

Council Offices
Argyle Road
Sevenoaks
Kent
TN13 1HG



Despatched: 12.04.17

I hereby summon you to attend the meeting of the Sevenoaks District Council to be held in the Council Chamber, Council Offices, Argyle Road, Sevenoaks commencing at 7.00 pm on 25 April 2017 to transact the under-mentioned business.

Chief Executive

AGENDA

There are no fire drills planned. If the fire alarm is activated, which is a continuous siren with a flashing red light, please leave the building immediately, following the fire exit signs.

Apologies for absence

1. To approve as a correct record the minutes of the meeting of the Council held on 21 February 2017 (Pages 1 - 14)
2. To receive any declarations of interest not included in the register of interest from Members in respect of items of business included on the agenda for this meeting
3. Chairman's Announcements
4. To receive any questions from members of the public under paragraph 17 of Part 2 (The Council and District Council Members) of the Constitution.
5. To receive any petitions submitted by members of the public under paragraph 18 of Part 2 (The Council and District Council Members) of the Constitution.
6. Matters considered by the Cabinet
 - a) Property Investment Strategy Update (Pages 15 - 34)
7. To consider the following reports from the Chief Executive or other Chief Officers on matters requiring the attention of Council:
 - a) Loan Facilities to Quercus 7 (Pages 35 - 36)

8. To consider any questions by Members under paragraph 19.3 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.
9. To consider any motions by Members under paragraph 20 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.
10. To receive the report of the Leader of the Council on the work of the Cabinet since the last Council meeting. (Pages 37 - 38)
11. To receive a report from the Chairmen of the Scrutiny Committee on the work of the Committee (Pages 39 - 42)
12. To receive a report from the Chairmen of the Audit Committee on the work of the Committee (To follow)

EXEMPT ITEMS

At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public.

To assist in the speedy and efficient despatch of business, Members wishing to obtain factual information on items included on the Agenda are asked to enquire of the appropriate Contact Officer named on a report prior to the day of the meeting.

Should you require a copy of this agenda or any of the reports listed on it in another format please do not hesitate to contact the Democratic Services Team as set out below.

For any other queries concerning this agenda or the meeting please contact:

Democratic Services (01732 227000/ democratic.servces@sevenoaks.gov.uk)

DISTRICT COUNCIL OF SEVENOAKS

Minutes of the Meeting of the Sevenoaks District Council
held on 21 February 2017 commencing at 7.00 pm

Present: Cllr. Raikes (Chairman)

Cllr. Abraham (Vice-Chairman)

Cllrs. Mrs. Bayley, Ball, C. Barnes, Barnes, Bosley, Mrs. Bosley, Brown, Dr. Canet, Clark, Dickins, Dyball, Edwards-Winsler, Esler, Eyre, Firth, Fleming, Halford, Hogarth, Hogg, Horwood, Mrs. Hunter, Kitchener, Krogdahl, Lake, Layland, Lowe, Maskell, McGarvey, McGregor, Mrs. Morris, Parkin, Pearsall, Pett, Piper, Purves, Reay, Scott, Scholey, Searles, Ms. Tennessee, Thornton and Williamson

Apologies for absence were received from Cllrs. Clack, Cooke, Grint, Kelly, McArthur, Parson and Miss. Stack

25. To approve as a correct record the minutes of the meeting of the Council held on 22 November 2016

Resolved: That the Minutes of the meeting of the Council held on 22 November 2016 be approved and signed as a correct record.

26. To receive any declarations of interest not included in the register of interest from Members in respect of items of business included on the agenda for this meeting

No additional declarations of interest were received.

27. Chairman's Announcements

The Chairman announced the sad passing of former Chairman Peter Dean, and advised that he had attended his thanksgiving on Friday 17 February 2017 at St. Peter and St. Paul's Church, Edenbridge. Peter had been an elected member for Edenbridge North from 1991 - 1995 and 1999 - 2007, and Chairman of the Council from 2001 - 2002. Members held a moments silence in his memory.

Christmas had taken place between now and the last meeting of the Council and amongst other events he had enjoyed the Staff Carol Service and had the pleasure talking to staff on his Christmas 'walkabout.' He wished to particularly record his thanks to all staff at Dunbrik for maintaining the once a week refuse collection service over the holiday period. He had visited the CCTV Control Room Christmas day which had been manned by two officers that day, and he had been reminded of the help CCTV could offer other than for crime when a call had come through to help locate a missing person.

