
SCRUTINY COMMITTEE

MINUTES of the Meeting held in the Council Chamber, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Thursday, 26 January 2017 from 7.00pm - 9.28 pm

PRESENT: Councillors Mike Baldock, Andy Booth (Chairman), Lloyd Bowen (Vice-Chairman), Derek Conway, Mike Dendor, Mick Galvin, Mike Henderson, Ken Ingleton, Nigel Kay, Samuel Koffie-Williams, Peter Marchington, Ben Stokes and Roger Truelove (Substitute) (In place of Mark Ellen)

OFFICERS PRESENT: Anne Adams, Tracey Beattie, Katherine Bescoby, Amber Christou, David Clifford, James Freeman, Charlotte Hudson, Abdool Kara, Mark Radford, Dave Thomas, Nick Vickers and Phil Wilson.

ALSO IN ATTENDANCE: Councillors Sarah Aldridge, Cameron Beart, Tina Booth, Bowles, Mike Cosgrove, Duncan Dewar-Whalley, Sue Gent, Nicholas Hampshire, Alan Horton, James Hunt, Gerry Lewin, Bryan Mulhern, Ken Pugh, David Simmons, Mike Whiting and John Wright.

APOLOGIES: Councillor Mark Ellen and Councillor Ted Wilcox (as Deputy Cabinet Member for Finance and Performance).

1141 FIRE EVACUATION PROCEDURE

The Chairman drew attention to the fire evacuation procedure, as set out on the agenda.

1142 MINUTES

The Minutes of the Meeting held on 12 January 2017 (Minute Nos.1100 – 1108) were taken as read, approved, and signed by the Chairman as a correct record.

A Member referred to Minute No. 1105 and expressed his disappointment at the Cabinet's response to the Leisure and Tourism Review, which was due to be considered by the Cabinet on 1 February 2017.

1143 DECLARATIONS OF INTEREST

No interests were declared.

1144 FINANCIAL MANAGEMENT REPORT

The Chairman welcomed Members and Officers to the meeting. The Cabinet Member for Finance and Performance advised that the report represented the first six months of the financial year, which showed an underspend of £670,000. Savings were being made throughout the year where possible, and he applauded officers for good financial management.

The Chairman invited the Scrutiny Committee to ask questions, and went through the report page by page. The following summarises the responses given to questions.

- Page 2 - Planning pre-application advice: the Head of Planning Services advised that due to workload, the pre-application advice service had been ceased for around three months, to allow for recruitment of additional staff. It was anticipated that the increase in planning fees would help to compensate for the increase in costs as a result of this delay.
- Page 3 – a Member considered that planning application income should be budgeted more carefully.
- Page 4 – the Head of Resident Services confirmed that, unfortunately, there had been a saving as it had not been possible to gain further access to the private sector. A Member suggested that this was an area for future review by the Scrutiny Committee.
- Page 4 – the Chief Accountant drew attention to page 12, which set out the detail of the bad debt provision of £30k.
- Page 5 – the Cabinet Member for Planning advised that the £25k loss of income for section 106 agreements was as a result of changes required following a court decision elsewhere.
- Page 6 – the Cabinet Member for Regeneration advised that a “more cautious” approach to marketing apprenticeships was required due to a change in the number of applications/school leavers, and a change in guidelines from the Department for Education. A Member asked for information about when this decision had been taken.
- Page 6 – the Chief Executive explained that the savings in Chief Executive and Corporate Costs were largely due to staff salary saving and a reduction in the use of facilitators and away days.
- Page 6 – the Cabinet Member for Safer Families and Communities advised that the reduction in income for closed circuit television was a result of Minster Parish Council no longer making a contribution.
- Page 6 – Underspend on WWI Grants – it was clarified that there was unlikely to be an underspend by the end of the year as additional grants had been awarded since the report had been produced.
- Page 6 – Economy and Community Services – it was clarified that savings had been made as the officers acting up would have been positioned at the lowest point of the relevant salary scale.
- Page 7 – the Head of Resident Services advised that the overspend of £177k on the Bed and Breakfast budget was higher than they would like, but the £35k underspend on the homeless hostel budget was as a result of the

