TUNBRIDGE WELLS BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

MINUTES of the meeting held at the Council Chamber, Town Hall, Royal Tunbridge Wells, TN1 1RS, at 6.30 pm on Monday, 21 November 2022

Present: Councillor Seán Holden (Chair)
Councillors Atkins, Ellis (Vice-Chair), Goodship, Johnson, Knight, Le Page, McMillan, Morton, Ms Palmer and Rogers

Officers in Attendance: Lee Colyer (Director of Finance, Policy and Development (Section 151 Officer)), Mark O'Callaghan (Scrutiny and Engagement Officer) and Karin Grey (Sustainability Manager)

Other Members in Attendance: Councillors Everitt and Hall

APOLOGIES FOR ABSENCE

OSC44/22 Apologies for absence were received from Councillor Britcher-Allan

DECLARATIONS OF INTEREST

OSC45/22 There were no disclosable pecuniary or other significant interests declared at the meeting.

DECLARATIONS OF A PARTY WHIP

OSC46/22 There were no declarations that any member was subject to a party whip.

NOTIFICATION OF PERSONS REGISTERED TO SPEAK

OSC47/22 Councillors Hall and Everitt were in attendance as the responsible Cabinet Members on items OSC50/22 and OSC51/22, respectively. There were no members of the public or Visiting Members registered to speak.

MINUTES OF THE MEETING DATED 29 SEPTEMBER 2022

OSC48/22 Councillor Rogers noted that in relation to the Contracts Task and Finish Group, she had thought that Councillor Ms Palmer had not wished to be a part of the Group. It was confirmed that Councillor Ms Palmer would be a part of the Group.

No amendments were proposed to the Minutes.

RESOLVED – That the minutes of the meeting dated 29 September 2022 be approved as a correct record.

ITEMS CALLED- IN

OSC49/22 There were no items which had been called-in.

REVIEW OF DRAFT BUDGET 2023/24

OSC50/22 Lee Colyer, Director of Finance, Policy and Development, presented the report as set out in the agenda. He did note that there was an error on the graph on Para 1.6 of the Draft Budget 2023/24, as the deficit was predicted to be £7.4m in 2028/29 rather than the £7.7m shown in the graph.

Answers to questions to Lee Colyer and Councillor Christopher Hall, Cabinet Member for Finance and Performance included:

- In terms of the effects of high inflation, Appendix C in the report set out some assumptions that were made, but were only able to factor in the next financial year e.g. pay inflation at 5% and contract inflation of 13%. Following that, it was assumed that the Bank of England would get control of the interest rate and be able to bring it down to their target of 2%. TWBC would continue to allow for contract inflation of 4% because contract inflation did not follow the Consumer Price Index but was related to labour, engineering and diesel costs.
- TWBC were able to benefit substantially from higher interest rates caused by recent market turbulence and political changes, when banks were predicting interest rates were going to rise to 8%. TWBC were able to lock in these higher rates of interest before rates lowered again between 4-5%. This was noted in Appendix A.
- TWBC were able to raise Council Tax by £5, which amounted to 2.6%. The change in the Autumn Statement was to be that in the next year the £5 stayed fixed, which was frustrating as the £5 had been fixed since 2013. But TWBC had the option to raise by £5 or 3%, whichever was greater. Raising to 3% was only an extra 0.4%, which was £38,000. In the scheme of things, it was deemed inconsequential given the £1.4m deficit. TWBC would lobby for greater flexibility in raising Council Tax rates, as the percentage increases were not sufficient to cover increasing costs due to high inflation.
- The Council's total reserves, which were recorded in a table under Para 2.46 of the report, included the General Fund, which was unallocated money which could be used for any purpose. Other reserves tended to be earmarked for particular purposes, but were open to change by TWBC if it wished. However, there were a several reserves that the Council were not able to use for other purposes as they held the money on behalf of the Government for particular purposes.
- It was believed that 2023/24 was the last year that TWBC was to be able to fund it's budget deficit from reserves. After 2025/26 it was not possible to do so without reserves falling under the £4m safety threshold.
- Assumptions made in Appendix C relating to the 4% increase of costs for service providers Urbaser, Tivoli and Fusion did not need to be reviewed for the next financial year as the indexed costs were known. They would be kept under review in the following years as if the Bank of England failed to get inflation under control it would be evident in indexes for employment costs, fuel and engineering. Over the past 10 years the 4% had been reasonable as a forecasting figure, but if in doubt this would be reviewed.
- In relation to the Council's exposures to the Pension Scheme, the Local Government Pension Scheme was quite unique among public sector pension schemes as contributions generated assets as they were invested in property, equities and foreign currencies. The returns from those assets were sufficient to fund current drawdowns from retirees on the Scheme. This was believed to be unlike Civil Service pension schemes which tended to use taxation to fund drawdowns.

