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## SCRUTINY COMMITTEE

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**MINUTES** of the Virtual Meeting held via Skype on Wednesday, 20 January 2021 from 7.00pm - 10.34pm.

**PRESENT:** Councillors Lloyd Bowen (Chairman), Richard Darby, Steve Davey, Mike Dendor (Vice-Chairman), Tim Gibson, Alastair Gould, James Hall, Carole Jackson, Elliott Jayes, Denise Knights, Pete Neal and Ken Pugh.

**OFFICERS PRESENT:** Martyn Cassell, David Clifford, James Freeman, Charlotte Hudson, Jo Millard, Larissa Reed, Nick Vickers, Emma Wiggins and Phil Wilson.

**ALSO IN ATTENDANCE:** Councillors Mike Baldock, Monique Bonney, Cameron Beart, Derek Carnell, Roger Clark, Simon Fowle, Angela Harrison, James Hunt, Alan Horton, Peter Marchington, Peter MacDonald, Ben J Martin, Richard Palmer, Hannah Perkin, Julian Saunders, David Simmons, Paul Stephen, Sarah Stephen, Roger Truelove, Tim Valentine, Ghlin Whelan, Mike Whiting, Tony Winckless and Corrie Woodford.

### 404 MINUTES

The Minutes of the Meeting held on 18 November 2020 (Minute Nos. 258 – 263) were taken as read, approved and signed by the Chairman as a correct record subject to Minute No. 260 Scrutiny of 2021/22 Fees and Charges Proposals, page 286, to read The Guildhall, Queenborough, not Faversham. The Minutes of the Extraordinary Meeting held on 24 November 2020 (Minute Nos. 264 – 270) were taken as read, approved and signed by the Chairman as a correct record.

### 405 INTRODUCTION

The Chairman explained that the meeting would be conducted in accordance with the Local Authorities and Police and Crime Panel (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020 No. 392.

The Chairman welcomed all Members, officers and members of the public to the meeting, including Larissa Reed, the Council's new Chief Executive.

### 406 DECLARATIONS OF INTEREST

No interests were declared.

### 407 FINANCIAL MANAGEMENT REPORT

The Leader and Cabinet Member for Finance introduced the report which set out the revenue and capital project outturn position for Quarter 2 2020/21 as at the end of September 2020 which had been considered by Cabinet on 16 December 2020.

The Leader and Cabinet Member for Finance highlighted the projected £3.5m overspend as a result of the Covid-19 pandemic, and drew attention to Table 4 on page 8 of the report which detailed the Forecast Variance and Total overspend of £3.89m, which included the projected loss of Swale Borough Council's (SBC) share of income from Business Rates and Council Tax.

Referring to Government Funding at table 5 on page 9 of the report, the Leader and Cabinet Member for Finance said that whilst the future impact was unknown, SBC were currently in a good position, even though the impact of the Covid-19 pandemic was greater than expected.

The Leader and Cabinet Member for Finance drew attention to paragraph 3.15 on page 11 of the report, which set out the proposed support for projects funded from the pooled Business Pooled Growth Fund which were a one-off spend for growth purposes only. He praised and thanked the Finance Team.

The Chief Financial Officer explained that the current closure of the courts had affected the collection of Council Tax payments. He said that the Finance Team were currently working on the Quarter 3 report and praised the Financial Services Manager.

Members were invited to asked questions and make comments.

Referring to paragraph 3.18 on page 12 of the report, a Member sought an update on the Leisure Contract. The Leader and Cabinet Member for Finance explained that negotiations were ongoing on the sensitive, confidential matter and progress had been made which would be clarified soon. He added that once the matter was resolved, and details had been confirmed, the Leisure Contract would be discussed.

In response to a Member's question on the Litigation Settlement, the Leader and Cabinet Member for Finance advised that funding had not been set aside in previous years and the settlement was full and final.

The Leader explained that £1.1m Malro capital receipt as set out in paragraph 3.15 on page 11 of the report was income received for the purchase of land on the Isle of Sheppey, and would fund future projects on the Isle of Sheppey.

A Member sought an update to any progress on projects listed at paragraph 3.21 on page 14 of the report which the Leader agreed to provide.