The Chairman advised that he had attended St Michael's Primary Schools' Jazz Day with his wife and the Vice Chairman, and was blown away by the jazz concert performed by so many enthusiastic and talented young musicians from primary

schools all brought together at St Michael's for a jazz workshop. It was a joy to listen to and had demonstrated just how much young musical talent the District had.

The Chairman announced that he was hosting a Charity Gala Dinner at Penshurst Place on 7 April, tickets £80 each, fundraising for his two charities, Guide Dogs for the Blind and West Kent Mind.

28. To receive any questions from members of the public under paragraph 17 of Part 2 (The Council and District Council Members) of the Constitution.

No questions had been received.

29. To receive any petitions submitted by members of the public under paragraph 18 of Part 2 (The Council and District Council Members) of the Constitution.

No petitions were received.

30. Matters considered by the Cabinet

(a) Calculation of Council Tax Base and other Tax Setting Issues

Councillor Fleming proposed and Councillor Scholey seconded, the recommendation from Cabinet. The report set out details of the calculation of the District's tax base for council tax setting purposes.

Resolved: That

- a) the report of the Chief Finance Officer for the calculation of the Council's tax base for the year 2017/18 be approved;
- b) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as its council tax base for the whole area for the year 2017/18 shall be 49,382.42;
- c) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as the council tax base for 2017/18 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,417.81
Badgers Mount	329.71

Brasted	772.34
Chevening	1,448.06
Chiddingstone	595.80
Cowden	406.15
Crockenhill	647.99
Dunton Green	1,116.66
Edenbridge	3,505.34
Eynsford	929.09
Farningham	650.57
Fawkham	284.48
Halstead	760.41
Hartley	2,527.05
Hever	599.88
Hextable	1,650.64
Horton Kirby & South Darent	1,292.20
Kemsing	1,824.29
Knockholt	619.36
Leigh	818.76
Otford	1,668.43
Penshurst	829.69
Riverhead	1,237.13

Agenda Item 1

Council - Tuesday, 21 February 2017

Seal	1,198.96
Sevenoaks Town	9,315.37
Sevenoaks Weald	619.66
Shoreham	682.88
Sundridge	924.22
Swanley	5,407.86
Westerham	1,979.25
West Kingsdown	2,322.38

- d) any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting shall not be treated as special expenses for the purposes of section 35 of the Local Government Finance Act 1992.

(b) Treasury Management Strategy for 2017/18

Councillor Fleming proposed and Councillor Scholey seconded, the recommendations from Cabinet. The report sought approval of the Treasury Management Strategy 2017/18.

Resolved: That the Treasury Management Strategy for 2017/18 be approved.

(c) Budget and Council Tax Setting 2017/18

Councillor Fleming proposed and Councillor Scholey seconded, the recommendations within the report and from Cabinet.

Councillor Fleming stated that as with last year, the next financial year would continue to have a balanced ten year budget and the Council would continue to be fully self-sufficient from direct central government grant with the difference that the Council would not be receiving any grant anyway.

He stated that the country had the most centralised local government in the western world, but he truly believed that with the budget before Members, 21 February 2017, was Sevenoaks District Council's independence day and the news would reverberate far beyond the district's borders. The Council would be seen as

not only a shining example of what could be achieved when Councillors, Officers and communities committed to what, was seen by some as an unachievable goal, but also as a road map to a relationship less based on rannygazoo, to one based on mutual respect between local and national government. To even the casual observer the figures were quite extraordinary; in the last seven years Sevenoaks District Council's revenue support grant had fallen by over five million pounds. That meant the direct grant funding for every man, women and child within the District had reduced from £55.95 in 2010 to zero.

With that bleak outlook, many would have expected the recommendations the budget papers to be full of cuts and massive reductions in services, with the consequences of those decisions felt across all the Council's communities and the hard fought reputation for high quality services quickly lost. Instead, Members had before them a balanced ten year budget, that protected the services the public told Members they cared most about. Members had made savings and efficiencies and would continue to need to do both, but not by sacrificing services or making decisions in an unplanned and haphazard way.

Since last year the property portfolio had grown, and the arm's length company was up and running and he thanked all Members and Officers who had helped to make both of those a reality.