Every three years the LGPS had a revaluation by Actuaries with the report, which had just been received by TWBC, setting out the levels of employer contributions required for the next three years from the Council and these were broadly in line with what had been set out in the budget.

- As agreed by Cabinet in October, there was to be no change to the Council Tax Reduction Scheme (keeping contributions at 20%) and no changes to the Budget on how that Scheme would be funded in the next financial year.
- There was no recollection in recent years of TWBC having come to Financial Year End with a deficit. Even if a Budget was set with a Deficit, by Year End when the Collection Fund was reconciled it generally had a surplus in the Business Rate Retention Scheme which would be redistributed, which negated the need to draw down on reserves. TWBC also had a good track record closing any gaps Quarter by Quarter through the revenue management process, which sought out further efficiencies and maximised income so by Year End there was no need to draw down on reserves.
- It was not legally permitted to fund the Revenue Budget through Capital Receipts.
- The £490,000 cost to the Council for the carbon reduction scheme at the Weald Centre, Cranbrook was a worst case scenario if no extra funding was found. However there were a number of grants that the Council were looking at to put towards the scheme.
- The draft Asset Management Plan, which was going to Full Council on 1st March, answered questions regarding asset maintenance. Before the Council were able to deliver any Services, it needed to spend over £1 million every year to maintain its assets, which was a revenue cost, as buildings were often of a certain age or needed to meet emission regulations. There were also capital costs with looking after over 100 assets such as extending the lives (new roof, new windows etc). Once the asset had reached the end of its useful life for the Council, it was declared as no longer required for operational purposes, as was set out within an appendix of the Asset Management plan, such as the Gateway.
- As per the revenue budget, the subsidy to operate (in terms of running the service) The Amelia Scott building was £1.4m and the building as an asset would require significant levels of investment to maintain over time. There was a one year operating plan with the Heritage Lottery Fund in place for The Amelia but there was a need for a four year business plan, which was being worked on and would be presented in due course.
- The setting of car parking charges was a political decision and no further increases were assumed within the Budget over that which was already agreed.
- In the previous year Council Tax collection was 0.9% below target (by July 2022) but was back to target at the time of the meeting. There was disruption with a backlog of cases going through the court system, which had been closed during the Pandemic.
- In relation to Royal Victoria Place, British Land were one of the UK's biggest real estate investment trusts with substantial assets and when they acquired RVP they invested £10m in the shopping centre. Whether they would continue own it was pure speculation. As the Freeholder, TWBC would need to be notified if there was to be a change in ownership. Changes in ownership of shopping centres did

occur, usually between investment trusts or pension funds.

- In terms of empty units, indoor shopping centres had struggled emerging from the Pandemic, but elsewhere across the Borough the Council had a waiting list for units on North Farm, and there were waiting lists for the Pantiles, and vacant units around the Town Hall were quickly being relet or converted.
- A contingency for next year's pay award for staff needed to be factored into the Budget, hence why the reserve for the Head of Service for Finance was over £500k greater than the current years budget.
- The movement in reserves for the next year was because every year the Council transferred £25k into a reserve as a method of self-insuring on insurance risk, reducing premiums etc.
- While having sufficient staff in post in particular Council services would create an income surplus, over the past 12 months there had been significant difficulties in retaining and recruiting staff. While post-Pandemic the ways of working had changed dramatically, this had created greater pressure on recruitment/retention as people were able to earn higher salaries elsewhere while still living in Tunbridge Wells. The HR strategy regarding recruitment and retention needed updating to reflect modern ways of working.
- Business rate growth had not been included in the base budget due to the relative newness of the Business Rate Retention Scheme and high levels of volatility within the system, but moving forward the Council could take the view that they had sufficient confidence in the scheme and its receipts that it could be included. The first £500k of the shared business rates was already taken to help fund the capital programme. But reliance on a variable income stream has risk. There were plans for new business and industrial park sites across the Borough which would increase business rate revenue, and would be monitored every quarter. Including business rate growth into the budget this year would have reduced the deficit by approx. £800k but that business rate growth was liable to quite significant change due to settlement of business rate appeals. Money was set aside for those appeals. While the current year did not include the business rate growth, the budget for next year opened the opportunity to do so in order to close the overall deficit.
- It was hoped that Planning Committee would make decisions that did not expose the Council to unnecessary risk of costly appeals. When appeals were lodged, the first route was to reach a settlement with developers not to pursue costs against the Council, but was not always successful. Costs could be into 6 figures. The Council didn't budget for such decisions which would leave it liable to such costs as it was hoped sufficient training was given to Planning Committee that decisions were well made and based on planning grounds to ensure a more defendable position at appeal so that the Council's decision was upheld and costs not incurred. Money would have to be found from reserves if an appeal was lost.
- There had been no request from any Councillor to increase rates of Council Tax, but it was observed that while Tunbridge Wells had historically had low rates of Council Tax it had been unable, during times when it would have liked, to increase rates above the centrally determined £5 cap. Setting Council Tax was a political decision and not for Officers to determine what levels should have been, but increased costs from contract inflation and to council tax levels

