

FINANCE AND GOVERNANCE CABINET ADVISORY BOARD

Tuesday, 18 February 2020

Present: Councillor Tom Dawlings (Chairman)

Councillors Scott (Vice-Chairman), Everitt, Hayward, Hickey, Mrs Soyke and Holden

Officers in Attendance: Caroline Britt (Democratic Services Officer), Jane Fineman (Head of Finance and Procurement) and Jane Clarke (Head of Policy and Governance)

Other Members in Attendance: Councillors

APOLOGIES

FG88/19 Apologies were received from Councillor Chapelard, Horwood and Reilly.

DECLARATIONS OF INTERESTS

FG89/19 There were no disclosable pecuniary or other significant interests declared at the meeting.

NOTIFICATION OF VISITING MEMBERS WISHING TO SPEAK

FG90/19 There were no visiting Members.

MINUTES OF THE MEETING DATED 14 JANUARY 2020

FG91/19 Members reviewed the minutes. No amendments were proposed.

RESOLVED – That the minutes of the meeting dated 14 January 2020 be approved as a correct record.

FORWARD PLAN AS AT 7 FEBRUARY 2020

FG92/19 Members considered the Forward Plan. No amendments were proposed.

RESOLVED – That the Forward Plan as at 7 February 2020 be noted.

CAPITAL MANAGEMENT REPORT: QUARTER 3

FG93/19 Jane Fineman, Head of Finance, Procurement and Parking introduced the report that summarised the actual and forecast outturn expenditure on capital schemes as at 31 December 2019.

Discussion and responses to Members questions included the following matters:

- Cabinet originally approved capital expenditure of £22.7m for 2019/20.
- Since then £1.244m of projects had been rescheduled from 2018/19 into 2019/20. £4.797m had been rescheduled from 2019/20 into 2020/21, and approval and deletions of £1.7m had been made in Quarters 1 and 2.
- Quarter 3 report now requested a further £6.825m reduction in spend and a further rescheduling of £6.6m into future years. This would reduce the forecast outturn to £7.439m.
- £4.149m would have to be financed from reserves.

- A decrease of £80m, the total sum of the Calverley Square scheme of which £7.026m was scheduled to be spent in 2019/20.
- The main projects rescheduled from 2019/20 into 2020/21 included £5.15m for the Amelia Scott, £769,000 for the Council's contribution towards the RVP refurbishment and £304,000 of Disabled Facilities Grants.
- A new approval of £400,000 was requested for a contribution towards the Cranbrook Community Hub.
- £1.187m of new budgets for 2020-2022 had already been approved by Cabinet, but was now seeking approval into the Capital Programme.
- To note, two pieces of land were sold for a total of £1.17m.
- The Housing Renewal Grants was a reserve that helped Landlords bring properties up to spec to enable them to be rented out. The variations in sums approved depended on the number of suitable requests for the grant and the availability of resources to assess the properties involved.
- TWBC sought to look as far ahead as possible when allocating S106 money. It was very rare to give any developer funding back.
- An affordable housing project in Hawkhurst was already included in the Capital Plan.
- Clarification was sought on the Summary of Expenditure as detailed in Appendix D and in particular the £680,000 from the Public Works Loan Board Loan.

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

TREASURY AND PRUDENTIAL INDICATOR MANAGEMENT REPORT: QUARTER 3

FG94/19 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 as required by the Treasury Management Policy and Strategy for the period 1 April to 31 December 2019.

Discussion and responses to Members questions included the following matters:

- The projected interest from investments and bank interest for 2019/20 was now £729,000 which was an improvement to the budget of £42,000. This was due in part to more funds being available for investment resulting from the rescheduling of the Capital Programme. In addition, the interest from the Property Fund was higher than budgeted.
- The initial £9m invested in the Property Fund was now worth £10.72m.
- As at the end of December 2019, £2m of the outstanding loan from the Public Works Loan Board (PWLB) remained. A further £1m was repaid at the end of January 2020. By the end of the financial year £1m would remain, payment of which would be made in July 2020.
- The Public Works Loan Board loan that was taken out was different from the numbers included in the Capital Management Report. These figures were notional, the money had not been borrowed. The only money that had actually been borrowed was that referred to in this report. Further clarification was requested which would be sent by email following the meeting.