He stated that the Council as a whole came to the realisation some time ago that the risk of doing nothing was greater than risk of doing something, that something was to use the capital receipts the Council had in the bank, earning derisory interest, for the benefit of the community served. The Council had built a portfolio of income earning assets, the return from which Members could see was supporting the budget in front of them. It had gone quicker and ambition was now greater; property not just to support the budget but to support, encourage and regenerate our communities. The next year would see plans brought forward in Swanley, Edenbridge and Sevenoaks looking to build out the aspirations of those communities.

Members knew that he strongly believed that the make-up of the money spend should always be balanced. The main three pillars that remained after the removal of government support were Council Tax, Savings and Investment income, and over reliance on any one of those destabilised the authority. However, moving forward the Council should continue to look at how the burden of council tax on residents served could be reduced.

The new Secretary of State had continued with last year's advice to districts, and made it possible for those districts where a five pound rise in the annual council tax rate was in excess of the 2% referendum limit such a rise would not only be allowed but recommended, as part of the more general move away from direct government support. For Sevenoaks it would be an increase of £4.95 and in percentage terms this was a 0.5% increase on the figure in the 10 year budget or an additional 99 pence a year. It was worth remembering that this remained below the original assumptions in the ten year budget of 3%, changed to 2% when it looked unlikely that the government would move its position on referendum limits.

He advised the Chairman that he could talk at length about the vagaries of central government largess, the fact that just weeks after asking Councils to sign up to a four year deal they reneged on the agreed New Homes Bonus funding, but for this Council us that would have seemed churlish, yes it would have an impact, but, like the Revenue Support Grant there was no longer a direct need for it to support the services provided, so least said soonest mended.

The work that Members and Officers at Sevenoaks District Council had done and the outcomes achieved had gained national recognition, whether within the sector with a double win at last year’s Municipal Journal awards or beyond local government with another double win at the Guardian Public Service awards, including being named their overall winner. Whilst awards weren’t why anyone there came into local government, they did act as a yard stick with which to measure against others not allowing backsliding or any resting on laurels. Over the coming years the Council would need to go further, faster, and learning from others and leading.

There would undoubtedly be challenges ahead, the future was not without risk, some of them falling outside of the Council’s control, and all the Council could do was make sure it was fit for, ready for, and up for the challenges. The work done and the work to do, supported by the balanced ten year budget before Members was the solid foundation that made him believe that the Sevenoaks District wouldn’t just survive but would thrive in the future.

The Leader commended the budget to Members.

Councillor Dr. Canet was pleased it had all been taken seriously and carefully but was concerned about the Property Investment Strategy and speculating with Council Taxpayers money.

Councillor Halford expressed a desire to keep business rates fair in order to encourage businesses in the District.

Councillor Fleming responded that the Council was now in its sixth year of the rolling 10 year budget which helped focus Officers and Members when making decisions which impacted on the future. Indeed it was now a model being looked at by other local authorities. It had long been decided that the risk of doing nothing was greater then that of doing something and money sitting in the bank was earning less than 0.5% and was not good stewardship of money held in trust for residents. Yes there was a risk but it was balance and the Council no longer received government support.

The vote was taken.

For	Against	Abstention
Cllr. Abraham Cllr. Mrs Bayley Cllr. Ball Cllr. C. Barnes	Cllr. Dr. Canet Cllr. Hogg	Cllr. Halford

Cllr. Barnes Cllr. Bosley Cllr. Mrs. Bosley Cllr. Brown Cllr. Clark Cllr. Dickins Cllr. Dyball Cllr. Edwards-Winser Cllr. Esler Cllr. Eyre Cllr. Firth Cllr. Fleming Cllr. Hogarth Cllr. Horwood Cllr. Mrs. Hunter Cllr. Kitchener Cllr. Krogdahl Cllr. Lake Cllr. Layland Cllr. Lowe Cllr. Maskell Cllr. McGarvey Cllr. McGregor Cllr. Mrs. Morris Cllr. Parkin Cllr. Pearsall Cllr. Pett Cllr. Piper Cllr. Purves Cllr. Raikes Cllr. Reay Cllr. Scott Cllr. Scholey Cllr. Searles Cllr. Ms. Tennessee Cllr. Thornton Cllr. Williamson		
41	2	1

