

FINANCE AND GOVERNANCE CABINET ADVISORY BOARD

Tuesday, 12 January 2021

**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 Antoniadis (Estates Manager), Katie Exon (Corporate Property Manager), Max Horgan and Caroline Britt (Democratic Services Officer)

Other Members in Attendance:

APOLOGIES

FG22/20 There were no apologies. Councillor Mrs Soyke was not present.

DECLARATIONS OF INTERESTS

FG23/20 Councillor Hickey declared an interest in Agenda Item 10 – Grant of Lease to Enable Funding – Bayham Sports Pitches. Councillor Hickey was on the Committee of Foresters Football Club and would exclude himself from this item.

For transparency reasons, Councillor Chapelard stated that he was a parent at Foresters Football Club (Agenda Item 10).

NOTIFICATION OF VISITING MEMBERS WISHING TO SPEAK

FG24/20 There were no visiting Members.

MINUTES OF THE MEETING DATED 10 NOVEMBER 2020

FG25/20 Members reviewed the minutes. No amendments were proposed.

RESOLVED – That the minutes dated 10 November 2020 be approved as a correct record.

FORWARD PLAN AS AT 22 DECEMBER 2020

FG26/20 Members considered the Forward Plan. No amendments were proposed.

RESOLVED – The Forward Plan as at 22 December 2020 be noted.

***BUDGET 2021/22**

FG27/20 Lee Colyer, Director of Finance, Policy and Development introduced the report that provided an update to the budget projections for the 2021/22 budget.

Discussion and responses to Members questions included the following:

- Since approval of the draft budget, Government had set out the provisional Local Government Finance Settlement which confirmed

the Council Tax threshold for this Council of £5 over the current years rate.

- Government expected the Council to increase Council Tax by £5 in their assessment of the Council's resources that would be available to deliver local services.
- The final settlement would be confirmed by Parliament in February.
- A final allocation of New Homes Bonus of £454k would be received, which would help reduce the use of Reserves in balancing the Revenue Budget.
- The Government had stated there would be a replacement to the New Homes Bonus and had described the new scheme as 'a new, more targeted approach that rewards Local Authorities where they are ambitious in delivering the homes we need'.
- In terms of Business Rates, the system that rewarded Local Authorities that attracted investment into their area and delivered growth would continue for a further year. TWBC would continue to be part of the Kent Business Rates Pool.
- TWBC continued to support residents and businesses throughout the pandemic. This had had a dramatic effect on the Council's finances which was unlikely to improve in the foreseeable future.
- Unemployment and Collection Rates, which were being assisted by national support packages were holding up better than anticipated.
- £1.935m would still be required from Reserves to fund the provision of local services for next year. This was an improvement on the £3m identified in the draft budget.
- The Council's assets would still require substantial investment, with additional growth project funding of £2.8m. This was in addition to rolling forward the existing Capital Programme.
- The report included a table (A List) of schemes which for health and safety reasons or where external funding was in place would require funding.
- The report also included a B List of £2m worth of works which was required to keep the Town Hall, Assembly Hall, Car Parks and Leisure Centres operational.
- This was in addition to the £1m a year the Council spent on planned and responsive repairs to its assets.
- The temporary use of Reserves and the additional Capital Schemes would reduce the level of Reserves held by the Council.
- Reserves could only be used once. The cost of providing existing services would be greater than the level of income raised each year. It would therefore be necessary to act, to bring the Revenue Budget back into balance without reliance on Reserves from April 2022.
- The drain on Reserves was further exacerbated by the unsustainable costs of existing assets. A review would be required to identify those that had sufficient demand and purpose to continue to invest, and those that should be sold or repurposed.
- When appropriate, Reserves should be replenished to pre-pandemic levels.
- A budget survey was undertaken. This sought to test the budget strategy to test the use of Reserves to protect local services for the year 2021/22.
- The survey also tested the level of Council Tax increase the public felt appropriate and how to fund the local response to the Climate Change Emergency. The public were also asked how they would allocate funding for services should income levels not recover due to the consequences of the pandemic. And that would balance the budget.

