued to be challenging, with Planning highlighted as a particularly difficult area to recruit staff. The Council were being proactive and looking at different methods of advertising.
- The £2.3m funding strategy for Calverley Square was the level needed for the year 2022. The funding strategy was phased in over a period of time. The elements of the funding strategy which were in the base budget was £328,000. The share of Business Rates was not included as this had a direct relationship with the Calverley Square scheme going forward and the uplift in economic value.

RESOLVED – That the recommendations to Cabinet as set out in the report be supported.

***CAPITAL STRATEGY 2020/21**

FG79/19 Lee Colyer, Director of Finance, Policy and Development introduced the report that provided a high-level, long term overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of services. It also provided an overview on how associated risk was managed and implications for future investment sustainability. Discussion and responses to members questions included the following matters.

- The Chartered Institute for Public Finance and Accountancy (CIPFA) required all local authorities to produce a Capital Strategy Report.
- The only change from the previous year was the inclusion of the Climate Change Emergency.

RESOLVED – That the recommendations to Cabinet set out in the Report be supported.

***TREASURY MANAGEMENT POLICY AND STRATEGY**

FG80/19 Lee Colyer, Director of Finance, Policy and Development introduced the Report that set out the Council's policies for managing investments and borrowing. Discussion and responses to Members questions included the following matters.

- The Chartered Institute for Public Finance and Accountancy (CIPFA) as part of the Treasury Management Code required local authorities to produce a Treasury Management Policy and Strategy.
- This was a key financial document that set out the Council's approach to its management of its Treasury management functions.
- The Government's decision to add a further 1% to the Public Works Loan Board (PWLB) rates was made by Treasury and was done without any consultation. It was understood that the decision was taken in order to take some of the heat out of local authority borrowing. However Local Government sector was not asked why borrowing had increased. It had been suggested that local authorities had been borrowing in order to buy shopping centres. This was not the case, it was for place shaping to support economic development, new housing and funding infrastructure.
- The addition of 1% had impacted on a number of Council's housing schemes and infrastructure plans.
- However, industries that advised on pension funds and insurance companies were now more attractive than PWLB. In addition the Local Government Association were speeding up the Municipal Bonds Agency that would provide competition to the PWLB.
- Derivatives were one way of protecting the interest rate where there was a particular need and the timing was known. The Council would also be able to negotiate with pension insurance companies to arrange a forward fixing of the interest rate. Depending on the need, the Council would seek advice and consider options to protect against interest rate fluctuations. Consideration would be done on an individual basis depending on need.

RESOLVED – That the recommendations to Cabinet as set out in the report be supported.

CALVERLEY SQUARE CLOSEDOWN

FG81/19 David Candlin, Head of Economic Development and Property introduced the Report that gave an update on the consequences and financial implications following the decision taken at Full Council on 8 October 2019 to terminate the Calverley Square project. Discussion and responses to Members questions included the following matters.

- The planning permission would remain valid until 14 June 2021.

- Expenditure at the end of Stage 4 was expected to be £6.4m. A couple of legal bills remained outstanding which would add about £1,900.00. Final invoices from the BBC and Mace were also outstanding.
- Overall, final expenditure was expected to be £10.8m of which £10.6m was due from RIBA stages 1-4.
- Funding had now been restored to the base budget and useable reserves.
- Expenditure that had been treated as capital, approximately £6.17m would need to be charged to revenue. As planning consent would remain valid, this would be taken into account when the Council revalued its assets that were part of the Calverley Square project.
- The CPO would remain capable of being implemented until 10 May 2022. There was no power under the 1981 Act to revoke the CPO.
- There was no intention to implement either the planning permission or the CPO consents that were in place.
- Capital works at an expected cost of £2m would now be required for the Great Hall car park, Calverley Terrace, Assembly Hall Theatre and the Town Hall to ensure they remained operational.
- Following an FOI request the Development Advisory Panel minutes for the period between July 2013 to June 2018 had been made publicly available.
- No internal staff costs had been included in the figures.
- TWBC had received 16 invoices to date from Mace – with one still outstanding. Invoices were detailed against a programme and so needed to read in conjunction with the work that had been done.
- Documents were received in digital format, but due to their size (e.g. the contractors proposal was 563 pages, 23MB) it was impractical to send via email. Mace were also due to send a copy of approximately 3,000 files that related to the scheme.
- All documents related to the scheme, were available to Members to ensure that an informed decision could be made. Members were welcome to review the documents at any time.
- The figures included in the report were broken down by individual invoices. Invoices over a certain level were published in the Council's accounts. Members were also able to view invoices should they wish to do so.
- Mace were in the process of negotiating reimbursements for work that would now not take place. These included diversions of utilities now not required, BT Open Reach and trees that no longer needed to be removed.
- An audit of the scheme had been proposed as part of the closedown report. A decision would have to be taken whether to make those elements of the scheme currently exempt, available.
- Following a meeting with the Chair of the Audit and Governance Committee the appointment of Mid Kent Services would be put on hold whilst alternatives were explored (Recommendation 4).
- Concern that a financial breakdown of particular elements associated with the project were not included:
 - o The proposal for an extension of the Crescent Road car park was a decision taken by Full Council in September 2017. As agreed, it had been taken forward as a separate project.
 - o The flats purchased in Grove Hill House by the Council were purchased on investment terms. Purchases were made following approaches by residents to the Council that were reviewed to determine whether they were investments the

Council wished to make. The report set out those investments and the benefits of those purchases.