A Member offered his thanks to the Finance team and spoke positively on the financial support received from Government. He questioned whether using £220k from the £800k allocated to Town Centres from the Business Pool to fund staff to manage it was a good use of resources? In response, the Leader acknowledged the support from Government but said that SBC had greater needs than some other Boroughs and he highlighted the current high borrowing of the Government. He said that recruiting specialist staff for one-off spending would have a better outcome and have less impact on the current staff resource. During the discussion, the Chairman raised concerns of wellbeing of staff. The Leader confirmed that there had been some redeployment of staff to cover Covid-related tasks.

A Member sought more information on the additional foundation costs at Barton's Point Coastal Park and the Sittingbourne Town Centre (STC) as listed at paragraph 3.21 on page 14 of the report. The Head of Commissioning, Environment and Leisure said that there was unanticipated work after a survey due to the area's ancient monument listing. He said that Historic England were currently looking at SBC's alternative designs and he hoped the project would soon be in progress. In respect of the STC, the Cabinet Member for Economy and Property explained that some of the units were adapted to accommodate the bowling alley and the minor costs of this were met by SBC.

Drawing attention to the Payment of Creditors at paragraph 3.24 on page 15 of the report, a Member praised staff for maintaining the level of service during the Covid-19 pandemic.

#### Appendix 1 -Table 8

The Head of Planning Services, in response to a Member's question, clarified that the Local Plan overspend was as a result of the costs of bringing the consultation forward after the proposed changes to housing numbers. A Member sought an update on the costs of the Barton Hill Drive, Minster appeal. The Cabinet Member for Planning said he hoped to provide an update for the quarter 4 report.

The Cabinet Member for Community explained that the cost variance of £38k on the Parking Partnership with Maidstone Borough Council was as a result of a time and motion study carried out, for shared officers, and the costs would be added to subsequent year's budgets.

The Cabinet Member for Environment explained that the cost variance to Garden Waste collection was due to additional subscribers to the service but reminded Members that SBC did not charge for the purchase of the bin, only the emptying.

#### Table 9 – Allocations from Funds

There was a discussion around the allocation of funds, particularly for staff resource, from the Special Projects Fund. The Leader confirmed that the staff employed on the projects were employed on a short-term basis so that they were delivered. He noted but did not agree with the concerns of a Member who raised an issue of using funds from the Special Project Fund for staffing and for some other projects that were already being carried out. The Cabinet Member for Environment added that, in relation to the Biffa deep-cleans, the funds allocated were for additional cleans, specifically in the Air Quality Management areas, and he said that whilst work on Air Quality had been underway previously, the funding from the Special Project Fund was for additional research and management projects.

A Member highlighted that the £27k allocated to Leysdown Village Hall kitchen refurbishment had been reduced. The Leader said that this would be adjusted.

A Member commented that much of the allocated spending was projected and might not be made. In the discussion that followed the Leader said that he hoped the Area Committees would have committed their project funding but there would be some flexibility and some projects would be rolled over. The Chief Financial

Officer advised that the Oak Road, Murston bus lane bollards item had now been removed from the list.

A Member was critical of the process to apply for funding through the Area Committees. The Policy and Performance Officer advised that forms enabling organisations to apply for Area Committee funding were currently being produced.

The Chief Financial Officer clarified that the figures in the table were agreed through the formal agreement process and were the amount that had been committed but the actual figures would be provided.

In relation to the Member IT cost £25k in the Performance Fund, the Chief Financial Officer confirmed that this was equipment costs for Members.

#### Table 10

A Member queried the £122,931 for the Modular Toilet Kiosk at Minster Leas and requested an update. The Head of Commissioning, Environment and Leisure said that the budget was set before the contract was tendered and was awarded at approximately £100k. He confirmed that a pathway was included in the specification for the work but that some amendments had been made to its location and remaining budget would be used for additional planting.

The Head of Housing, Economy and Community Services explained that the Queenborough and Rushenden Klondyke scheme was externally funded by Homes England and the delay to the project had caused the variance.

The Chief Financial Officer agreed to discuss the variances around the STC with a Member separately outside of the meeting as it was commercially sensitive.

Councillor Mike Dendor proposed an additional recommendation to form a process and forms for Area Committee funding. This was seconded by Councillor Pete Neal. On being put to the vote the recommendation was not agreed.