- The responses received from the survey totalled 575 (compared with 199 last year).
- Public opinion supported the use of Reserves (91%).
- The public also supported the need to increase Council Tax by £5 (74%).
- Respondents said they would support a reduction in all Council services from April 2022 in order to balance the budget, with the exception of Community Safety and Public Conveniences.
- Respondents also indicated they would accept a significant reduction in a number of services:
 - o Committee, Mayoral and Member services
 - o Museum
 - o Planning and Building Control
 - o Property and Maintenance Costs
- There was strong support for setting fees and charges locally (69%).
- There was agreement on the importance of climate change and recognition that any action would require savings from existing budgets and an increase in income in order to fund this.
- The 5 year projections shown in the report were there to emphasize that should the Council not act, then very quickly, each year, the deficit would compound.
- Savings would have to come from 2 main sources, the reduction in the cost of services and from assets.
- TWBC operated in a two tier area with Kent CC the primary Local Authority. If Kent CC had to make substantial savings it would have implications for the residents of Tunbridge Wells.
- Kent CC would also be increasing their Council Tax bills and this would result in an average increase of £100 per resident.
- The draft budget worked on high level estimates for employment costs. The report showed detailed costings which had resulted in an overall reduction. Employment cost comparisons with other Councils was not recommended as services and local priorities differed.
- TWBC now had more understanding of the Government support packages and was better able to map the effects of the pandemic on income streams. This allowed the Council to update the figures on sales, fees and charges.
- The funding figures for List A and B were proposed figures that the Council would be asking for approval in principle only. There would be no action taken until and unless figures were costed and a decision taken that the spend identified was needed.
- When Government announced the provisional Local Government Settlement, they multiplied their forecast tax base by the increased Council Tax charge. However, the Tax Base Central Government used was an estimate based on previous years and on the basis that the Tax Base always went up. The Tax Base for all authorities in Kent had actually fallen as a result of more households that did not pay 100% of their Council Tax bill.
- At some point Central Government would have to use the updated Tax Base figures and this would show that Local Authority spending power had decreased, not increased.
- TWBC's level of spending power was calculated on how much income was received from Council Tax receipts (which was half the level received by Maidstone). TWBC also received one of the lowest levels of retained Business Rates. This was due to Tunbridge Wells having low levels of deprivation and was therefore only allowed to retain £2m.
- TWBC had also received one of the lowest levels of New Homes

Bonus.

- New Homes Bonus hadn't really worked for TWBC. Delivering housing growth took time, TWBC had just started to deliver as the scheme came to an end. The planned consultation process by Government on the proposed new scheme had not taken place. Government were now expected to announce the new scheme in the spring, but details were currently scarce.
- Mayoral costs overall were approximately £40k.
- The Council would need to make decisions related to its assets within the next 24 months.
- In general terms the Council was spending a significant amount of its revenue budget on maintenance and Business Rates. It was also spending a significant amount of its Reserves maintaining the capital costs of its asset portfolio. A review would need to identify where the Council could reduce the costs of its assets based on demand, level and delivery of services and office accommodation.
- The cost of revenues and benefits was included in the £2.3m and came under the heading of Shared Services.
- Interest and borrowing rates were expected to remain very low for the foreseeable future.
- Should the Council decide to invest in new Capital schemes then there would be the opportunity to borrow.

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

***CAPITAL STRATEGY 2021/22**

FG28/20 Lee Colyer Director of Finance, Policy and Development presented the report that formed part of the Council's policy and strategy documents that provided guidance on the Council's capital programme and the use of its capital resources.

Discussion and responses to Members questions included the following:

- The Capital Strategy had been updated to reflect the emerging Five-Year Plan, also the local Climate Emergency and the national emergency around Covid-19.
- There was no intention included in the report to diminish the Council's responsibility and commitment towards Climate Change. The report sought to make clear the financial reality of the costs of undertaking projects at a time when Council reserves were much depleted.
- When Government commenced cuts to Local Authorities in 2010 there was a move by some Councils to invest in commercial properties, and particularly investments outside their areas. Government had now excluded any loss of rental income from such commercial properties from the sales, fees and charges compensation scheme.
- Borrowing for investment purposes was no longer backed by the Government. However, Local Authorities were still able to invest and to access borrowing from a wide variety of other sources.
- The change in criteria to access the PWLB would have no impact on TWBC's plans. The PWLB would still be available to the Council if it wanted to undertake any redevelopment, repurposing or to deliver economic development or wellbeing benefits for the Borough.

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

***TREASURY MANAGEMENT POLICY AND STRATEGY**

FG29/20 Lee Colyer, Director of Finance, Policy and Development introduced the report that formed part of the Council's financial management arrangements that ensured a framework for decisions was in place.

Discussion and responses to Members questions included the following:

- There were two main changes from last year. The authorised limit for external debt had been reduced back to £20m and the further reduction to interest rates from the PWLB.
- The Council invested in whole sale money markets and would take action should there be a risk of moving into negative interest.
- In addition, the Council's contract with Lloyds Bank included certain protections.
- Most organisations avoided retendering their banking contracts. However, TWBC went out to tender about 7-8 years ago and was able to successfully negotiate a much better deal.

