

## TUNBRIDGE WELLS BOROUGH COUNCIL

### FINANCE AND GOVERNANCE CABINET ADVISORY BOARD

MINUTES of the meeting held at the Council Chamber, Town Hall, Royal Tunbridge Wells, TN1 1RS, at 6.30 pm on Tuesday, 6 June 2023

#### Present:

**Councillors Sankey (Vice-Chair), Dawlings, Ellis, Francis, Knight, McMillan, Moon and Osborne**

**Officers in Attendance:** Lee Colyer (Director of Finance, Policy and Development (Section 151 Officer)), Jane Fineman (Head of Finance and Procurement) and Caroline Britt (Senior Democratic Services Officer)

#### APOLOGIES

FG1/23 Apologies were received from Councillors Hall and Holden. Councillor Goodship was not present.

#### DECLARATIONS OF INTERESTS

FG2/23 There were no disclosable or other significant interests declared at the meeting.

#### NOTIFICATION OF PERSONS WISHING TO SPEAK

FG3/23 There were no visiting persons registered to speak.

#### MINUTES OF THE MEETING DATED 11 APRIL 2023

FG4/23 No amendments were proposed.

**RESOLVED** – That the minutes of the meeting dated 11 April 2023 be approved as a correct record.

#### FORWARD PLAN AS AT 23 MAY 2023

FG5/23 No amendments were proposed.

**RESOLVED** – That the Forward Plan as at 23 May 2023 be noted.

#### REVENUE MANAGEMENT QUARTER 4

FG6/23 Jane Fineman, Head of Finance, Procurement and Parking introduced the report set out in the agenda.

Discussion and questions from Members included the following:

- The Finance Team were congratulated for finalising the Council's accounts by the end of May 2023.
- The introduction of the new Fees and Charges were staged and took effect towards the end of the last financial year. They generated about £300k more than had originally been projected.
- The budget deficit of £943k was based on the assumption that the 48

- vacancies in the Council were filled.
- The Council were mindful that staff vacancies needed to be filled. It was hoped the People's Strategy, when published, would help achieve this. The Council continued to advertise but at the moment it was struggling to make any significant headway in trying to reduce the number of vacant posts.
  - The People's Strategy would be one of the Council's core policy documents so would need to go through the usual approval process. It was hoped that it would be adopted by February 2024.
  - There was no guarantee that the vacancies would be filled in the next 12 months. If the vacancies were not filled, the money saved would cancel out the deficit.
  - However, this was not a healthy position for the Council. The Council were reliant on its staff to continue delivering the services but the current shortfall meant the position would soon become unsustainable.
  - The level of service that the Council needed to deliver to its residents was starting to suffer. Experienced staff had left and new staff required training. Staff sickness had also risen.
  - The budget included a vacancy factor which accounted for the turnover of staff. In 2022/23 it was £260k, for 2023/24 it would be £340k. An increase of £80k as the Council recognised the problems it was having in recruiting staff.
  - The savings over 2022/23 due to staff vacancies was £1m. If you subtracted the additional £80k and then divided the balance by four, you would have a figure of £230k which the Council could then contribute towards the £944k deficit.
  - At quarter one of 2023/24 the Council would be in a position to start projecting for the year ahead.
  - It was noted that there was quite a large jump at year end from where the Council thought it would be at Quarter 3 and where the Council ended up in Quarter 4. The biggest jump was in staff costs as department managers continued to be hopeful they would be able to fill vacancies.
  - The aim was to be able to find staff so the Council didn't have a £1m variance for staff costs next year.
  - An alternative would be for the Council to start to use agency staff. But this was expensive.
  - The Local Plan was difficult to budget for. The Council didn't budget for the Local Plan on a year by year basis. It was usually funded from Reserves. Because of a number of issues the £1m set aside for the Local Plan wasn't taken from Reserves last year. It was expected the £1m would be needed this year.
  - In terms of staffing, all Heads of Service had a plan to deliver their service and had the freedom to utilise their budget either by direct recruitment or the use of agency staff.
  - There were different issues that affected different departments. Heads of Service would work with HR to establish how best to tap into any particular market depending on the expertise required e.g. Planning or Finance.
  - The People's Strategy would set out how the Council could recruit and retain staff and to look at what services the Council was trying to deliver.
  - It might be the case that the Council was not best placed to deliver some of the services, but it would be for Cabinet Members, alongside Heads of Service to balance the services that had to be delivered

against the budget available. This was all part of the process when setting the budget.

