FINANCE AND GOVERNANCE CABINET ADVISORY BOARD

Tuesday, 10 November 2020

Present: Councillor Tom Dawlings (Chairman)
Councillors Scott (Vice-Chairman), Holden, Simmons, Reilly, Stanyer, Chapelard, Hickey, Everitt and Hayward

Officers in Attendance: Lee Colyer (Director of Finance, Policy and Development (Section 151 Officer)), John Antoniades (Estates Manager), David Candlin (Head of Economic Development and Property), Sheila Coburn (Head of Revenues and Benefits), Katie Exon (Corporate Property Manager), Jane Fineman (Head of Finance and Procurement), Claudette Valmond (Principal Solicitor) and Caroline Britt (Democratic Services Officer)

Other Members in Attendance:

APOLOGIES

FG1/20 There were no apologies. Councillor Mrs Soyke was not present.

DECLARATIONS OF INTERESTS

FG2/20 There were no disclosable pecuniary or other significant interests declared at the meeting.

NOTIFICATION OF VISITING MEMBERS WISHING TO SPEAK

FG3/20 There were no visiting Members.

MINUTES OF THE MEETING DATED 18 FEBRUARY 2020

FG4/20 Members reviewed the minutes. No amendments were proposed.

RESOLVED – That the minutes dated 18 February 2020 be approved as a correct record.

FORWARD PLAN AS AT 26 OCTOBER 2020

FG5/20 Members considered the Forward Plan. No amendments were proposed.

RESOLVED – That the Forward Plan as at 26 October 2020 be noted.

FIVE YEAR PLAN UPDATE

FG6/20 Lee Colyer, Director of Finance, Policy and Development introduced the report that provided an update to the current Five Year Plan.

Councillor Alan McDermott, Leader of the Council supported the presentation and responded to any political issues raised.

Discussion and responses to Members questions included the following:

- The report set out the short and medium term approach with regards to recovery from the Covid-19 Pandemic.
- It also proposed some future political priorities that could form a framework for future consultation on the next Five Year Plan.

Consultation was expected to take place towards the end of 2021.

- The events of the year had resulted in high levels of uncertainty which had severely limited the ability to plan for the future.
- The report also noted that extensive and deep consultation that had been planned this year had not been feasible due to the constrictions of lockdown.
- In addition, the Council had had to reprioritise in order to meet the challenges of the Pandemic.
- Section 2 of the report considered the short term future and immediate recovery of both the Council and the Borough.
- The Recovery Plans were operational documents which had been reviewed by the Council's Covid-19 Panel. The Plans were created by officers and intended to guide the Council through the next 6-12 months, to focus on recovery and to support the economy and residents in the Borough through the Pandemic and its after effects.
- The Recovery Plan themes covered, businesses, housing, financial inclusion, health, community safety, the voluntary and community sector, Local Councils and Council services.
- Section 3 of the report considered and provided updates on the remaining projects included in the current Five Year Plan. It also proposed the inclusion of 2 new projects; options for the Town Hall and options for the Assembly Hall Theatre.
- Section 4 of the report set out proposed future priorities that Cabinet had put forward for future consideration. The future priorities were expressed at high level and were:
    - Sustainable Growth
    - Green Environment
    - Culture and Leisure
- These priorities would provide a framework that Cabinet could develop over the remainder of this year and next year including through public consultation.
- The report had been circulated to Parish Chairmen for comments on 3 November. It would go to the Town Forum on 19 November and Overview and Scrutiny Committee on 23 November. In addition, it would go to all 3 Cabinet Advisory Boards.
- Any comments/actions would then be incorporated into the report that would go to Cabinet on 3 December 2020.
- This report was the start of the Five Year Plan and suggestions as to content were very welcome.
- This was a political paper. Councillors were instructing officers on the way forward.
- Of paramount importance in the short term was to help residents and to ensure the economy improved in Tunbridge Wells and the surrounding areas.
- There was recognition that the issue of funding would make it difficult to make any long term plans at this time.
- The Labour Group would be preparing a document giving feedback on the Plan which would be submitted to Cabinet before the 3 December meeting.
- The report suggested that the Council should be looking to bring private money in to fund large projects. This seemed a prudent way forward.
- A small digital survey was carried out using Local Magazine which was delivered free to all 46,000 properties in the Borough. Only 12 responses were received. But to note, it wasn't a formal survey, just an open email for residents to submit their thoughts.

