

FINANCE AND GOVERNANCE CABINET ADVISORY BOARD

Tuesday, 12 November 2019

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

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)), John Antoniadis (Estates Manager), Diane Brady (Property, Estates and Development Lead), David Candlin (Head of Economic Development and Property) and Jane Fineman (Head of Finance and Procurement)

Other Members in Attendance: Councillors

APOLOGIES

FG57/19 Apologies were received from Cllr Reilly and Cllr Everitt.

DECLARATIONS OF INTERESTS

FG58/19 There were no disclosable pecuniary or other significant interests declared at the meeting.

NOTIFICATION OF VISITING MEMBERS WISHING TO SPEAK

FG59/19 There were no visiting Members.

MINUTES OF THE MEETING DATED 1 OCTOBER 2019

FG60/19 Members reviewed the minutes. No amendments were proposed.

RESOLVED – That the minutes of the meeting dated 1 October 2019 be approved as a correct record.

WORK PROGRAMME AS AT 31 OCTOBER 2019

FG61/19 Members considered the Work Programme. No amendments were proposed.

RESOLVED – That the work programme as at 31 October 2019 be noted.

FEES AND CHARGES SETTING 2020/21

FG62/19 Jane Fineman, Head of Finance and Procurement introduced this report to agree the fees and charges and agree the timings for the implementation of price increases and included the following:

- The Report set Fees and Charges for 2020/21 and delivery of a budgetary income of £6.5m.
- The Report covered all income streams for products and services, except property rents and licencing income. It also excluded parking fees as these were assumed to remain unchanged next year (except the pay by phone discount).
- It also provided a complete review of forecast sales volume and

usages for 2021 – which created the servicing income budgets for the following year.

- The Medium Term Financial Strategy assumed a 3% increase which was achieved, with a surplus of £234,550 which would help fund Government Grant Reductions and Inflation.
- The number of residents who had signed up to the new garden waste collection service had exceeded expectations. The budget was now set at 20,152 subscribers – the actual number who had signed up at the time of this Report. This was significantly above the anticipated 12,046 last year. This income would be used to mitigate against the expected reduction in the New Homes Bonus.
- Government had indicated they intended to take the income from Land Charge Services, but to date this had not been done and notice would be required if the intention was proceed. Until such time another year of income had been included in the Fees and Charges Budget (approximately £72,000).
- A proposal to reduce the discount to customers who paid by phone at car parks, from 40p to 20p. This was as a result of the administration charge being removed by the new contractor. As such there remained a 20p discount to customers who used this method of payment.

Discussion and responses to members questions included the following matters:

- The level of the Camden Centre occupancy would be forwarded following the meeting.
- The 20p did appear to be an incentive to pay electronically. The take up of the pay by phone had been good, currently at 39% (from 33% in 2018).
- If the lower incentive amount made no difference to the take up rate, there might be a case to remove the discount altogether. Too early to make that decision now, but it might be something to consider at a later date.
- It was hoped that by the end of next year it would be possible to make credit card payments at all car parks. If the evidence suggested that this was the preferred method of payment, it might be appropriate to remove the 20p incentive for phone payments.
- The aim ultimately was to provide sufficient alternative methods of payments thereby discouraging and reducing cash payments.
- To make it clearer for the customer, Cremation charges that had previously been priced individually, were now packaged together. This meant the percentage increase from last year looked high. This was not the case. If the same price packaging had been applied to last years fees, the increase would show as significantly lower.
- It was confirmed that the cost of £52 remained for the new Garden Waste bin, but as the take up was now over 20,000 (compared with the 12,000 that was previously anticipated) that accounted for the increase in the total income – it was not the price increase, it was the overall budget increase.
- A cardboard urn was part of the crematorium package and was therefore included in the total package price.

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

PERFORMANCE SUMMARY: QUARTER 2

FG63/19 Lee Colyer, Director of Finance, Policy and Development introduced this report that summarised the performance of the Council's priority projects and service delivery over Quarter 2. It also identified areas of under-performance and actions to resolve this, and included the following:

- The Report covered the period 1 July to 30 September 2019.
- The Report identified a number of targets that were underperforming and included explanations and measures to correct.
- Waste indicators from Kent CC had been difficult to obtain, and to date only Quarter 1 figures had been received. The target for kilogrammes of residual household waste, per household for Quarter 1 was 127 and the value was 114. The target percentage of household waste being reused/recycling/composting for Quarter 1 was 48%, TWBC had achieved 50%.
- TWBC would no longer be reporting on the percentage of people in receipt of Job Seekers Allowance, due to the introduction of Universal Credit.
- A number of projects were now showing as Red or Amber, but to note, the Report was accurate as at 30 September 2019.