- It was very difficult to forecast forward. Funding from Central Government was provided on an annual basis. In addition there were a number of variables that go into the Council's Business Rate growth. The Council had to then factor in issues that were completely outside their control e.g. Covid.
- The budget was put together with the information available at that time. The quarterly monitoring reports allowed the Council to provide an update during the year. So any movements could then be forecast.
- The Council also tried to make use of market intelligence e.g. information from the Bank of England – however, recently, national forecasts had been unreliable which had compounded the Council's ability to accurately forward forecast.
- Based on the information available at the time, it was fair and reasonable for Cabinet to take appropriate action to ensure the budget balanced by the end of the year.
- The Chief Executive as Head of Paid Services and the Head of Human Resources would be responsible for delivering the People's Strategy.
- The list of all current vacancies was listed in Appendix G.
- If overtime was paid, it was paid in single time. Otherwise, the Council offered flexible working which allowed staff to manage their time, taking account of any additional hours worked.
- There was no requirement for staff to work within a certain distance from the Town Hall.
- It was not possible to know in advance whether the Council would generate Business Rate growth. It was difficult to predict and reliant on a number factors. It was not just Business Rate growth, it was net growth above the baseline. The Valuation Office set the rateable value, and the Council collected on the basis of that value. However, if a business was successful on appeal, that would net down the Council's growth.
- The Council was very susceptible to a number of very large employers who made use of consultants to chase down the rateable value in order to secure a refund.
- Because of the volatility, it was not prudent to assume Business Rate growth money every year.
- Business Rate growth money should in any case not be used as part of the Revenue budget. It shouldn't be used to provide services as to do so would be assuming a level of income that couldn't be guaranteed.
- The correct use for this money was to use it to fund the Capital Programme – and this is what the Council does so as to ensure it had sufficient funding going forward.
- The money received from Business Rate Growth could in theory be used as part of the Revenue budget, but then the Council would not have a Capital Programme.
- The level of appeals currently totalled £13.5m which meant there was a lot of risk. And this was just for refunds, it didn't cover businesses going bust.
- It was agreed that a Members Briefing on Business Rates would be arranged.
- In addition to having a People' Strategy, the Council had a Business Continuity Plan. This came into play during the pandemic where the

- Council were able to divert staff to essential services as necessary.
- With reference to recommendation 2 of the report, car parking charges were increased quite early on to deal with the deficit. Given there was now no deficit, the car parking strategy on charges should be reviewed.
- For clarification, the report showed that the Council did not have a deficit for 2022/23. All Councils would project a deficit going forward because their income streams could only go up by 3% (capped) and expenditure was rising by 10%.
- Last year, only one District Council in Kent didn't have a deficit. The level of funding available was insufficient to meet the level of expenditure. Councils therefore started with a deficit and then during the year, worked towards reducing it by year end.
- Quarter 4 report was historical. To ask Cabinet to consider something for the current year fell outside the scope of this report.
- The cost of using Agency staff should be considered where the needs of the Council to deliver its services outweighed the additional expense.
- It was noted that it was not Cabinet's responsibility to recruit staff, it was the responsibility of the Chief Executive as Head of paid services and HR.

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

#### **CAPITAL MANAGEMENT REPORT QUARTER 4**

FG7/23 Jane Fineman, Head of Finance, Procurement and Parking introduced the report set out in the agenda.

Since the publication of the agenda, the Committee were asked to take into account some additional information, including approval of 3 additional recommendations to Cabinet.

- Since the report was prepared, the Council had been offered the opportunity to bid for some additional funding from the Homes for Ukraine Grant held by KCC and the European Housing Fund applied for by KCC, upon which they were still awaiting approval. If the Council was successful, Cabinet would need to approve certain decisions in order to spend the money swiftly, and urgent progression was a condition of the grant.
- The Council would like to bid for £1.403m funding for our proportion of the Local Authorities Housing Fund Scheme to deliver 15 affordable homes in Tunbridge Wells. If successful, then we would no longer need to use our own S106 developer funding and it could be repurposed.
- The Council would also like to bid for £850,000 to refurbish the 4 properties in Crescent Road into 3 or 4 bedroom homes, which could initially be shared by Ukrainian families, but subsequently brought into the Council's housing stock. If successful, the Council would ask for approval to go ahead and refurbish the properties. It had been discussed whether it would be better to divide these properties into smaller units, but as there were already 3 properties in smaller units in the parade, the variety was felt to be more appropriate. The Council also had a shortage of this property size and it would be cheaper, and importantly much quicker, to deliver than smaller units.

