
SCRUTINY COMMITTEE

MINUTES of the Meeting held in the Council Chamber, Swale House, East Street, Sittingbourne, Kent, ME10 3HT on Thursday, 25 January 2018 from 7.00pm - 8.43pm.

PRESENT: Councillors Cameron Beart (Substitute for Lesley Ingham), Andy Booth (Chairman), Lloyd Bowen (Vice-Chairman), Derek Conway, Mike Dendor, Paul Fleming (Substitute for June Garrad), Mick Galvin, Mike Henderson, Ken Ingleton, Nigel Kay, Samuel Koffie-Williams, Ben Stokes and Roger Truelove.

OFFICERS PRESENT: Katherine Bescoby, Martyn Cassell, David Clifford, James Freeman, Charlotte Hudson, Bob Pullen, Mark Radford, Nick Vickers and Phil Wilson.

ALSO IN ATTENDANCE: Councillors Mike Cosgrove, Alan Horton, Peter Marchington, Bryan Mulhern, Ken Pugh, David Simmons, Ghlin Whelan and Ted Wilcox.

APOLOGIES: Councillors Bowles, Duncan Dewar-Whalley, June Garrad and Gerry Lewin.

457 FIRE EVACUATION PROCEDURE

The Chairman drew attention to the fire evacuation procedure.

458 MINUTES

The Minutes of the Meeting held on 11 January 2018 (Minute Nos. 429 - 437) were taken as read, approved and signed by the Chairman as a correct record.

459 DECLARATIONS OF INTEREST

No interests were declared.

460 FINANCIAL MANAGEMENT REPORT APRIL - SEPTEMBER 2017

The Chairman welcomed Members and officers to the meeting. The report set out the revenue and capital projected outturn activity for 2017/18 as at the end of September 2017, which had been compiled from monitoring returns from budget managers.

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:

Property Management: the Chief Financial Officer explained that the £60k variance for rental income was a forecasted year-end position.

Refuse and Street Cleansing: The Head of Commissioning and Customer Contact explained the variances for special collections and refuse sales, which was due to a combination of ad-hoc clearance of bin stores, work for housing associations in cleaning, and refuse sales either to replace existing bins that had become broken or purchased by developers for new housing.

Beach Huts: The Head of Commissioning and Customer Contact confirmed that the variance was due to the beach huts at Leysdown.

Page 3:

Refuse Collection: The Head of Commissioning and Customer Contact explained that the purchase of wheeled bins comprised of replacing existing refuse bins and the cost of providing new brown bins (for which the Council received income). The Cabinet Member for Environment and Rural Affairs further clarified that the bulk of the variance was due to the growth in purchase of brown bins (from garden waste subscriptions).

Leisure, Sports, Open Spaces, Parks, Countryside and Allotments: The Head of Commissioning and Customer Contact explained that Central House was a building attached to the Swallows Leisure Centre which shared facilities with the Leisure Centre, such as heating, and so a recharge was made to the range of tenants.

Planning, Audit Shared Service, Land Charges, IT Shared Service, Environmental Health Service: The Chief Financial Officer advised that there were small variations around the cost of services bought in from Mid Kent Services, and agreed to provide further detail.

Leisure Services: In response to a comment regarding whether the variance would increase further next year, the Chairman considered that this was possible.

Page 7:

Housing Options: the Cabinet Member for Housing and Wellbeing agreed to provide further information about the costs of providing temporary accommodation at the Premier Inn, and the average length of stay.

Page 8:

Commissioning and Customer Contact, Client and Amenity Services, Customer Services Centre and Technical Services: the Head of Commissioning and Customer Contact explained that the majority of net staff costs savings were due to secondments/short term vacancies and that the savings in the Gateway Contract were due to an increased number of hirings which reduced the amount payable to Kent County Council (KCC).

Development Control: in response to a question regarding the need for specialists to deal with planning appeals, the Head of Planning Services advised that this was difficult to predict but it was likely to reduce now that the Local Plan had been adopted.

Cemeteries and Closed Churchyards: the Cabinet Member for Environment and Rural Affairs explained that additional expenditure on pest control was for fencing the new cemetery.

Page 11:

Administrative Buildings: the Deputy Cabinet Member for Finance and Performance explained that the additional costs for water at Swale House was as a result of being re-rated.

Page 12:

Reserve Funds: the Chief Financial Officer explained that details of reserve funds were attached to the budget report being considered by the Cabinet on 7 February 2018.

Page 13:

Capital Programme Expenditure: the Cabinet Member for Housing and Wellbeing thanked the Member for his persistence regarding requests to find funding to build housing to help alleviate the issue of homelessness, however, he spoke of the difficulties in resolving this issue. The Chief Financial Officer added that they were constantly looking at ways to get housing schemes for Swale in a way that the Council could afford.