It was therefore

Resolved: That

- a) the Summary of Council Expenditure and Council Tax for 2017/18 set out in Appendix E to the report, be approved;
- b) the 10-year budget 2017/18 to 2026/27 which is the guiding framework for the detailed approval of future years' budgets set out in Appendix B to the report, including the growth and savings proposals set out in Appendix C-D to the report be approved, and that where possible any

variations during and between years be met from the Budget Stabilisation Reserve;

- c) the Capital Programme 2017/20 and funding method set out in Appendix H to the report, be approved;
- d) the changes to reserves and provisions set out in Appendix I to the report, be approved;
- e) the Capital Programme 2017/20, and Asset Maintenance 2017/18 budget of £519,000 be approved (Cabinet 9 February 2017 - Capital Programme & Asset Maintenance 2017/20);
- f) it be noted that at the Cabinet meeting on 23 January 2017 the Council calculated as its council tax base for the year 2017/18;
 - (i) for the whole Council area as 49,382.42 being Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended, (the “Act”); and
 - (ii) for dwellings in those parts of its area to which a parish precept relates as set out in Appendix L to the report;
- g) the Council tax requirement for the Council’s own purpose for 2017/18 (excluding Town and Parish precepts) be calculated as £202.77;
- h) the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:
 - (i) £55,312,649 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Town and Parish Councils.
 - (ii) £41,293,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (iii) £14,019,649 being the amount by which the aggregate at (h)(i) above exceeds the aggregate at (h)(ii) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year (Item R in the formula in Section 31B of the Act).
 - (iv) £283.90 being the amount at (h)(iii) above (Item R), all divided by (f)(i) above (Item T), calculated by the Council, in accordance with Section

31B of the Act, as the basic amount of its council tax for the year (including Town and Parish precepts).

- (v) £4,006,376 being the aggregate amount of all special items (Town and Parish precepts) referred to in Section 34 (1) of the Act (as per the attached Appendix K).
 - (vi) £202.77 being the amount at (h)(iv) above, less the result given by dividing the amount at (h)(v) above by the amount at (f)(i) above (Item T), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no Town or Parish precept relates.
- i) it be noted that for the year 2017/18 the Kent County Council, the Kent Police & Crime Commissioner and the Kent & Medway Towns Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each category of dwellings in the Council's area as indicated in the table below:-

<u>Valuation Bands</u>	<u>Precepting Authority</u>			
	Sevenoaks District Council £	Kent County Council £	Kent Police & C.C. £	Kent & Medway Towns Fire Authority £
A	135.18	785.88	104.77	48.90
B	157.71	916.86	122.23	57.05
C	180.24	1,047.84	139.69	65.20
D	202.77	1,178.82	157.15	73.35
E	247.83	1,440.78	192.07	89.65
F	292.89	1,702.74	226.99	105.95
G	337.95	1,964.70	261.92	122.25
H	405.54	2,357.64	314.30	146.70

- j) the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in Appendix N to the report as the amounts of council tax for the year 2017/18 for each part of its area and for each of the categories of dwellings;
- k) the Council's basic amount of council tax for 2017/18, shown in (h)(vi) above, was not excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.

(d) Financial Results 2016/17 - to the end of September 2016

Councillor Fleming proposed and Councillor Scholey seconded, the recommendation from Cabinet.

Resolved: That a supplementary estimate of £210,000 be approved in respect of timing issues arising from the Council's Property Investment Strategy.

31. Matters considered by other standing committees

(a) Gambling Act 2005: Licence Fees from April 2017

Councillor Fleming proposed and Councillor Clark seconded the recommendations from the Licensing Committee.

Resolved: That the appropriate fees from 1 April 2017, as set out below be approved

Premises Type	New Application £	Annual Fee £
Existing Casinos	n/a	n/a
New Small Casino	7820	4340
New Large Casino	9000	7005
Bingo Club	2220	780
Betting Premises (excluding Tracks)	2790	565
Tracks	1740	780
Family Entertainment Centres	1740	640
Adult Gaming Centre	1740	780
Temporary Use Notice	225	N/A

	Applicati on to Vary	Applicatio n to Transfer	Applicatio n for Re- Instateme nt	Application for Provisional Statement	Licence Application (provisional Statement holders)	Copy Licence	Notificati on of Change
	£	£	£	£	£	£	£
Existing Casinos	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New Small	3820	1645	1645	7875	2810	12	28