- Thirdly, the Council would like to bid for £800,000 to purchase a 4/5 bed property, which again, 2 Ukrainian families would share. Again, this would be brought back into the Council's housing stock once no longer needed by Ukrainian guests. Affordable larger homes were in very short supply in the Borough and housing were recommending that this was the main area of housing shortage they experienced. If successful the Council would like approval to move to purchase a property.
- Subject to agreement by the Committee, 3 recommendations would be added to the report that would be put forward to Cabinet as follows:
  - o That if granted £1.403m KCC funding for the Council's proportion of the Local Authorities Housing Fund Scheme to deliver 15 affordable homes in Tunbridge Wells, Finance and Governance recommends that the grant money be spent on the scheme and that the allocated S106 money should be repurposed.
  - o That if KCC grants £850,000 to refurbish the 4 Crescent Road properties into 3 or 4 bedroom houses, Finance and Governance recommends to Cabinet that the grant should be spent as such and the refurbishment should be completed.
  - o That if KCC grants £800,000 to purchase a 4 or 5 bed roomed house in the Borough, Finance and Governance recommends to Cabinet that the grant should be spent as such and a property purchase should be undertaken.

Discussion and questions from Members included the following:

- The report was forward looking with capital expenditure being rolled forward to the new financial year. This was different to the Revenue report which was historic.
- The report provided details of available S106 developer contributions, with £948,000 as having been approved. The additional £1.403m identified as part of the Local Authority Housing Fund Scheme now needed to be approved by the Committee and Cabinet in order for it to be included into the Capital Programme.
- The Local Authority Housing Scheme report went to Cabinet on 14 March 2023. Cabinet approved the recommendations included in the report. Those recommendations included the provision of £1.403m of S106 developer contributions to be used as the Council's contribution to the scheme.
- The Capital Report recognised that an approval had been given and the money now needed to be drawn into the Capital Plan. The money would show on the next quarterly report.
- The amount of money required for this project would be dependent on how successful the Council was in securing the funding from KCC. If successful, the Council would not need to spend any S106 money on this scheme.
- Since approval on 14 March 2023, Town and Country had agreed to contribute to this project. The amount agreed in the report was therefore no longer correct.
- Cinder Hill was a gypsy and traveller site. The Council had a policy to provide 33 additional pitches (similar to housing supply) until 2038. Cinder Hill was identified as being a suitable for 2 to 3 pitches.
- Those using the site would be treated the same as any tenant on Council property.
- Paragraph 4.15 refers to affordable housing rather than social housing. The term affordable housing was the term used in the report

- approved by Cabinet.
- There was no conflict between the Local Authority Housing Fund Grant and the new grants that the Council were now seeking agreement for. Rather a synergy that would benefit both Ukrainian families and Afghan families.
  - It was unlikely that Government would seek to reclaim the money given to KCC for the Ukrainian Fund. That said, KCC were very keen to see the funding spent as quickly as possible to avoid any 'opportunity' for the Government to ask for it back.
  - The Council had undertaken some work on the level of funding KCC had available. At present KCC had about £9m that had yet to be allocated. In addition there was £3.9m available from the European Housing Fund. So the total funding still available was nearly £14m.
  - If the money was allocated equitably across all the districts, each district would receive about £1m.
  - If the Council received this amount, it would cover the funds required for the Local Authority Housing Scheme.
  - Not all the districts put in applications for the Local Authority Housing Fund, so it was likely that not all districts would be applying for this money.
  - The Council were therefore putting in speculative bids based on their being additional funding available.
  - It was noted that this was not a decision making Committee so it was possible to consider the new information and proposed additional recommendations.
  - In addition to capital spending on housing, other projects included maintenance projects, decarbonisation and climate emergency projects. The Council continued to look at possible opportunities but it was dependent on the level of resources available.
  - Money not used could be rolled over and this would be approved by Cabinet.
  - The Council had done an extraordinary job looking after refugees and this scheme continues this work.
  - The length of any tenancy and the future use of these properties (i.e. when they might be returned to the Council for social housing) was outside the scope of this report. The report was confined to grants being awarded to house refugees.
  - It was agreed to include the word 'swiftly' in all three of the additional recommendations to better ensure that the funding would not be reclaimed.

**RESOLVED** – That the recommendations to Cabinet as set out in the report and in the additional information be supported

#### **TREASURY AND PRUDENTIAL INDICATOR MANAGEMENT REPORT QUARTER 4**

FG8/23      Jane Fineman, Head of Finance, Procurement and Parking introduced the report set out in the agenda.

The report was taken as read.

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

## **PERFORMANCE SUMMARY QUARTER 4**

FG9/23      Lee Colyer, Director of Finance, Policy and Development introduced the report set out in the agenda.

It was noted that a detailed discussion about staffing was undertaken as part of the Revenue Management Report.

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

## **COMPLAINTS SUMMARY QUARTERS 3 AND 4**

FG10/23      Lee Colyer, Director of Finance, Policy and Development introduced the report set out in the agenda.

The report was taken as read.

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

## **URGENT BUSINESS**

FG11/23      There was no urgent business.

## **DATE OF THE NEXT MEETING**

FG12/23      The next meeting is scheduled for Tuesday 11 July 2023 at 6:30pm.

## **NOTES:**

The meeting concluded at 8.20 pm.