#### **Resolved:**

***(1) That the total projected revenue overspend of £3,319,000 (£2,555,000 as at end of June 2020) be noted.***

***(2) That the settlement on litigation as set out in paragraph 3.16. 3 be noted.***

***(3) That the use of reserve funds as set out in paragraph 3.15 be noted.***

***(4) That the payments regarding the loss of income claims for the leisure contract as set out in paragraph 3.18 be noted.***

***(5) That the projected capital overspend of £2,279,256 and expenditure of £5,676,723 as detailed in paragraph 3.23 and Table 10 Appendix I be noted.***

***(6) That the additional Government funding received by the Council in response to the coronavirus be noted.***

**(7) That the capital variances and their funding as detailed in paragraph 3.21 and Table 10 Appendix I refers be noted.**

#### **408 BUDGET 2021/22 AND MEDIUM TERM FINANCIAL PLAN**

In welcoming the Cabinet and Deputy Cabinet Members, the Chairman confirmed that Members had received the tabled update, circulated and added to the website the previous day.

The Leader and Cabinet Member for Finance introduced the report and said the Council faced serious challenges that had built up over the last decade, and from the impact of the Covid-19 pandemic. He said that core funding did not meet the funding of core services. The Leader explained that Government had postponed the changes to Local Government funding but SBC would not be making staff cuts, and a pay increase to staff was included in the budget. The table on page 32 of the report set out the funding streams that had or would be received by SBC. The Leader said £996k was also received as part of Tranche 5 Covid-19 funding from Government. He referred to the Coalition Priorities, and in particular the creation of a housing company, Rainbow Homes, to help increase the supply of affordable homes with Council funding of £23m.

The Leader referred to the Council Tax rise of £4.95 per annum for a band D property and said that whilst he was aware of the impact this might have, no rise would impact on SBC's fragile finance.

Drawing attention to Appendix I – 2021/22 Medium Term Financial Plan (MTFP) on page 39 of the report, the Leader said the Council was in a far better position than expected but there was no flexibility and no extra income except for Government grants, and the shortfall would have to be met from reserves. He warned that this was not unlimited or sustainable, but it was an unusual situation, and some other Councils were in difficulty. In highlighting paragraphs 2.16 – 2.19 on page 35 and 36 of the report, the Leader stressed that there was no possibility of a Section 114 Notice being issued in SBC.

In the debate that followed Members asked questions and raised points including:

- Was there any indication when the Local Government review might come forward?;
- praised and thanked the Finance team;
- as few savings were currently being made in the current 'Covid-19' budget, would there be a more harsh impact in future 'normal' years?;
- pleased that staff were being recognised with a pay rise;
- suggested SBC would have to look at other options and how they delivered services; and
- welcomed news that Coalition Priorities would be maintained as residents needed good news.

The Leader said that the Local Government review had been delayed for the previous 2 years and it would be difficult for Government to make radical changes whilst assessing the impact of the Covid-19 pandemic. The Chief Financial Officer

added that the Treasury were pressing for a review, any Council that was allocated less funding would have to be safety netted and it was too difficult to consider during the Covid-19 pandemic. The Leader said that the General Fund might not be able to be used in future years, there had been many savings over the previous 10 years but there would not be staff cuts. He said that a large percentage of the budget was staff costs.

In response to a Member's question, the Leader said that balancing the budget required using funds from the £4-5m in General Reserves.

A Member sought more information on the increase in charges from Environmental Health, Tunbridge Wells Borough Council and from Local Land Charges, listed in the table at 3.5 on page 37 of the report. The Chief Financial Officer explained that the Environmental Health shared service had increased their charges and the negotiation process on this was ongoing. He added that, in respect of the Local Land Charges, there was a decrease in income as customers could use outside services, but the Council would continue to drive down costs and find solutions. The Head of Planning Services said it was difficult to predict future Planning and Local Land Charges income.

A Member commented that whilst the Council was resisting pressure, Area Committees and, in the future, Cabinet Advisory Boards were a drain on officer time. The Leader said that Area Committees were part of the Coalition Priorities and it was not a drain but might change what some officers spent their time on. The Monitoring Officer added that Area Committees were a key part of engaging the public and officers were confident they could deliver.

#### Appendix II

The Chairman went through the Budget Variations on Appendix II, by each Head of Service Area and Members made comments and asked questions.