- It was noted that the Council was currently sitting on a large amount of cash. Approximately half of this was the Council's own reserves. A large amount was sitting in the S106 monies. As previously mentioned, as at the end of December 2019 there was £2m owing to the PWLB. In addition, some was cash flow from money received for Business Rates and Council Tax.
- At the beginning of the year, the Council agreed a precept payment schedule which was then paid to Kent CC, Fire Authority and the Police.
- There was a separate Collection Fund where cash could be invested and interest made. Surpluses in this Fund could take up to 18 months to be reallocated which resulted in fluctuations in the amount of cash the Council had available.
- Allocation of S106 money was completely dependent on the agreement made. The agreement would specify what the money could be spent on. Other agreements might also specify where the money could be spent.

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

REVENUE MANAGEMENT REPORT: QUARTER 3

FG95/19 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 31 December 2019.

Discussion and responses to Members questions included the following matters:

- Actual revenue expenditure to 31 December 2019 was £9.3m. This was £77,000 less than was forecast. However the forecast outturn for the year was £25,000 over budget.
- The main movements were a forecast reduction in staff costs of £343,000, a net reduction in the Assembly Hall income of £150,000 and a further reduction in car parking income from the RVP, Meadow Road and Crescent Road car parks of £200,000. Staff cost savings of £80,000, £80,000 of compensation from the Union House car park and £70,000 increase in penalty charge notices offset some of these costs.
- It was anticipated that by year end £25,000 of savings would be found to bring it back to budget.
- The other main movement in expenditure was the unwinding of the Calverley Square project.
- The Council's total reserves were £17.2m. This compared with the £19.2m at the end of Quarter 2.
- The report requested approval to issue fines for a breach in householder duty. The proposed charge would be £400, the maximum allowed under current legislation. In addition the approval of debts to be written off.
- In accounting terms, because the Calverley Square project was no longer going ahead, the value was shown as zero.
- The Pension Reserve was created from the savings made through paying Pensions to Kent CC in advance. TWBC overpaid by approximately £2.1m and agreed that it would be paid back to the Council before the reserve was closed, to be then transferred back

into the general fund for use by the Council. The money had now been used rather than transferred back into the general fund.

- Clarification was requested on the £750,000 gross missed forecast on Assembly Hall revenue. It was agreed that further detail would be sent by email following the meeting.
- The estimated final expenditure figure for the Calverley Square project was confirmed to be as close as possible to the final figure. There were only very minor expenses still to be included. Another report would be submitted at the end of the financial year which would give a further update.

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

PERFORMANCE SUMMARY QUARTER 3

FG96/19 Jane Clarke, Head of Policy and Governance introduced the report that summarised the performance of the Council's priority projects and service delivery for the period 1 October to 31 December 2019.

Discussion and responses to Members questions included the following comments:

- For the 10 priority projects, 6 were green status, 3 were amber, with the remaining project on hold.
- A verbal update was given on the Local Plan. A consultation process had been undertaken on the draft Local Plan with over 2,000 individual responses received. This amounted to over 8,000 comments on the different elements contained within the Plan. The comments had now been uploaded onto the TWBC website. The comments were now being reviewed, but given the number received it would take some time to consider them fully. This might extend the timeframe for when the pre-submission Local Plan was due to be published. If this were the case a revised scheme would be published and an update provided.
- The next step was to publish the pre-submission Local Plan and to undertake a Regulation 19 consultation.
- For the 25 service performance indicators currently being collected, 14 were performing as expected, 6 were under-performing, with data unavailable for the remaining 5.
- Missing information that related to Waste and Street scene was a matter for Kent County Council. TWBC continued to request the data from Kent County Council and as soon as an update was received, the information would be disseminated.
- Recruitment of staff particularly in the professional grades such as planning and finance continued to be challenging. The Council were exploring other methods of advertising to try and tackle this. In addition there was a provision to add a market supplement to a salary to make it more attractive. There was a national shortage of Planning Officers, the market was therefore very competitive, combined with the upturn in housebuilding the private sector was winning the race at the moment.
- The introduction of the new Homelessness Reduction Act included the provision that anyone who presented as possibly homeless, the Council was required to produce an action plan and as such were