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

COMPLAINTS SUMMARY: QUARTER 1 AND 2

FG64/19 Lee Colyer, Director of Finance, Policy and Development introduced this report that provided an overview of the complaints received by Tunbridge Wells Borough Council and included the following:

- This was a routine report that covered the first 6 months of 2019.
- There had been an increase in the number of complaints compared to the previous 6 months, but not significantly different from this period last year.
- The percentage of complaints that had progressed from Stage 1 to Stage 2 had gone down to 9% which indicated that most complaints had been satisfactorily resolved at the first stage of the complaints process.
- 58% of complaints at Stage 1 had been answered within the agreed timeframe of 15 working days from receipt. This was significantly lower than the target of 90%.
- 80% of complaints at Stage 2 had been answered within the agreed timeframe of 20 working days, but it still missed the 90% target.
- Mitigating factors for not reaching the 90% target (at Stage 1), included delays in the receipt of responses from the responsible services, particularly the Waste and Street Scene who were dealing with a higher volume of complaints than anticipated.

Discussion and responses to member questions included the following matters:

- The increase in complaints related to the period from 30 March 2019 to the end of September 2019 when the new waste supplier ran a

parallel service using the same routes and logistics – the complaints related to this period when the new crews were familiarising themselves with the new routes.

- To note, a significant increase in the number of complaints were expected following the introduction of the new service.
- This was the first change to the provision of waste and recycling in 25 years and it was still in the early stages, so whilst some logistical issues were to be expected, the number of issues were far greater than TWBC and the contractor had hoped for. An action plan had been created and further details would be reported at Quarter 3.

Resolved – That the Cabinet notes the position on complaints performance for the period 1 April – 30 September 2019.

REVENUE MANAGEMENT REPORT: QUARTER 2

FG65/19 Jane Fineman, Head of Finance and Procurement introduced this Report that showed the actual expenditure on services for the period ending 30 September 2019 and the forecast outturn position, including variances from the revised annual budget and included the following:

- The actual expenditure to 30 September 2019 was £7.275m, £39,000 less than budget. However the forecast outturn for the year was currently £98,000 over budget.
- The main movements were a £87,000 forecast reduction in staff costs, £55,000 from planning and £32,000 from finance.
- The income from cremations was much lower than budgeted. This meant that income was now forecast to be £120,000 below budget by year end.
- A reduction in car parking income of £60,000 was now forecast. Parking income in Royal Victoria Place and Crescent Road were both below budget. As season ticket income at Crescent Road (season tickets were not available at Royal Victoria Place) was on budget, this suggested it was shopper and visitor numbers that had declined.
- Income from Fixed Penalty Notices for littering and dog fouling was forecast to be £82,000 under budget – this was as a result of the contractor terminating their contract. The income loss was mitigated in part by a reduction in the cost of the contract – a total of £49,000.
- The Council had now set up its own enforcement service for littering and dog fouling.
- Earmarked reserves were forecast to be £10.6m by the end of the year. With total reserves of £19.7m.
- The Capital Programme was not quite fully funded, being £284,000 under. It was suggested the projects might be rescheduled into future years and income from the sale of assets could be used to finance projects and bridge the funding gap.
- It was noted that the reserves did not include the impact of the cessation of the Calverley Square development, this would be presented in the Quarter 3 accounts.
- Included in the Report was a request for Cabinet to approve the Write Off of £11,943 of Housing Loans. To assist in the prevention of Homelessness the Council gave interest free loans to pay for rental deposits. The Council would then collect the loans at a later date – however this was not always possible.

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

CAPITAL MANAGEMENT REPORT: QUARTER 2

FG66/19 Jane Fineman, Head of Finance and Procurement introduced this Report that summarised the actual and forecast outturn expenditure on capital schemes to 30 September 2019 and included the following:

- Cabinet had previously approved Capital Expenditure of £22.681m for 2019/20.
- Since this approval £1.244m of Projects had been rescheduled from 2018/19 to 2019/20 and approvals of £28,000 were made in Quarter 1. £1.7m of expenditure was requested in this report for 2019/20.
- In addition the following allocations had been made:
 - o £769,000 for beam and concrete repairs to the Royal Victoria Place car park;
 - o £520,000 for the purchase of Tonbridge and Malling Waste Bins and Food Caddies (with the entire cost to be recharged back to Tonbridge and Malling);
 - o £200,000 to deliver interest free loans to lower income families and landlords for better energy efficiency. The loans would be repaid when the property was sold.
 - o £80,000 for CCTV to be installed in the Crescent Road, Great Hall and Torrington Road car parks; and
 - o £56,000 for a new Crematorium Management Software Package.
- The Report also requested that £4.8m be rescheduled from 2019/20 to 2020/21.
- In addition the following proposed expenditure had been deferred:
 - o £2.962m for the Crescent Road car park extension;
 - o £1m for sports sites acquisitions;
 - o £588,000 for the building of the Benhall Mill Depot;
 - o £120,000 for the Assembly Hall Fire Escape; and
 - o £44,000 for the resurfacing of the West Station Coach Park
- The Report also included an additional £1.593m in the budget for 2021 that was approved by Cabinet for the Amelia Scott Development.
- To note that the forecast outturn in the Report still included the Calverley Square project as the decision to stop the scheme was taken after 30 September 2019.
- Subject to approval, the total forecast capital spend for 2019/20 would be £20.866m.

Discussion and responses to the member questions included the following:

- A decision on the extension of the Crescent Road car park was due to be submitted to Cabinet in due course, but as no decision had yet been taken the allocated funding would remain in the Capital Plan.

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

TREASURY AND PRUDENTIAL INDICATOR MANAGEMENT REPORT: QUARTER 2

FG67/19 Jane Fineman, Head of Finance and Procurement introduced this Report that monitored compliance with the Treasury Management Policy and Strategy for the period 1 April to 30 September 2019 and included the following:

- The projected interest from investments and bank interests for 2019/20 was forecast to be £687,000 – the same as the approved budget.
- The Bank of England interest rate remained at 0.75% and there was not expected to be another rise until late 2020.
- The outstanding Public Works Loan Board (PWLB) loan was £2m as at 30 September 2019. A further £1m was due to be repaid in January 2020. The interest on this borrowing would be £50,000 this financial year.
- In October 2019 PWLB announced the rate of interest offered to Local Authorities would rise by 1% with immediate effect.
- Borrowing from PWLB had increased significantly in recent years. Government decided to restore interest rates to the level available in 2018 in order to dampen demand. But the change only applied to new loans so did not affect the Council's current borrowing rate.
- The Property Fund continued to do well with 5.18% received in dividends.
- There was an overall gain on investment of £1.775m.

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

DRAFT BUDGET 2020/21 AND MEDIUM TERM FINANCIAL STRATEGY UPDATE

FG68/19 Lee Colyer, Director of Finance, Policy and Development introduced this Report that outlined the assumptions that have been built into the draft budget for 2020/21 and included the following:

- This was the 3rd Report in the process of setting the budget.
- Since the last Report the Ministry Housing, Communities and Local Government (MHCLG) had issued a technical consultation in advance of the provisional settlement.
- New Homes Bonus – Any new allocation for next financial year would not result in legacy payments. This was a complete change in how the system used to work. Of more concern was the Government's intention to review this scheme and explore the most effective way to incentivise housing growth – this suggested that the Government were minded to bring the scheme to an end. It was therefore prudent to suggest the Council remove its reliance on the New Homes Bonus within its base budget where it could afford to do so. Any New Homes Bonus that the Council received could then be placed into the reserves to help fund the Capital Programme.
- 2019/20 the Council received 4 years of New Homes Bonus allocation, a total of £1.1m. £921,000 was used in the base budget, the remaining £222,000 was put in reserves.
- The New Homes Bonus had not worked for TWBC having received only £9m (Tonbridge and Malling received £23m).
- Central Government continued to restrict the ability for Local Councillors to take decisions on the level of Council Tax needed. The £5 deminimis limit introduced in 2015 had not changed. This was at