Table 5: Improvement and Regeneration Funds: the Chief Financial Officer confirmed that there would be an automatic rollover of funds.

Page 14:

Payment of Creditors: congratulations were given regarding the achievement of paying 99% of creditors in 30 days, which exceeded the 97% target.

Page 18:

Capital Programme 2017/18: congratulations were given to keeping to the budget for works at the Bell Road Cemeteries. In respect of the Skate Park, the Head of Economics and Community advised that there had been some difficulties with the transfer of land and the access to the site, but once outstanding planning matters had been resolved, the contractor was ready to start work.

Page 19:

Air Pollution Monitoring Station: A Member asked for a breakdown of this, referring to the debate on a Motion at the Council meeting the previous evening. The

Cabinet Member for Environment and Rural Affairs agreed to provide a detailed answer.

New Play Area – Thistle Hill – the Chairman congratulated officers on the new play area.

Resolved:

(1) That the report be noted.

461 MEDIUM TERM FINANCIAL PLAN AND DRAFT BUDGET 2018/19

The Chairman invited the Committee to consider the proposals for the Council's Medium Term Financial Plan (MTFP) and the draft 2018/19 revenue budget.

The Deputy Cabinet Member for Finance and Performance thanked the Chief Financial Officer, the Financial Services Manager and their team for their work. He introduced the report, referring to the difficulties faced with the reducing Revenue Support Grant (RSG) and the positive impact of the Business Rate Pilot in Kent.

The Chief Financial Officer advised that the draft budget had been considered by the Cabinet at its meeting on 7 December 2017. Since that time, the Local Government Finance Settlement had been announced, and work had been focussed on how to close the budget gap. This would be considered by the Cabinet at its next meeting on 7 February 2018.

The Chief Financial Officer referred to the update report that had been circulated to all Members in advance of the meeting, and drew attention to the paper copies at the meeting. He apologised that it had not been possible to produce a draft budget book at this stage due to the sequencing, but that this would be available for the February Cabinet meeting. He drew attention to the table in paragraph 3.2 of the update report, and explained that the Cabinet was being asked to use £316k of the £677k previously set aside, to balance the budget for 2018/19. In 2019/20, there was a forecasted gap of £550k.

The Chairman congratulated the Chief Financial Officer and his team for their work on the draft budget, and confirmed with Members that they had read the update report that had been circulated.

In response to a question as to whether the Cabinet would be recommending a balanced budget without an increase in the Council Tax, the Chief Financial Officer advised that this would be considered by the Cabinet at its meeting on 7 February 2018; there was an assumption that there would be an increase in Council Tax but no decision had been made.

Members were then invited to consider the report page by page.

Page 25:

Capital Programme: in response to a question as to whether there would be additional projects included in the programme for 2018/19, the Chief Financial Officer advised that this would be considered at the Cabinet meeting on 7 February

2018. In response to a further question, the Cabinet Member for Environment and Rural Affairs confirmed that they were proposing to include £500k in the programme for a project to renovate children's play areas, and this would be referred to in the Open Spaces Strategy report that would be considered by the Policy Development and Review Committee on 13 February 2018.

Transformation Scheme – A Member commented that the Transformation Project Team was costing £100k per year but no information had been given as to what savings they had made as a result of their work.

Councillor Mike Henderson proposed that the Cabinet be requested to look at the Transformation Project and include commentary or figures on the financial impact of the project when considering the budget. This was seconded by Councillor Roger Truelove.

Discussion ensued, during which the Deputy Cabinet Member for Finance and Performance advised that the work of the Transformation Project was wide ranging and that some parts had already been implemented, such as work on the new website which would improve communications and would save money. The Chief Executive clarified that the work of the team had moved in a different direction under his leadership, and they were now adopting a holistic approach which meant that the reviews would take longer to do to draw-out efficiencies, and he was confident that this would be achieved. Further comments were made in that the work of the team was also about increasing resilience and improving services, and the different ways of measuring savings. The proposal was put to the vote and agreed.

Staff Pay: in response to questions, the Chief Financial Officer referred to his update report and advised that provision for a 2% increase in staff pay was included in the draft budget, however, the process for agreeing the pay award was a separate process to the budget.

Page 39: Medium Term Financial Plan (replaced by version in update report)

In response to a question regarding the reducing RSG, the Chief Financial Officer advised that the Council had known for a long time that the RSG would eventually reduce to zero, and that the Council would need to become self financing. There would be reliance on income from business rates, and Swale was projected to have the highest growth in business rates in the County. He clarified that the rate was set by the Government, but that Swale would benefit from growth in businesses. The Financial Services Manager further clarified the detail of the Business Rate Pilot which meant that Swale would keep more of the business rates than previously.