counted as homeless from this point. The indicator now needed to be updated to reflect the new duty under the Act.

- Absence due to sickness was higher in this quarter than in previous quarters. This was significant for TWBC but benchmarked against other authorities, it was at a similar level.
- The process for major planning applications was underperforming for Quarter 3, but as there had only been two applications received in the quarter, it was easy for this indicator to fall into underperformance.
- The processing of other planning applications had underperformed in every quarter this year, which was representative of the lack of resources to undertake the work.
- The service performance indicator that related to Job Seekers Allowance would need to be revised once the full roll out of Universal Credit had taken place.

RESOLVED – That the report be noted.

PROCUREMENT STRATEGY 2020-2023

FG97/19 Jane Fineman, Head of Finance, Procurement and Parking introduced the report that outlined the Council's approach and vision to procurement and to seek approval for the publication and implementation of a new Procurement Strategy for the period 2020-2023.

Discussion and responses to Members questions included the following matters:

- The current strategy was published in 2014 and now needed to be updated.
- The draft strategy had been available for some time, but many of the procurement regulations were driven by EU Regulations, as such had been put on hold subject to the impact of Brexit.
- It had now been established that any short to medium term changes were likely to be minimal. The Council were now in a position to move forward.
- The strategy would be set for 3 years, after which the Council would carry out a review.
- Publication was proposed for March 2020.
- The information received from the Chartered Institute of Procurement and current legal advice was that the procurement process would remain the same. Details of any new process and a timeframe for implementation were as yet unknown.
- The remit of the procurement team was to ensure the contract was compliant and a procurement process was in place. Contract management was undertaken by another part of the Council. The Operational Manager was responsible for managing the contract.
- The contract process was fully compliant with monitoring processes in place. A Mid Kent Audit Services Report looked at the contract management side and found that there was areas that could be improved. TWBC were now looking at possible solutions, one of which might be to give that responsibility to the procurement team.
- A Member suggested that they felt there was a lack of provision for dealing with under performing contractors. In addition, a lack of measures in place that would allow a contract to be terminated early and to provide replacement services should this happen.
- A report was due shortly that would detail the first year of the new

Waste contract. The Council could be vulnerable should a contractor underperform and this perhaps needed to be looked at further.

- 'Step-in' rights existed where another contractor could be brought in where the existing contractor was underperforming. If not already included, the Council should consider including this when contracts were let.

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

SOCIAL VALUE POLICY

FG98/19 Jane Fineman, Head of Finance, Procurement and Parking introduced the report that sought approval to publish and implement the Social Value Policy.

Discussion and responses from Members included the following matters:

- The Social Value Policy was an integral part of the Procurement Strategy and would ensure compliance with the Public Services Social Value Act 2012.
- There was no statutory duty to be compliant with the Act but that it should be considered as part of the procurement process.
- The Policy had been more difficult to bring forward than had been anticipated hence the delay in being in a position to publish.
- A review of the Social Value Policy was not included in the report as it was still in the early stages. However, it was likely that it would be looked at in conjunction with the Procurement Strategy.

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

URGENT BUSINESS

FG99/19 There was no urgent business.

DATE OF THE NEXT MEETING

FG100/19 The date of the next meeting was scheduled for Tuesday 24 March 2020 at 6:30pm.

NOTES:

The meeting concluded at 8.10 pm.

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