renegotiation of the agreement with AmicusHorizon. She further explained that £177k was the projection to year-end, and next year this may increase but they were exploring all options available, and the underlying issue was the lack of affordable housing. Another Member spoke of difficulties of the private sector refusing to let homes to potentially homeless people. The Cabinet Member for Housing and Wellbeing advised that this was a national problem which was exacerbated in Kent due to its proximity to London, but they were looking at options available as it was proving ever more difficult to find suitable accommodation.

- Page 8 – the Cabinet Member for Planning advised that the overspends for defending appeals were as a result of an unusually high number of appeals, which it was right for the Council to defend. It was not possible to predict how many there would be in any given year.
- Page 9 – £106k net estimated contract costs and contract variation savings: the Head of Commissioning and Customer Contact advised that significant savings were due to indexation being negative and where default notices had been issued. None of the variations reduced the standards in service, but there had been opportunities to achieve efficiencies.
- Page 9 – Leisure, Sports, Open Spaces, Parks, Countryside and Allotments: a Member asked when the decision had been taken to use £94k of reserves for consultancy advice, non-contract grounds maintenance and play equipment maintenance, and asked for a breakdown of how this would be spent and why? Another Member also asked why there had been a £5k overspend in non-contract grounds maintenance. The Chairman asked for this information to be circulated.
- Page 9 – Kent Resource Partnership: the Cabinet Member for Environment and Rural Affairs explained the remit of the Kent Resource Partnership, and that there had been an additional contribution to promote food waste recycling across the County.
- Page 10 – Environmental Health Mid-Kent Services (MKS): the Cabinet Member for Environment and Rural Affairs and the Mid-Kent Environmental Health Manager advised that £10k savings had been made as businesses in Swale and Maidstone had utilised Swale's expertise in food safety training. A Chartermark had been developed for tattooists, and additional income from registrations had been received as a result of the increased popularity of tattoos. Market supplements were no longer offered as it had become easier to recruit environmental health officers over the last few years.
- Page 11 – Legal, Mid-Kent Legal Services (MKLS): the Leader advised that there was a £28k increase in costs, as the Council had used more services. The Chief Executive advised that the service charged by time, and that there had been additional demand, for example due to planning appeals. The Director of Corporate Services referred to the increase in Fixed Penalty Notices being issued. The Cabinet Member for Planning advised that

regular bulletins were distributed to Members which set out the planning work being undertaken by MKLS.

- Page 11 – External legal fees: a Member asked for a breakdown to show planning costs as a separate item, and anticipated a lag due to recovery of costs from court.
- Page 12 – Corporate Items: in response to a question about the terminology, the Head of Finance undertook to discuss this with a Member outside of the meeting.
- Page 12 – paragraph 3.5 and 3.6: the Head of Finance explained that, whilst the Council had benefited so far from the localisation of business rates, there was increased volatility of income. This would become even more so from 2020 under the plans for business rates to become the main source of local government funding, and the removal of revenue support grant. £8.1m had been set aside for business rate appeals, and the Chief Accountant explained how this figure had been calculated and that it was regularly reviewed and assessed, including by External Audit. The Head of Finance undertook to provide Members with a copy of the response to the Department for Communities and Local Government (DCLG) consultation referred to in paragraph 3.7.
- Page 13 – paragraph 3.12, Bell Road Cemetery: the Cabinet Member for Environment and Rural Affairs and the Head of Property Services advised that the works had been necessary for health and safety reasons, and that as it was a listed building the Council had a statutory duty to keep it in good repair. It was possible that the figure of £41,000 would increase.
- Page 13 – paragraph 3.14, Appendix III, page 23: the Mid-Kent Environmental Health Manager answered a question regarding the £55k underspend on replacement of air quality stations. A review and replacement of the air quality equipment at Ospringe was underway, and a review of the equipment at St. Paul's air quality station had identified that it was possible to extend the life of some equipment through recommissioning stored equipment.
- Page 13 – Table 4: the Head of Finance explained that Table 4 was what had actually been spent, but Appendix II set out what was committed.
- Page 14 – congratulations were given regarding the improvement in debt recovery.
- Page 15 – Table 7: the Head of Finance undertook to discuss this table with a Member outside of the meeting, and agreed to provide details of how many properties this included. It was clarified that the Council had no control over when a property was sold.