- It was noted that the introduction of Electric Vehicles was an important part of the green agenda.
- The existing Five Year Plan ran out in October 2022. As such there was plenty of time to hold another Councillor Convention.
- Consultation and engagement with Councillors and all residents throughout the entire process would be paramount.

RESOLVED – That subject to noting that there should be full and wide consultation and engagement with Councillors and residents throughout the entire process, the recommendations to Cabinet as set out in the report be supported.

BUDGET UPDATE REPORT 2021/22

FG7/20 Lee Colyer, Director of Finance, Policy and Development introduced the report that provided an update to the budget projections for the 2021/22 budget and subsequent years.

Discussion and responses to Members questions included the following:

- This was the second report in the process of setting the 2021/22 budget.
- In the absence of Government financial information for the next year, the projections had been made in something of a vacuum against the constantly fluid impact of the Pandemic.
- The Council was financially self-sufficient and received no revenue support grant from Government.
- To function without Government support the Council operated more as a business and generated its own income to fund local services.
- The most significant impact on the Council's finances was the reduction in income from sales, fees and charges.
- The Council experienced income losses that reached £1m per month in May with a recovery as the economy started to open up but then a reduction in September as health concerns returned.
- Current projections were that by March 2021 the monthly loss of income would be £250k per month and this would indicate a total loss of income of £3m over the original budgeted levels for the financial year 2021/22.
- The latest current lockdown and with the potential for further restrictions going forward would likely increase the losses of income. As such it was also more likely that Government would extend the compensation scheme to support Councils.
- Locally, unemployment had quadrupled. The collection of Council Tax and Business Rates were already below target. However, they were nowhere near below target as first feared.
- The Government furlough scheme had now been extended until the end of this financial year.
- One way the Council had been generating income was through promoting economic growth and sharing in the process of additional Business Rates. This scheme was expected to continue for another year so might provide some help with funds that would help fund the Capital Programme.
- Projections were also on the basis that Council Tax would increase by £5 a year – as expected by Government.

- To avoid drastic cuts to services at a time when residents were most reliant upon them, it was proposed to temporarily use reserves to balance the budget. This could be afforded in the short term, but when able to do so, reserves would need to be replenished.
- Fortunately the Council entered the Pandemic in a healthy financial position with a track record of being able to balance its budget, maintaining healthy levels of cash reserves and with no external debt.
- However, the gravity of the situation was such that the Pandemic would result in fundamental changes to the economy and to the Council's income streams. This would require the Council to review which services it could afford to deliver, how it worked and the cost and effectiveness of its large numbers of property assets.
- The budget update allowed for the immediate attention to be focused on continuing to help the community and the economy through the Pandemic.
- Being self sufficient the Pandemic had significantly hurt the Council's income streams. It was important that the Council led the recovery and this would involve some investment and cost. A detailed cost plan would be paramount to ensure the Council fully understood the financial resources and risks it was putting into any priorities identified.
- The Council had for some time invested in digital technology to make the way it interacted with the public and the services it provided to be as efficient and cost effective as possible. It the Pandemic continued those efficiencies alone would not be sufficient to close the budget gap if the Council wanted to continue to provide its current wide range of services and if the Government didn't come in with additional financial support.
- The current approach was not to make any drastic decisions but to support residents and local businesses whilst the Council reviewed its asset base which consumed much of the revenue budget.
- The Council's net revenue budget was £12.8m. The Council spent £1.3m paying Business Rates to the Government and another £900k a year on planned repairs and maintenance on properties. Another £2-3m call on Capital Reserves on its assets.
- There was no risk to the Council's finances either this year or next year as the level of reserves were sufficient.
- The Council maintained contact with MHCLG providing data on a monthly basis. The Council continued to highlight its concerns regarding its ability to manage the additional expenditure with reduced income and increased demands.
- The Council had large amounts of headroom should it wish to externally borrow. It therefore remained an option for investment for the right schemes.
- Contracts would go up by the level of inflation. They were linked to the cost drivers associated for those contracts, e.g. cost of fuel, mechanical engineering and labour costs. Labour costs in the Tunbridge Wells area were some of the highest in the country. The 4% increase also took into account increase usage e.g. take up of waste.
- Car park charges were a contentious issue. It was felt that now was not the right time to introduce any increases. A lot of car park income came from season ticket sales which were predominately from office workers. Renewal of season tickets usually happened in April so the Council would need to see what happened at that time and then determine next steps.
- Unemployment levels in Tunbridge Wells were just over 3,000 which

were the lowest in Kent.