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

GRANT OF LEASE FROM TWBC TO TWPH LTD - PACKS IN THE WOOD

FG30/20 John Antoniadis, Estates Manager introduced the report that recommended the grant of a lease for Packs in the Wood to Tunbridge Wells Property Holdings Ltd from TWBC.

Discussion and questions from Members included the following:

- To date 19 residential units were currently leased to Tunbridge Wells Property Holdings Ltd (TWPH Limited).
- The report recommended that Packs in the Wood be added to the list.
- The building was currently being refurbished, with the work due to finish in the second week in February.
- Subject to approval by Cabinet, TWBC would then grant the lease to TWPH Limited. Although difficult to be precise, TWBC would hope to secure a tenant within 3-6 weeks of it being advertised.
- TWPH Limited gave the Council more flexibility in dealing with its property portfolio including being able to take advantage of Assured Shorthold Tenancies (ASTs) which optimised the open market rent that the Council could obtain.
- The Council constantly looked for opportunities to transfer suitable properties to TWPH Limited. However it still retained a proportion of its residential stock to use for emergency housing etc. Regulated tenancies were not suitable for transfer into TWPH Limited.
- The Council would not be loaning TWPH Limited any money in relation to this lease.
- There was no right to buy provision for properties held by TWPH Ltd.

A recorded vote was requested:

Members who voted in favour of the recommendations: Councillors Dawlings (Chairman), Scott (Vice Chairman), Holden, Simmons, Reilly, Stanyer, Chapelard, Hickey, Hayward (9).

Members who voted against the recommendations: None

Members who abstained: Councillor Everitt (1).

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

GRANT OF LEASE TO ENABLE FUNDING - BAYHAM SPORTS PITCHES

FG31/20 Max Horgan, Estates Surveyor introduced the report that sought approval for the letting of the land at Bayham Road.

Discussion and responses to Members questions included the following:

- Tunbridge Wells Foresters Football Club had approached TWBC with a request for a 25 year lease for the Bayham Sport Pitches site.
- The football club currently hired these football pitches on an ad hoc basis.
- The Bayham Sports site was in need of refurbishment and improvements including, changing facilities and drainage.
- The lease could include a break clause provision that would allow say a 6 month notice period by either party should there be a change in circumstances.

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

***ASSET MANAGEMENT REPORT 2020/2021**

FG32/20 John Antoniadis, Estates Manager introduced the report that provided a management strategy for the Council's property assets for 2021/22.

Discussion and responses to Members questions included the following:

- The Asset Management Plan was currently out to public consultation.
- The consultation period ended on 22 January 2021.
- The figures would be subject to minor amendment until Cabinet on 4 February 2021. In particular, sales listed on page 155 of the report were projected so whilst Hornbeam had been sold, the land at Sychem Lane was scheduled to complete this financial year, but had not yet completed.
- Once the Amelia Scott project had been completed the Council would need to undertake a complete revaluation.
- The Council, under no circumstances would look to sell assets no matter their worth ('Fire Sell'). The disposal of any asset would have to go through due process. The Council was not allowed to sell any asset below its value.
- The maintenance cost for the Tunbridge Wells Sports Centres had been reviewed recently. The Council had been careful to identify the full cost of any potential liabilities should there be any changes to the

current contract with Fusion.

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

PROPERTY TRANSACTION REPORT JULY TO DECEMBER 2020

FG33/20 John Antoniadis, Estates Manager introduced the report that informed of the property transactions completed under delegated authority for the period 1 July to 31 December 2020.

Discussion and responses to Members questions included the following:

- During the second 6 months of the calendar year the Council had disposed of no property assets.
- 11 new leases and licences were granted creating a net revenue increase of £29,207.45 per annum.
- 5 rent reviews were completed securing a net annual rental increase of £2,870.67.
- A clawback payment of £45,798.66 was secured for Red Oak, Hawkhurst, a site previously sold by TWBC by auction.
- 5 new Assured Shorthold Tenancies were granted.
- Due to the pandemic a number of TWPH Limited AST renewals were placed on hold. These were now being renewed.
- The collection of rents due to Covid-19 had been challenging for the Council. Some of the arrears had now been cleared, the others were under control and being dealt with on a case by case basis.

To note, the matter was decided in taking the exempt information set out in the Agenda as read.

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

URGENT BUSINESS

FG34/20 There was no urgent business.

DATE OF THE NEXT MEETING

FG35/20 The date of the next meeting was scheduled for Tuesday 16 February 2021 at 6:30pm.

NOTES:

The meeting concluded at 8.20 pm.

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