restrictions clearly led to a greater deficit. The Portfolio Holder Cllr Hall confirmed that this would be looked into but would also go to public consultation.

- While over the previous year revenues had been found from business rates, increased fees and charges and short-term interest gains, costs of contracts and utilities had also increased greatly, outweighing those income streams. This was managed on a monthly basis by budget managers and on a quarterly basis reports were brought to Cabinet via the Finance & Governance CAB which set out where the forecast was headed. At the time it was headed in the right direction and if the Council reached year end without needing to draw down any reserves required that trajectory to continue, such as the ice rink and Pantomime doing well and town footfall was high, and Q3 would indicate whether this was the case. It was not possible at that time to say with certainty whether the Council would need to draw down on reserves at year end.
- The range of discretionary services offered by the Council was to be seriously looked at as a way to reduce outgoings and spending, given the long-term situation faced by the Council. However, there were many variables at stake and all Councils looked likely to face the situation of cutting services prematurely, only to find further funding in the near future. It was seen as prudent to constantly review costs and Cabinet had reviewed all different cost centres to find ways of making efficiency savings. This process was unlikely to be ready imminently or the upcoming Budget, but plans would be put in place this financial year for ongoing budgets for the following years.
- The £100k funding the Community Support Fund was a commitment based on the in-year budget review going well. While parking revenue had not recovered to pre-Pandemic levels, it was recovering strongly as seen in each Quarterly report. Cabinet were sufficiently satisfied that ongoing growth and projections meant that the funding could still be given to the Fund.
- The KCC's reported proposal for a 5% increase in council tax had 3% ringfenced for adult social care, which did not apply to the Borough Council and could not be used by TWBC. Preliminary KCC budget talks had only begun the week prior, and nothing had been decided. OSC was not deemed the forum to discuss KCC budget.

There was no debate by Members.

RESOLVED – That the report was noted, as per the recommendation.

REVIEW OF CARBON REDUCTION

OSC51/22 Councillor Luke Everitt, Cabinet Member for Environment, Sustainability and Carbon Reduction introduced the report as set out in the agenda and Cabinet report and Karin Grey, Sustainability Manager, presented the technical data.

Answers to questions to officers and Councillor Everitt included:

- Even with ongoing technological advancements, it was not possible to reach zero carbon emissions by 2030 – a certain amount of offsetting was still required, but the Council would reduce emissions as much as possible so offsetting was very limited.
- The first few years had been about understanding what the Council's emissions were and setting baselines to get projects running for future

years to reach those emissions targets. The Pandemic and increased energy costs had not assisted when it came to funding but it was still feasible to reach these targets trajectories. The projects were now there, it was a matter of finding the funding to deliver them.