- The use of reserves, projected over 5 years would still be over £8m. The minimum level of reserves the Council needed to hold was £4m.
- Over a 5 year period the Council spent £10.8m on the Calverley Square project. Over the same period the Council also embarked on an asset disposal programme which generated £15m worth of income. The issues associated with Calverley Square still remained. The Town Hall and the Assembly Hall still consumed a disproportionate amount of cost in terms of planned and response to repairs. There was also considerable capital expenditure required on the buildings.
- The date of the Autumn Spending Review was 25 November 2020. The provisional Local Government Settlement was expected 2-3 weeks afterwards i.e. just before Parliament rose for the Christmas recess.

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

FEES AND CHARGES SETTING 2021/22

FG8/20 Jane Fineman, Head of Finance, Procurement and Parking introduced the report that proposed the fees and charges for 2021/22.

Discussion and responses to Members questions included the following:

- The report covered all income streams from products and services except property rents and licencing income and delivered a budgeted income of £6m.
- The report also excluded parking fees which were assumed to remain unchanged next year. This was with the exception of a proposed amendment to the discount to the pay by phone services and the setting of the charges for the new Union House car park which was due to open Summer 2021.
- The report also provided a complete review of forecast sales volumes and usages for 2021/22 which when multiplied by the prices proposed created the services income budget for the next year.
- The medium term financial strategy usually assumed an increase of 3% year on year but due to the Covid-19 Pandemic it assumed an overall income deficit on fees and charges of £3m.
- The report showed a shortfall from last year of £253k as sales volumes had fallen and the Council was not anticipating them fully recovering throughout the next financial year.
- The report proposed to align the provision of free bulky waste collections and free pest control services with the eligibility bands for the Council Tax Reduction Scheme.
- The introduction of Universal Credit had meant that some residents who were not necessarily the most in need, were now eligible for the free services which needed to be addressed.
- The number of residents who had signed up to the green waste collection service had exceeded last years budget. Despite Covid-19 the actual number of subscribers was now around 22,000, up 9% from last years 20,152. The budget for 2021/22 had therefore been increased to reflect this.
- There was a specific piece of VAT legislation that stated that bulky waste charges should be exempt from VAT. The Council did not

propose to reduce the price instead, the price on the fees and charges would be increased by the VAT rate of 20%.

- It was also proposed the reduce the discount given to customers who paid car parking fees by telephone from 20p to 10p. When pay by phone was introduced a discount of 40p was given to recognise there was a 20p admin charge levied by the contractor to use the service and because the Council wanted to incentivise customers to use this method of payment. The new contractor did not include an admin fee so last year 20p was removed from the discount.
- It was proposed the Council should no longer accept cheques. There were many forms of electronic methods of payment which were cheaper for the Council and much more cost effective to administer. The option to pay by cash would also be available.
- The issue of VAT for bulky waste came to light when the Council was investigating VAT for green waste. The Council subsequently sought advice from external consultants about the issue before making the recommendations in the report.
- The Mid Kent Services were not run as out sourced services but were run as partnerships. TWBC would have an equal say in managing those partnerships which included taking part in setting the budgets and ensuring the work loads were set at acceptable levels.
- The hourly rates for the legal team was set by using the Court Standards.
- The sale of wheelie bins and boxes only applied to developers. If a resident required a new bin, one would be provided free of charge.
- In 2019 TWBC processed 3,679 cheques, by far the majority of those cheques were payments for Council Tax. From April 2020 to the date of the report TWBC had only received 105 cheques. Of those 105, there were only 9 residents who had not found an alternative method of payment. TWBC were now in discussion with them to help identify a different way of paying.

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

DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY UPDATE 2021/22

FG9/20 Lee Colyer, Director of Finance, Policy and Development provided a verbal update which included the following:

- No report was available at this time due to the cancellation by Government of the Autumn Budget and the delay of the Comprehensive Spending Review which had now been downgraded to just a single spending review which wouldn't take place until 25 November 2020.
- In addition, no date had been set for the provisional Local Government Settlement which would have set out the important information needed to feed into the Council's budget. This would have included any details of Covid-19 financial support, whether the New Homes Bonus would continue and also the levels of Council Tax thresholds that could be changed.
- The process of putting together detailed estimates would continue and it was hoped that once the figures had been inputted into the Council's financial management system, the overall numbers that come out would not be too dissimilar to the projections already set out in the Budget Update Report discussed earlier.