- Page 18 – Residents’ Parking Permits: the Cabinet Member for Families and Safer Communities advised that additional income had been received as the Council had sold more permits.
- The Head of Finance answered a question on the working budget and actual budget for the capital programme.

During the discussion, the Head of Finance undertook to look at the suggestion to add an additional column to the report to show the saving as a percentage of the overall budget. He also advised that he would review the terminology “overspends” for future reports, as the term did not reflect where some deliberate decisions had been taken to increase expenditure (such as on homelessness and planning appeals). A Member also suggested that the costs could be split between those that were major and those that were minor.

Resolved:

(1) That the report be noted.

1145 DRAFT BUDGET 2017/18

The Cabinet Member for Finance and Performance introduced the report, which had been considered by the Cabinet on 7 December 2016, and drew attention to the update on pages 45 and 46 regarding the Local Government Financial Settlement which had been announced on 15 December 2016. The Budget Book had been updated to reflect this, and was set out on page 54 onwards.

The Chairman congratulated the Head of Finance and his team for the way in which the budget was presented. He suggested that Members should focus their questions on pages 45 and 46, and then pages 54 onwards.

In response to a question regarding an announcement by Gavin Barwell MP that money would be available for Swale for affordable housing and where this would appear in the budget, the Head of Housing advised that the money was not specifically for starter homes and they were currently working through the guidance to see how the money could be spent. The Head of Finance undertook to provide additional information.

In response to a question regarding the Transformation Team, the Chief Executive clarified that the eighteen month period would finish around October 2017, but it was possible that an extension to the work of the team would be subject to discussion nearer the time.

- Page 30 – in response to a question regarding the table, the Head of Commissioning and Customer Contact explained that the index was reviewed when contracts were re-negotiated by agreement of formally renewed.
- Page 55 – Increase in homelessness costs: in response to a comment that the figure was optimistic, the Head of Finance and the Head of Resident Services advised that the figure included in the budget was realistic but

challenging, and the budget was closely monitored and regularly reported to Members. It was a reactive service and homelessness was expected to increase, but they were working on ways to reduce the cost of provision as it was increasingly challenging to reduce the volume.

- Page 56 – Environmental Health: a Member asked whether £7,500 was reasonable given there may be additional cost pressures around monitoring air quality. The Mid-Kent Environmental Health Manager advised that the forecast was realistic and could be maintained. In response to further questions regarding air quality, and whether more budget was required to improve air quality across the Borough, the Mid-Kent Environmental Health Manager advised that the savings related to a Kent-wide contract, and that Swale had taken over management arrangements from Medway for the air quality monitoring contract. It was also clarified that the increase in shellfish sampling costs was due to increased costs being passed on to the Council from the contractor, Port of London.
- Page 56 – Resident Services: it was clarified that this service was being brought back in-house as it would generate a new income stream.
- Page 57 – Garden Waste collections: in response to a question, the Cabinet Member for Environment and Rural Affairs was confident that subscriptions would increase in spring, and referred to a successful advertising campaign. Another Member commented that this service saved time and fuel when compared with taking garden waste to a Kent County Council (KCC) refuse site.
- Page 58 – Net loss of income due to vacant site at Gas Road and other rent increases: the Head of Property Services advised that Gas Road, Sittingbourne was an open storage site which had been let to a haulage contractor, but planning permission for his activities on the site had not been granted and so the licence had been terminated. There was some remaining waste to be cleared so the loss of income was the part-year effect before the site could be rented out again.
- Page 59 – Kent Rural Housing Enabler (KRHE): the Head of Resident Services advised that the KRHE had not been fully undertaking their role in recent years, and that the proposed reduction to the agency would not leave the Council at risk as monies would be available should the role be reinvigorated in the future.
- Page 60 – Print Room: the Cabinet Member for Finance and Performance was confident that the saving proposed would not diminish the service provided.
- Page 61 – Savings on newspapers etc: the Director of Corporate Services advised that these reductions were as a result of a review across the Council.