- There was a constant review of emissions to understand where the Council were and then where the best focus was in terms of bidding for grants and any other resources which could be put forward to deliver those projects that reduce carbon emissions.
- There had been several good examples of public engagement within the Big Green Week, and more detail would be within the Borough-wide plan and was in the early stages but the draft Year 2 Action Plan had a timeline about the rollout of the strategy.
- Looking at precedents set by other local authorities there were several steps which Councils could take to engage with the public, but some methods were not possible or suitable to replicate in Tunbridge Wells.
- There was no direct control over Borough-wide emissions, only Corporate emissions. The Council did have influence because of Procurement Policy and public engagement. This type of engagement was able to indirectly influence a reduction of emissions of one third or more. This highlighted the importance of a Borough-wide Strategy.
- In terms of grants available, there was the Public Sector Decarbonisation Scheme which was TWBC’s main scheme provided by the Government.
- The Net Zero Strategy that was put forward by the Government was decreed by the High Court not to be up to standard as more detail had been requested about how the country as a whole would achieve decarbonisation. The LGA had also requested more information from the Government about what support was needed/given and about funding opportunities and better consistency. Grant funding needed to be long-term, not short-term. Multi-year funding was needed to be able to make long-term projects and upskill the workforce and fund different companies to deliver green infrastructure and investment needed to get to Net Zero.
- There were many opportunities which needed to be explored to bring in private sector investment, such as companies who were looking at sustainable development goals and the UK Infrastructure Bank who were looking for investment opportunities.
- The data collected by the Council used equivalents, as it took in to account factors such as methane being much more damaging to the atmosphere than carbon dioxide, but this took too much detail into account when the Council’s goal was to reduce generic emissions, with carbon being the main focus of the Council’s corporate estate, such as heating, lighting etc and what could be delivered by the Council.
- Current modelling did not do a good job of reflecting the necessary changes which needed to happen for the waste contract in 2027. It was hoped there would be a viable contract available which offered a much lower carbon emission than the current contract, such as a move towards electric vehicles, like Urbaser had done with their electric fleet in London. Whether this would be suitable in a rural borough was not known and needed further examination.
- All forecasting models created by Laser energy included some carbon offsetting, bar one which involved the construction of a solar farm at significant cost. The model chosen by TWBC involved carbon offsetting and had been approved by CABs, Cabinet and Full Council.

As technology and cost benefits improved, future models were likely to provide new answers.

- Data from the greenhouse gas assessment submitted to Cabinet in September 2022, when compared to 2018/19 data, showed approximately 20% reduction in greenhouse gases. Prior greenhouse gas assessments were conducted in 2013/14 and in comparison, there had been approx. 50% since then.
- In respect to what tangible new projects or policy initiatives the Borough Partnership had announced other than continuation of existing schemes initiated by the previous Administration, the Portfolio Holder stated it was too early to discuss plans publicly, but that there was a shift in emphasis towards a Borough-wide strategy which had been put into development since the Borough Partnership came into power.
- The development of the borough-wide strategy was in the extremely early stages but would later involve public consultation in which parish/town councils would be consulted.
- Broader discussions were sought with the Planning department regarding environmental standards in new housing. The adoption of the Local Plan would increase environmental standards in new builds, but other Councils had gone further in their own Local Plans and there were adjustments which could be made.
- The ranking of the Weald Centre among Tunbridge Wells Borough Council's biggest polluters was unknown once planned improvements had been made.
- As biodiversity and nature recovery featured as part of the Council's year 2 action plan, the Chairman recommended KCC's Plan B initiative which provided blueprints for borough councils to adopt their own Plan B pollinator action strategy. A survey by Kent Wildlife Trust and Bug's Life which showed winged insect populations in Kent had fallen by 72% in 17 years, and 58% nationally. The Portfolio Holder agreed this would be worth further consideration as the TWBC's last biodiversity action plan was produced in 2008 and it was confirmed that TWBC was already working with KCC regarding biodiversity and the Kent climate change network.
- The strategy worked on by the Borough Partnership was required to go through Panels and CABs with time to scrutinise ideas the Portfolio Holder had and the direction he wanted to go in developing the borough strategy.
- Additional funding allocated for the Weald Centre was put to Finance and Governance CAB and was approved across parties, including by Conservatives.
- The Climate Emergency Advisory Panel (CEAP) was a cross-party panel which climate emergency related decisions and all related reports were put through prior to CABs and Cabinet.

RESOLVED – That the report was noted, as per the recommendation.

WORK PROGRAMME

OSC52/22 The Work Programme was presented for information.

Cllr Goodship requested that Licensing of Colebrook Lakes be removed from the list of potential future topics as the issue had been resolved at Licensing Committee.

No further topics were discussed.

URGENT BUSINESS

OSC53/22 There was no urgent business for consideration.

DATE OF THE NEXT MEETING

OSC54/22 The next meeting was scheduled for Monday 16th January 2023

NOTE: The meeting concluded at 8.30 pm.