RESOLVED – That the verbal update be noted.

***DISCRETIONARY HOUSING PAYMENTS POLICY**

FG10/20 Sheila Coburn, Head of Revenues and Benefits Shared Services introduced the report that sought approval to adopt the updated Discretionary Housing Payment Policy.

Discussion and responses to Members questions included the following:

- TWBC was provided with an annual Discretionary Housing Payment (DHP) advance by the Department for Work and Pensions in order to provide additional financial support on top of the support that was given as part of the Housing Benefit Scheme.
- The budget available to TWBC for this year was just under £220k.
- Last year TWBC awarded 172 applicants with a DHP award. The reasons included a short fall in rent, moving to a more affordable property, removal costs and to assist a move from temporary accommodation.
- TWBC's current DHP policy was approved by Council in 2017. This had now been updated to provide clarity with the responsibilities for both the claimant and the Council.
- As per the recommendation from Internal Audit the policy would now be reviewed and updated on an annual basis.
- TWBC always ensured that it spent the total amount given by Government as any money outstanding would have to be returned.
- TWBC were currently looking at the way forms had to be submitted to the Council. It was hoped that in the future, a more digitally friendly form would be available.

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

CITIZEN'S ADVICE BUREAU (CAB) COUNCIL TAX PROTOCOL

FG11/20 Sheila Coburn, Head of Revenues and Benefits Shared Services introduced the report that sought approval for the adoption of the Citizens' Advice Bureau (CAB) Council Tax Protocol.

Discussion and responses to Members questions included the following:

- The Local Government Association and the CAB had devised this Protocol which promoted working together, early intervention and best practice in debt collection.
- The recovery processes for Council Tax collection were defined in legislation and a set process must be followed.
- The approach in the Protocol would allow the Council to go beyond the statutory minimum standards, promote early intervention and to work together with the CAB and debt advice agencies.
- The Protocol provided good practice guidance to Local Authorities, enforcement and debt advice agencies when working with customers in debt.
- The aim of the Protocol was to ensure that residents received help and to access debt advice when needed.
- It also offered practical steps aimed at preventing people from getting

into debt and to ensure that when Local Authorities use Enforcement agents that they acted within the law and were reasonable.

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

DRAFT COUNCIL TAX REDUCTION SCHEME 2021/22 PART 2

FG12/20 Sheila Coburn, Head of Revenues and Benefits Shared Services introduced the report that dealt with the proposed changes to the Council Tax Reduction Scheme for 2021/22.

Discussion and responses to Members questions included the following:

- On 6 August 2020, Cabinet agreed that TWBC would introduce an income banded scheme for next year and consult on 3 income banded schemes that had been modelled by external consultants.
- There was a need to replace the current Council Tax Reduction Scheme as it was outdated and was completely reactive to changes.
- The number of cases that had moved to Universal Credit and the multiple changes that occurred resulted in Council Tax bills being issued each time. This brought challenges to the administration of Council Tax Reduction, the collection of Council Tax and was very confusing for customers.
- The objectives that were considered when looking at an income banded scheme were to maintain the maximum basis of award of 80% of Council Tax liability, protect disabled households, simplify assessments and reassessments, maintain the amount of awards to claimants in line with the current scheme and understand the impact on specific groups based on gender, disability and age.
- TWBC consulted on 3 models that were detailed in the report.
    - Model 1 – this was an income banded model which only took into account employment earnings.
    - Model 2 – this was the same as Model 1 but with an additional uplift of 5% for those claimants in receipt of a disability or sickness benefit in bands 2 -5 for either themselves or someone else in the household.
    - Model 3 – this would reduce the maximum award to 70%.
- The survey was issued to 5,500 residents by post and email. 492 responses were received.
- Responders were asked to rank their preference, however only 56% of those who responded answered this question. Model 2 was ranked the highest at 2.37, followed by Model 1 at 2.16, Model 3 was the lowest at 1.59.
- The recommended option was Model 1. The reasons for this choice was that it met all the objectives set when looking at a new income banded scheme.
    - To maintain the maximum basis of award of 80% of Council Tax liability.
    - 80% of the Council Tax support case load would fall within Band 1, leaving only 20% in Bands 2-5.
    - The disabled and sickness benefits that were received made up a high share of household income each month. These were not taken into account when calculating Council Tax Reduction because only employment earnings were taken into