#### Lines 1-3

A Member asked whether the loss of income would ever recover and questioned the free use of Swale House. In the debate that followed the Chief Financial Officer said that the financial situation of Sittingbourne FM (SFM) had been considered and rent would not be charged now or in the future. He added that there were different types of tenants and SFM were a valuable asset to the community but if more commercial organisations were to rent, they would be charged. The Chief Financial Officer said that Government would compensate on Parking and Planning fee income but not on commercial income, and SBC only had a small portfolio. The Cabinet Member for Economy and Property added that SBC were generally in a good position for rent collection.

#### Line 14

The Cabinet Member for Health and Wellbeing reminded Members that the figures were from last September, the situation was changing, and costs would increase going forward but would be reviewed at a later date.

Lines 15-23

In response to a Member's question on adopting play parks, the Cabinet Member for Environment said that there would be a loss of income but savings longer term with no maintenance costs. A Member said that it should be made clearer that the cost of maintenance was greater than the income received from Section 106 monies.

The Cabinet Member for Environment clarified that the lower level of issuing Fixed Penalty Notices was for littering.

Line 32

A Member sought clarification on the end of the reserve funding for the Project Support Surveyor. The Chief Financial Officer agreed to report back on this.

Line 39

The Head of Policy, Communications and Customer Services clarified that the projected increase in future years was for hire of premises and included indexation.

Line 46-47

The Cabinet Member for Housing confirmed that SBC were likely to receive more grants.

Line 60-62

In response to a Member's clarification on the restructuring of the Licensing team, the Chief Finance Officer advised that a Senior Licensing Officer was required to strengthening the team, and more enforcement work was planned.

Lines 64 -81

There was a debate around staff savings and the Chief Financial Officer agreed to follow up with a Member who questioned how the Council could make savings without reducing staff or salaries, and this information would be included in the final report.

Lines 95 – 100

The Chief Financial Officer highlighted that as the facilities at Bourne Place did not open during summer 2020, an income was not received. In the discussion that followed, the Leader said that he hoped that when the Covid-19 pandemic was over there would be a burst for demand for the entertainment and hospitality industries and a return from the long-term investment was vital. A Member congratulated the administration on finding alternative tenants and making alterations to the units to accommodate bowling.

Appendix 3

The Head of Commissioning, Environment and Leisure confirmed that the New Play Area at Iwade came forward before the 2018 Open Spaces and Play Strategy.

There was a discussion around the Milton Creek Access Road and the Head of Commissioning, Environment and Leisure advised that the item would be left in the capital programme as they were waiting for developer plans to come forward.

Members debated Sheppey Improvement – Capital Receipts. The Leader advised that the £250k, allocated from the income from Malro, would fund projects on the Isle of Sheppey, and some had already been spent on a memorial. In response to a Member's question, the Leader advised that £1.1m was received from Malro.

The Chief Financial Officer advised that the increase in the budget for IT was for essential work. The Cabinet Member for Economy and Property added that IT was fundamental to the refurbishment of Swale House and a report on this would be considered at Cabinet in the future.

The Chief Financial Officer confirmed that the funding for Leaky Lucy's mini-bus for the Air Training squad was not on the Asset Register but was funded through the Capital Budget.

In response to a Member's comment that the Council were taking risks by borrowing and using reserves, the Leader said it was not taking excessive risks and he drew attention that the borrowing commitment to STC and the Rainbow Housing company would provide an income. He said that there was no commitment borrowing for Swale House refurbishment. The Leader said they were prepared to use funding from the General Fund and Reserves due to the Covid-19 pandemic but this was not sustainable, and would be monitored.

The Chairman said he looked forward to the Swale House refurbishment report being considered by Scrutiny before Cabinet. The Leader said that any borrowing for the refurbishment would lead to savings or generate an income.

Members thanked Cabinet Members and officers for their attendance. The Leader joined in the thanks and praised the Chairman for his chairing of the meeting.

***Resolved:***

***(1) That the draft 2021/22 revenue and capital budgets be noted.***

***(2) That the Medium Term Financial Plan be noted.***

**409 ADJOURNMENT**

There was an adjournment from 8.21pm to 8.26pm and 9.44pm to 9.49pm.



**410 WORD OF THANKS**

The Chairman gave thanks to the Policy and Performance Officer who would shortly be leaving SBC. He thanked him for his help in administering the Scrutiny Committee and their working groups over the years. Other Members added their praise and thanks.

The Policy and Performance Officer thanked Members for their kind words.

**411 EXTENSION OF STANDING ORDERS**

At 10pm and 10.30pm, Members agreed to the suspension of Standing Orders in order that the committee could continue its business.

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