- A core team was appointed to carry out the work for the project and those costs could be broken down. It would however be very difficult to cost the impact of the scheme across the entire Council.
- The intellectual property for the site/development would belong to TWBC.
- It was suggested by some members that the financial details included in the report were not sufficient to make a decision at this time. The reasons were further clarified as being under 3.2 and 3.4 of the options under which a recommendation was not supported.
- The Chair took a vote by a show of hands. The motion was carried 4 to 3 with one abstention.

RESOLVED – The recommendations were supported subject to the removal of recommendation 4.

***ASSET MANAGEMENT PLAN 2020/21**

FG82/19 John Antoniadou, Estate Manager introduced the Report that presented the Asset Management Plan 2020/21 for consideration. Discussion and responses to Members questions included the following matters.

- The Plan provided a management strategy for the Council's property assets.
- The Plan summarised the value and composition of the Council's current portfolio.
- It identified the main portfolio ambitions for 2020/21.
- The Plan was produced in January 2020, the figures and details would change as the year progressed. The portfolio was currently valued at £106.77m as at 31 March 2019.
- To date the Council had negotiated lease renewals, new lettings and rent reviews to an increase value of approximately £109,000 annually on Council property.
- The planned maintenance programme for 2019/20 would have completed works to the value of £600,000.
- Capital projects had been progressed or completed to the value of £600,000 during 2019/20. Capital receipts to a total value of £1.17m had been received from the disposal of surplus land and a property asset.
- The Royal Victoria Place refurbishment agreement was completed in November 2019 - a total of £11m.
- Some leases were reviewed to full open market value. RPI was considered for lettings. Historically, when the markets were performing badly, when considering rent reviews a better result and/or a larger increase could be achieved with an RPI increase as opposed to a market review. If the market was performing very well, an open market review worked better.

RESOLVED – That the recommendation to Cabinet set out in the report be supported.

PROPERTY TRANSACTION REPORT: JULY - DECEMBER 2019

FG83/19 John Antoniadis, Estate Manager introduced the Report that gave details of the property transactions completed under delegated authority for the period 1 July to 31 December 2019. Discussion and responses to Members questions included the following matters.

- The report included a list of the properties sold.
- The report also included details of lease and licence renewals and new leases.

RESOLVED – That the report be noted.

STREET NAMING AND NUMBERING POLICY

FG84/19 Ian Hirst, Head of Digital Services and Communications introduced this report that sought to update the policy to ensure the service was delivered in line with national addressing conventions and to maintain and update as necessary.

Discussion and responses to members questions included the following matters:

- The policy was last updated in 2007.
- The proposed changes included:
 - o It would now include an additional step to consider/reconsider invalid applications and time to resubmit a valid application.
 - o Clarification of eligibility criteria for submitting an application.
 - o Suggestions for street names would now need to include reasoning for the name selection.
 - o Parish Councils and Ward Councillors would now be able to submit suggestions.
 - o 10 houses would be required in order to qualify for a street name.
 - o Examples of how street names would be assessed would be included. Numbers as part of a road name would not be allowed.
 - o Further clarification would be included when consideration was given to naming a street after a deceased person. Also if the applicant requested the inclusion of the word 'Royal'.
 - o Clarification would also be included on street numbering and flat numbering. It would also state that numbering could not be removed from an address.
- It was suggested that the request to consider names with a local theme be more formalised e.g. Water themed names for Tunbridge Wells. It was agreed that consideration be given to a revision in the current wording.
- Although legislation existed that would allow the Council to insist on a name, this had not been done in practice. Current measures allowed for 3 suggestions to be submitted by the Developers and for the Council to also make alternative suggestions.

RESOLVED - That subject to consideration being given to a more formalised instruction to developers to choose names that have a connection to the local area, the recommendations to Cabinet set out in the Report be supported.

URGENT BUSINESS

FG85/19 There was no urgent business.

DATE OF THE NEXT MEETING

FG86/19 The date of the next meeting was scheduled for Tuesday 18 February 2020 at 6:30pm.

EXEMPT APPENDICES TO PROPERTY TRANSACTION REPORT: JULY - DECEMBER 2019 (ITEM 11)

FG87/19 The matter to which this exempt item relates was decided in the public session, taking the exempt information as read.

NOTES:

The meeting concluded at 7.55 pm.

An audio recording of this meeting is available on the Tunbridge Wells Borough Council website.