account.
  - When a person was not earning they would fall into Band 1 with maximum support.
  - Off the 244 disabled cases currently in receipt of Council Tax Reduction, 68% fall into Band 1 with maximum support.
  - Changes would only need to be made should employment earnings go into another Band.
  - Model 1 was modelled with the monthly net earnings and percentage award to keep the cost of award the same.
  - Council Tax Reduction was not Government funded and the cost of award and support was shared by the Council and its preceptors.
  - Kent CC picked up the biggest share of the Council Tax Reduction Scheme and would only support a scheme that maintained cost.
  - The spend for any new scheme must therefore be in line with the cost of the previous scheme had it been carried forward into 2021/22.
  - Female claimants were most likely to experience negative impacts. This was because there were more females claiming Council Tax support.
- In addition to Model 1 meeting all the objectives the continuing uncertainty around Covid-19 meant that it was likely the number of claimants would increase.
- TWBC needed to be fair to all taxpayers as they in effect funded the scheme.
- The software that would be used for Model 1 was readily available. If the Council went for Model 2, part of the software could be used but it would be a manual process for the uplift for disabled applicants. This wasn't a reason for not going with Model 2, but it was deemed, for the first year at least, to go with the simplest and fairest option.
- One of the Members was concerned that the impact of the Pandemic had resulted in an increase in the number of families now living in poverty - 51% of families were in arrears for Council Tax and/or other bills, new claims for Council Tax support had more than doubled, unemployment had increased to around 5% and job vacancies since May had gone down by 72%. Given these unprecedented circumstances, the Member suggested the level of support should not be reduced and instead recommended that there should be a temporary increase in support and that it should be viewed as an investment, not a cost. The Member further recommended that the CAB not support the recommendations on the grounds of 3.4 'Another reason, as decided by the meeting of the Cabinet Advisory Board' - That the schemes offered were prior to the crisis the Council was now in, the Council should immediately explore the option to provide an increase in Council Tax support for the next financial year, to be treated as a one off priority.
- The Council recognised that it was not possible to predict the future with regards to the Covid-19 Pandemic but suggested there might be other ways the Council could help those in need, Government Grants etc. rather than through the Council Tax Reduction Scheme.
- The Pandemic was a national issue and therefore far greater than the financial resources of individual Councils. The Government was acutely aware of these issues and was better placed to step in and provide the necessary financial support.
- This was a complex scheme which had already been out for

consultation. To start to vary or introduce changes at this late stage might not be advisable.
- The Committee had already considered the Draft Budget Report for next year which made clear the Council was not able to balance its own budget within its own resources and was having to dip into reserves. The Council would therefore struggle to provide any more financial support to this scheme.
- It was therefore suggested these concerns should be raised at the National level as it affected residents across the whole country.
- It should also be noted that TWBC made up only one component of Council Tax.
- As part of the consultation TWBC had to consult with its preceptors. Kent CC made clear that they would not support a scheme that would cost any more than if the current scheme had continued.
- Government had introduced an increase in Universal Credit of £20 per week. Other measures included free school meals for those on benefits.

Councillor Everitt proposed and Councillor Hayward seconded a motion not to support the recommendations set out in the Report but to research and implement a one off increase in Council Tax Support for the next financial year.

Councillor Everitt requested a recorded vote.

Members who voted for the amended motion: Councillors Everitt and Hayward (2)

Members who voted against the amended motion: Councillors Holden, Simmons, Reilly, Dawlings and Scott (5)

Members who abstained: Councillors Chapelard and Hickey (2)

The motion was not carried.

Members voted to support the recommendations as set out in the Report:

Members who voted in favour: Councillors Holden, Simmons, Reilly, Chapelard, Hickey, Dawlings and Scott (7)

Members who voted against: Councillor Everitt (1)

Members who abstained: Councillor Hayward (1)

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

REVENUE MANAGEMENT REPORT - QUARTER 2

FG13/20 Jane Fineman, Head of Finance, Procurement and Parking introduced the report that showed actual expenditure on services compared to the revised budget for the period ending 30 September 2020.