- odds with the Policy Authority who in 2018/19 raised theirs to £12 and to £24 in 2019/20. Details of the cap would not be known until the provisional Local Government Settlement was announced.
- Following concerns from Local Government that the Settlement was not received in time to plan for future expenditure, Central Government commissioned The Hudson Review to look into this issue. The Report had one main recommendation – to provide Local Councils with their settlement by 5 December each year. The Council was notified last week by MHCLG that this deadline would not be met and no date could be given for the provisional settlement due to the impending General Election.
 - The Budget for 2019 was due to take place on 6 November – but had been cancelled with no future date announced.
 - This meant there would be no context or national data that would help plan TWBC's budget.
 - Economic data for Tunbridge Wells was available, in summary:
 - o The Borough had the highest level of gross disposal household income in Kent.
 - o The highest earnings in Kent lived within the Borough of Tunbridge Wells.
 - o The unemployment rate for the Borough was 1.4% as at the end of September 2019 – significantly lower than the Kent and National average.
 - o There were 7,000 businesses registered for VAT in the Borough.
 - o The percentage of employees in the Knowledge Economy was 23.5% - second only to Sevenoaks.
 - o The 3 year new business survival rate was 62%.
 - o The Borough also had the highest level of NVQ level 4 or above at 50%.
 - The Council would continue to partake in the Kent Business Rate Pool.
 - The Report included a breakdown of the draft Budget for next year.
 - The biggest cost increases included:
 - o Employment costs, including a manager for the Amelia.
 - o An increase in the demand for temporary accommodation where the use of private rental properties had been required to fulfil the Councils homelessness obligations.
 - o An additional subsidy was included for the Assembly Hall.
 - o The payment of Business Rates on all Council owned property.
 - o An increase in Grounds maintenance costs and utility costs.
 - Income streams included:
 - o An increase in car parking revenue due to the Great Hall car park remaining in operation for the whole of next year.
 - o An assumption that Council Tax next year would increase by £5.
 - o Garden waste income of just over £1m.
 - o The cessation of the Calverley Square scheme meant that saving that had been put aside would be put back into the base budget.
 - The 4 year Capital Programme would be rolled over for another year and was broken down into 2 parts:
 - o A List – Health and Safety related, Revenue or Capital Income Stream Protection.
 - o B List – Civic Site Initial Essential Works.
 - Consultation remained important, with every household to receive

details of last years accounts and opportunity to participate in the setting of the budget for next year. There would be an online survey which would be placed on the Council's website – the closing date for the consultation would be 17 January 2020.

- A level of uncertainty remained and further work would be needed in order to deliver a balanced budget in February 2020.

Discussion and responses to member questions included the following matters:

- The target to remove the Council's liability to New Homes Bonus in one year was ambitious and therefore not possible to guarantee at this time.
- Due to the lower amount received by the Council should make it easier to reduce its reliance. Council's in receipt of larger amounts would find it more difficult.
- The works associated with Civic Site would be reviewed as and when the Council decided on next steps. The funding identified was in recognition that the site would be in the Council's ownership for at least the next couple of years.

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

CALCULATION OF COUNCIL TAX BASE

FG69/19 Lee Colyer, Director of Finance, Policy and Development gave a verbal update on where the Council was in relation to setting Council Tax for next year and included the following:

- On 1 December the Council would calculate the tax base – which was the number of chargeable dwellings for Council Tax purposes within the Borough, taking into account any reliefs or discounts and then grouped into the various bandings.
- A Council Tax base increase, i.e. more households liable for Council Tax payment, resulted in reducing the financial burden on the Council.
- The Council assumed an increase in 1% per year, due in part to an increase in the number of planning applications approved and therefore an increase in the number of households liable for Council Tax payment. This was then adjusted to take account of single person discount and other Council Tax support/relief.
- The Report that would seek approval for the tax base methodology would be available at the next Cabinet meeting on 5 December 2019.

RESOLVED – The verbal update be noted.

DRAFT ASSET MANAGEMENT PLAN 2020/21

FG70/19 John Antoniadis, Estate Manager introduced this Report that provided a management strategy for the Council's property assets and included the following:

- The Draft Plan detailed the principles, procedures and mechanisms to be adopted to effectively manage the Property Management Portfolio.
- It summarised the value and composition of the current portfolio.

- It identified the main ambitions for 2020/21.
- The Draft was produced in October 2019 so would change as the year progressed.
- As at 31 March 2019, the portfolio was valued at £106.77m.
- Lease renewals, rent reviews and new lettings had increased the value by approximately £39k.
- In addition, annual rental had increased to £5.25k per annum.
- The planned maintenance works for 2019/20 would have completed to the value of £600k.
- Capital projects for 2019/20 had been progressed or completed to the value of £600k.
- £495k in Capital receipts had been received following the disposal of surplus land and assets in 2019/20.
- The Draft Plan included a figure of £675k for the sale of a property which was anticipated to take place in the next couple of weeks.
- Surveys were being completed on the properties which would then be fed into the Ten Year Maintenance Plan. This would be included as part of the Draft Plan.
- Subject to approval, next steps would be for the public consultation to take place.

Discussion and responses to member questions included the following:

- The list of assets changed and deals were progressed (this would include the outcome of auctions being held in December 2019 and February 2020).
- With reference to the Council's work on Climate Change, as projects were progressed there would be liaison with the Environment Officer to ensure they reflect the Council's policy and current thinking on this issue.

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

URGENT BUSINESS

FG71/19 There was no urgent business.

DATE OF THE NEXT MEETING

FG72/19 The date of the next meeting was scheduled for Tuesday 14 January 2020 at 6:30pm.

NOTES:

The meeting concluded at 7.30 pm.

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