In response to a question about the Base Budget figure in the MTFP, the Deputy Cabinet Member for Finance and Performance explained that there was a difference between the figure in the original report and the update report, due to the way in which the Lower Medway Internal Drainage Board figure was presented. The Chief Financial Officer undertook to speak to a Member direct regarding any queries around referencing in the reports.

Further discussion ensued regarding the Business Rate Pilot; what the projected income would be in future years; and whether the £350k included in the budget was the correct figure to use. The Chief Financial Officer advised that this had been put through a modelling exercise; the future was unknown, therefore half of the amount anticipated had been included for 2018/19, but this could be different in 2019/20. There was judgement involved in reaching this conclusion.

In response to a question as to where the growth in business rates was coming from, the Cabinet Member for Regeneration advised that business rates would come from anywhere where new business started or via development of an existing business. There were a number of factors to consider such as the type and size, giving Aldi as an example, however, there were difficulties in predicting the amount. The Deputy Cabinet Member for Finance and Performance further clarified that there would be lower rental income predicted in 2019/20 and 2020/21 from the Sittingbourne Town Centre Regeneration Investment as some tenants had rent free periods. Further comments were made regarding where the growth would be; whether the growth would be from lots of new small businesses, or growth in a few large businesses, and the need to consider the infrastructure implications of this.

In response to a question regarding the Lower Medway Internal Drainage Board (LMIDB), it was confirmed that LMIDB set the amount themselves.

Page 42:

In response to a question as to how the figure for the homelessness temporary accommodation budget had been arrived at, and a comment that the revised figure was not enough, the Chief Financial Officer explained that a lot of work had been undertaken to understand this better, and that the figure was the best judgement at the current time. In response to a further question regarding the policy of housing associations in respect of shared ownership, the Cabinet Member for Housing and Wellbeing confirmed that Optivo had confirmed that they could provide up to 100 properties for bed and breakfast accommodation at a good rate, and were keen to work with the Council. The Council was actively seeking ways to partner with them to enable affordable houses to be built.

A Member suggested that the Council should look further into the increased water charges at Swale House, referring to the experience of Faversham Pools. Other Members gave similar examples where bills had been challenged. The Chief Financial Officer agreed to ask officers to look at this further.

In response to a question about the backfunding element of the Pension Fund, the Chief Financial Officer advised that the next valuation was due in April 2019 which would be for three years. He drew attention to the update report, which suggested this should be taken out of reserves.

Page 44:

In response to a question as to why the income for sports facilities had not been achieved over a period of time, the Cabinet Member for Environment and Rural Affairs advised that this was mainly due to a reduction in demand for adult football pitches and an increase in demand for youth football pitches, which attracted a

different charge. There had also been a number of asset transfers around football pitches.

Page 45:

In response to a question regarding the income from Citizens Advice Bureau (CAB) for the occupation of Swale House, the Deputy Cabinet Member for Finance and Performance confirmed that this was new income as the CAB had recently moved in to Swale House.

Page 46:

A Member referred to the additional income projected for Planning, and asked that this was looked at again as he did not consider, with all the expenditure forecast, that the Council would earn more than budgeted for. He asked why the budget for the Transport Planner had not been taken from the reserve for Local Development Plan activities? The Head of Planning Services advised that the increase in costs had been balanced by an increase in the planning fees. There was additional workload, and so additional officers were needed to deal with this, and there were many significant planning applications to be considered over and above normal workloads. He gave examples of the major applications that were being dealt with or were due to be submitted. He also drew attention to the Planning Performance Agreement which had seen an increase in income from £60k to £90k.

Page 47:

In respect of the savings made in Residents Services, a Member asked for information about how much funding had been provided from the Performance Fund. The Chief Financial Officer agreed to provide an answer.

A Member referred to the work of the Policy Development and Review Committee on the Tourism Visitor Economy Strategy/Framework, which had recommended that additional budget was made available, and asked whether this would be included in the budget proposals to the Cabinet. It was confirmed that this would be considered by the Cabinet on 7 February 2018 as part of the budget proposals.

The Chairman thanked all those present for attending the meeting.

Resolved:

(1) That the Cabinet be requested to include commentary/figures on the financial impact of the work of the Transformation Team when it considers the budget.

Chairman

Copies of this document are available on the Council website <http://www.swale.gov.uk/dso/>. If you would like hard copies or alternative versions (i.e. large print, audio, different language) we will do our best to accommodate your request please contact Swale Borough Council at Swale House, East Street, Sittingbourne, Kent, ME10 3HT or telephone the Customer Service Centre 01795 417850.

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