Discussion and responses to Members questions included the following:

- Actual expenditure to the end of September was £11.685m, £2.6m over budget.
- This consisted of a shortfall in income of £4m less a saving in cost of £1.4m.
- The forecast outturn for the year was £2.2m over budget. An increase since quarter 1 of £360k.
- At quarter 1, the income from sales, fees and charges was forecast to be £6.8m under achieved for the year due to the impact of Covid-19. This increased by £145k in quarter 2 to £6.945m. This was mainly due to the under achievement of £289k for the Fusion Leisure Centre management fee income, a reduction in Court income, £80k from revenues and benefits and a further reduction in planning income of £25k. This was offset by additional income of £249k for the Assembly Hall Theatre.
- Government had offered some compensation to help with income losses. The Council must bare the cost of the first 5% of the lost income, but then Government would then compensate for 0.75p in every £1 thereafter.
- The Council had estimated that the level of compensation would be around £3.725m and this had been provided for in the forecast.
- This was an increase of £177k from quarter 1 from the loss of income for the sports centres.
- Forecast cost savings were anticipated to be £602k for the year. A decrease of £392k this quarter. The main contributor was £420k for additional financial support for the sports centres. Also, costs of £233k had been forecast back into the budget for the Assembly Hall as it had now reopened.
- The remaining saving of £261k mainly consisted of savings from staff vacancies.
- A lower collection of £825k for Council Tax and Housing Rents had also been estimated.
- It was anticipated that the level of bad debt would increase and the eligibility for Council Tax support would also increase.
- It was also projected that there would be a decrease in investment and bank interest of £187k this year due to the drop in interest rates to 0.1%.
- It was also forecast that the £85k rent for the property in Monson Road would not be collected.
- The Government had allocated some Covid-19 Support Grants through 3 tranches of funding so far. This funding, along with a new Burdens Grant of £170k to meet delivery costs associated with grant funding schemes had all been included in the forecast.
- Cabinet approved the use of Council ear-marked reserves to fund the balance of £1.856m forecast at quarter 1. It would now be asked to fund the additional £360k.
- The Council had £21.2m of usable reserves as at 31 March 2020. This included £4.09m in the General Fund and £11.26m in ear-marked reserves.

- The reserves had been analysed and £6.6m had been identified that could be used to meet the budget gap cause by Covid-19.
- The management fee which was due to be paid by Fusion to TWBC had been waived. The payment of additional grant by TWBC to Fusion was subject to the condition of them being accepted for a CLBILS Loan (Corona Virus large Business Interruption Loan Scheme). To date Fusion had not received that loan so TWBC had made no payments to them. Confirmation that Fusion had received the CLBILS Loan would be required before TWBC would start making any payments.
- TWBC were unaware of any redundancy notices being given at The Weald Leisure Centre in Cranbrook.
- The company who had the lease for the property on Monson Road had gone into liquidation. As such the income originally expected (£85k) would not be forthcoming.
- TWBC had been in regular contact with the Finance Director at Fusion. They were confident that the CLBILS Loan would be received.
- The property on Monson Road was currently being marketed. TWBC were pursuing the damage to the building with the company, albeit this was with the liquidators so the expectation of receiving any money for repairs was small. There was no evidence that the damage was a result of any criminal intent.
- TWBC were actively trying to get a new tenant (rental market) into the property in Monson Road.
- Any money that came from Government would now be included in the forecast outturn which in turn would reduce the transfer needed from reserves.
- The issue of TWBC making up any lost profits for Fusion was not something that had been discussed to date.

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

CAPITAL MANAGEMENT REPORT - QUARTER 2

FG14/20 Jane Fineman, Head of Finance, Procurement and Parking introduced the report that summarised the actual and forecast outcome expenditure on capital schemes as at the 30 September 2020.

Discussion and responses to Members question included the following:

- Cabinet originally approved capital expenditure of £19.479m for 2021.
- Since then a net £1.517m of projects had been rescheduled from 2019/20 to 2021/22 or completely removed from the programme.
- This brought the revised forecast outturn to £17.962m.
- Approvals requested in this report brought the total spend to 2021 to £19.652m, which was a net increase of £1.69m.
- This consisted of a net decrease of £0.146m for spending rescheduled to or from 2021/22 and a net increase in the forecast of projected spend of £1.836m.
- The net rescheduling of £406k consisted of £180k for the Assembly Hall essential works brought forward from 2021/22, £236k for the ICT Strategy which had been rescheduled from 2021 into next year and

£90k for street lighting columns rescheduled from 2020/2021 to 2021/22.