- Page 62 – Minimum Reserve Provision (MRP): the Chief Accountant advised that the MRP Policy was an appendix to the Budget, and explained how this had been calculated and that the External Auditors agreed that the proposed change was prudent.

In response to a question as to what the Council's six medium/large issues were that were most likely to have adjustments made to them, the Head of Finance advised that the report to the Cabinet meeting on 1 February 2017 included a risk register. The highest risks in the register were funding reductions; Sittingbourne Town Centre; local business rates/appeals; the leisure centre contract; New Homes Bonus; and homelessness. Sittingbourne Town Centre and, in the longer-term, business rates, were his biggest 'worry' at present. The Chief Executive acknowledged that business rates were volatile and therefore a high level of reserve was required to help manage unexpected events.

In response to a question regarding the renewal of contracts, the Head of Commissioning and Customer Contact advised that there were regular reports to Strategic Management Team regarding contracts, and at every opportunity major contracts had been reviewed and renegotiated to generate savings. The procurement team also ensured that the commissioning process delivered good value for money.

- Page 64 – in response to questions, it was confirmed that the figures were net and so, for example, the Planning Services budget included income from planning fees as well as expenditure. The Chief Executive's budget included other services such as the Policy Team.
- Page 69 – Transformation Project: the Chief Executive advised that the team was concentrating on digital transformation and the re-design of service delivery. The Leader referred to the recent Member Briefing by the Transformation Team and that the slides were available for all Members. He hoped that Members would attend any further briefings by the Team.
- Page 69 – Recycling and Waste Minimisation: the Cabinet Member for Environment and Rural Affairs advised that a response had been submitted to KCC regarding proposed changes to their household waste centres, and that restrictions were counterproductive. Fly-tipping was regularly monitored, and Swale had a good record of taking fly-tippers to Court. The Head of Commissioning and Customer Contact advised that the additional £20k of projected income was centred on bulky waste collections, and that there had been no significant increase in fly-tipping since the concessions had been removed. The Cabinet Member for Safer Families and Communities referred to discussion at a recent Policy Development and Review Committee, and that fly-tipping had been agreed as a strategic priority for the Community Safety Partnership. Members asked to see a copy of the response to the KCC consultation and monitoring information about fly-tipping.
- Page 70 – Parish Councils (footway lighting): the Chief Accountant advised that this budget was available to parish councils for footway lighting. The Leader advised that if the Parish Council chose to fund additional lighting it would not be funded by Swale Borough Council.

- Page 71 – Pollution Control: the Chief Accountant explained that this figure was as a result of a virement.
- Page 76 – Capital Programme: in response to a question about whether the Council was planning to fund housing, to address homelessness, inadequate housing and mental welfare, the Leader advised that the Council would borrow to fund any project that produced sufficient returns. The Chief Executive advised that there was already a project in place looking at opportunities for house building which could be shared with the Scrutiny Committee. The Head of Finance further clarified that there were two criteria regarding Council investment, namely the level of return, and the strategic impact in terms of regeneration, employment, and generating business rates.

The Chairman asked the Committee if there were any recommendations for the Cabinet, but there were no proposals.

Resolved:

(1) That the report be noted.

Chairman

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All Minutes are draft until agreed at the next meeting of the Committee/Panel