- The net increase in spend mainly consisted of £2.274m for the Amelia Scott with a further £0.9m of additional expenditure included in 2021/22. £2m of this total would be funded from borrowing with the rest from external contributions.
- There was a reduction of £400k as Paddock Wood Town Council no longer needed the contribution for the Paddock Wood Hub.
- There had been no additional Capital Receipts in this quarter.
- The housing team were working with the property team and the planning team to find suitable projects to use s106 money.
- The s106 money currently held by the Council were contributions from 6 specific developments which would all have their own specifications for spend.

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

TREASURY AND PRUDENTIAL INDICATOR MANAGEMENT REPORT - QUARTER 2

FG15/20 Jane Fineman, Head of Finance, Procurement and Parking introduced the report that updated Members on investments held by the Council and the interest received from those investments for the period 1 April to 30 September 2020.

Discussion and responses to Members questions included the following:

- The projected interest from investments and bank interests for 2021 was £446k, a reduction on the budget of £187k. This was unchanged from quarter 1.
- Overall, the expected interest projected was 1.04% compared to the budget of 1.81%.
- The Council's opening investment position however was stronger than forecast due to a number of cash flows unrelated to Covid-19. These included Capital Projects being delayed or removed from the Capital Programme during 2019/20, a surplus held on the Collection Fund as at the 31 March 2020 of £2.5m, a number of large s106 amounts being held on the balance sheet and £842k surplus transferred to the General Fund for 2019/20.
- As a result of the Pandemic on 27 March 2020, Government paid the Business Rate Reliefs related to 2021. £2.2m would have normally been spread over the whole of 2021.
- Government also deferred monthly instalments of £4.5m of Business Rates for the first 3 months of the year.
- To alleviate pressure on reserves a number of schemes had been delayed until at least April 2021. This would also increase cash flow available for this year.
- Overall, the amount the Council had to invest this year was higher than forecast. This was despite the negative effect of Covid-19 on income levels and cash flow.
- The Bank of England interest rate remained at 0.1% and another rise was not expected in the next 2 years.
- The Council was keeping its investments short term or holding them in its current account as there was little incentive to invest longer and forecasting incoming and outgoing cash was far more difficult than

usual.
- In July, the Council repaid £1m of the PWLB loan.
- The value of the £9m investment with the Property Fund as at 30 September 2020 was £10.05m.
- The £92m included in the Report that related to the Calverley Square project related to the Council's external debt management limit. That limit was set by Full Council every year as part of the Treasury Policy and Strategy. The Council would have the opportunity in February 2021 to amend the figure. As such the figure remained until Full Council wished to make an amendment to that figure.
- Negative interest rates were not something the Council had considered. The Councils funds were held in a Lloyds Bank account that had no provision in the contract for them to charge any more than they were currently charging. As such for the term of the existing contract the Council could not go into negative interest. There was also the option for the Council to extend the existing contract should that be beneficial to the Council.
- A calculation of whether the £20m received from PWLB had cost the Council money or whether the Council had made from it had not been done.

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

CALCULATION OF COUNCIL TAX BASE

FG16/20 Jane Fineman, Head of Finance, Procurement and Parking provided a verbal update which included the following:

- As part of the Council Tax setting process the Council was required to calculate the Tax Base in the period between 1 December and 31 January.
- The Tax Base was the number of properties in the Borough eligible to pay Council Tax.
- The Tax Base must be notified to Kent CC, Kent Police Authority, Kent and Medway Fire and Rescue and the Parishes by 31 January 2021.
- Details of how the calculation must be done was laid out in legislation and there was very little room for influence except for the impact of the Council's own determined Council Tax Reduction Scheme.
- Usually the Tax Base would grow year on year as more houses were built. This year however, Covid-19 was likely to have a significant impact and unfortunately was expected to more than offset any housing growth.
- The Council Tax collection rate was falling and the number of claimants for the Council Tax Reduction Scheme was increasing so it was likely that the Council would see an overall fall in the Tax Base this year.
- A Report would be taken to Cabinet in December.

RESOLVED – That the update be noted.

PERFORMANCE SUMMARY - QUARTER 2

FG17/20 Lee Colyer, Director of Finance, Policy and Development introduced the report that summarised the performance of the Council's projects and services for quarter 2.

Discussions and responses to Members questions included the following:

- Quarter 2 covered the period 1 July to 30 September 2020.
- For this year only, where indicators were under performing as a result of the Pandemic the Council had agreed that service managers did not have to complete under performing indicator recovery plans.
- There were no decisions arising as a direct result of this report and it was just for information and noting.

RESOLVED – That the report be noted.

COMPLAINTS SUMMARY QUARTERS 1 AND 2

FG18/20 Lee Colyer, Director of Finance, Policy and Development introduced the report that provided an overview of complaints received during quarters 1 and 2, 1 April to 30 September 2020.

Discussion and responses to Members questions included the following:

- The report looked at the number and type of complaints and the Council's performance in responding to them.
- It also considered any Ombudsmen complaints that had been decided.
- Aside from the Waste and Street Scene that had seen the highest number of complaints in the first half of the year, the number of housing complaints had also increased.

RESOLVED – That the report be noted.

DRAFT ASSET MANAGEMENT PLAN 2021/22

FG19/20 John Antoniades, Estates Manager introduced the report that presented the Draft Asset Management Report for 2021/22 for consideration and public consultation.

Discussion and responses to Members questions included the following:

- The Asset Management Plan for 2021/22 provided a management strategy for the Council's property assets.
- It provided details of the principles, procedures and mechanisms to be adopted that effectively and efficiently manage the property portfolio.
- It further summarised the value and composition of the current portfolio and evaluated specific actions from the previous financial year related to the Council's property estate and identified the main portfolio ambitions for 2021/22.
- The draft Plan was produced in October 2020, part way through the financial year, so the figures and details would change as the year progressed.

- The planned maintenance programme was subject to adjustment as capital applications progressed and as condition surveys unfolded.
- The total planned spend was likely to be around 4.5% higher than currently shown. Any necessary adjustments would be made prior to the report being submitted to Cabinet.
- The portfolio was currently valued at £104.69m.
- The Council this year had negotiated lease renewals, new lettings and rent reviews to an increased value of approximately £46,600 annually.
- In addition all property rentals that were subject to annual rental increases resulted in a net annual increase of £3,900.
- Vacant space in the portfolio had been reduced by letting or licencing space to reduce occupation liabilities and achieve rental growth.
- Property and Estates continued with the disposal of surplus land held by the Council.
- The planned maintenance programme for 2020/21 would have completed works to the value of £600k. Capital Projects to the value of £2.35m and Capital Receipts to the value of £3.126m (expected by year end).
- No property assets had been acquired during this period.
- Following the declaration global climate and biodiversity emergencies by the Council in July 2019, the Climate Emergency Advisory Panel contracted Laser to produce a Carbon Audit and Carbon Reduction Plan. The initial results of this work in respect of the Council's estate were set out under Sustainability in the Cross-Cutting section of the report.
- In a very difficult market the Council had nevertheless achieved the letting of 69 St John's Road to an Estate Agent, albeit with a 12 month rent free period. As previously mentioned the property on Monson Road (ASK Restaurant) was being actively marketed.
- The Council's aim was to try and retain tenants and keep income flowing in what was a very challenging market. However, the Council would still look for rental growth where appropriate.
- Estates were always proactively looking for investment opportunities and worked closely with other departments within the Council to keep a close eye on what was happening in the market.
- When considering the disposal or development of any piece of land the net benefit would always form part of the consideration.
- British Land held the long leasehold for the RVP and it was therefore their responsibility to negotiate with tenants. British Land were committed to Tunbridge Wells and had invested a considerable amount of money in the centre. They were working to retain existing tenants and actively looking for new tenants to take the spaces currently unoccupied.

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

URGENT BUSINESS

FG20/20 There was no urgent business.

DATE OF THE NEXT MEETING

FG21/20 The date of the next meeting was scheduled for Tuesday 12 January 2021 at 6:30pm.

NOTES:
The meeting concluded at 9.30 pm.
An audio recording of this meeting is available on the Tunbridge Wells Borough Council website.