Casino							
New Large Casino	4275	2090	2090	9005	4125	12	28
Bingo Club	1670	1200	405	2220	1200	12	28
Betting Premises (excluding tracks)	1500	1200	385	1740	1200	12	28
Tracks	1250	950	385	1695	950	12	28
Family Entertainment Centres	1000	950	390	1735	950	12	28
Adult Gaming Centre	1000	1200	390	1735	1200	12	28
Temporary Use Notice	n/a	n/a	n/a	n/a	n/a	12	28

- (b) Local Government (Miscellaneous Provisions) Act 1982 - Licence Fees From April 2017

Councillor Fleming proposed and Councillor Clark seconded the recommendations from the Licensing Committee.

Resolved: That the appropriate fee levels as £3,580 for a new or renewal application, and £1,795 for transfer of an application, be approved.

- (c) Monitoring Officer's Annual Report

Councillor Fleming proposed and Councillor Ball seconded the recommendations from the Standards Committee.

Resolved: That the report be noted.

(d) Members' Allowance Scheme

Councillor Fleming proposed and Councillor Pett seconded the recommendations from the Governance Committee.

Resolved: That Appendix G, Members' allowance Scheme, of the Council's Constitution, be amended at paragraph 3.1 by

i) the additional wording 'no expenses claimed more than three months after they were incurred will be paid' being inserted at the end of the first paragraph;

ii) the additional approved duty (i)

'(i) attendance at meetings, training or other events where the Member is an official Council representative or requested to attend by the Leader, relevant Cabinet Member or Chief Officer.'

32. To consider the following reports from the Chief Executive or other Chief Officers on matters requiring the attention of Council:

(a) Pay Policy Statement

Councillor Fleming proposed and Councillor Lowe seconded the report which set out the elements of senior officer pay that enabled the Council to attract high quality officers whilst protecting value for money to the community. Approval by Council and publication on the Council website improved transparency and accountability whilst ensuring adherence to the Localism Act 2011.

Resolved: That the Pay Policy Statement be adopted and published on the Council's website.

(b) Appointment to Outside organisations - Sevenoaks Town Neighbourhood Development Plan Steering Committee

Councillor Fleming proposed and Councillor Lowe seconded the report which advised that a district council appointment was sought to the Sevenoaks Town Neighbourhood Development Plan Steering Committee.

Resolved: Councillor Hogarth be appointed to serve on the Sevenoaks Town Neighbourhood Development Plan - Steering Committee.

33. To consider any questions by Members under paragraph 19.3 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.

One question had been received from a Member in accordance with paragraph 19.3 of Part 2 (The Council and District Council Members) of the Constitution.

Question 1: Cllr. Purves

“Affordable Housing: How much money has been collected by SDC as a contribution for Affordable Housing during the current financial year? How much of this money has been spent? On which schemes?”.

Response: Portfolio Holder for Housing & Health

So far, in 2016/17, we’ve received £1,807,328.46.

So far, in 2016/17, we’ve only spent £206,450 as we’re awaiting the results of the housing needs study in order to be able properly prioritise spending to best effect as this is now a limited pot of funding with recent changes to national planning developer contribution thresholds.

Part-funding of a new supported housing facility for adults with learning disabilities / funding for essential refurbishment works at an almshouse charity / part-payment of the housing needs study / part-funding the rural housing enabler service / part-funding the external under-occupation officer and Small is Beautiful downsizing scheme.

Supplementary question: Cllr. Purves

Has SDC built or intend to build any any affordable housing on sites it owns which they’re putting forward for development?

Response: Portfolio Holder for Housing & Health

We have not built any houses on any sites that we own its something that the new housing strategy will be looking at.

In accordance with the Constitution, there was no further discussion.

34. To consider any motions by Members under paragraph 20 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.

No motions had been received.

35. To receive the report of the Leader of the Council on the work of the Cabinet since the last Council meeting.

The Leader of the Council reported on the work that he and the Cabinet had undertaken in the period 9 November 2016 to 3 February 2017.

THE MEETING WAS CONCLUDED AT 7.36 PM

CHAIRMAN

Item 6 (a) - Property Investment Strategy Update

The attached report will be considered by the Cabinet on 20 April 2017, and the relevant minute extract is therefore not available prior to printing of these papers and will follow when available.

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PROPERTY INVESTMENT STRATEGY UPDATE

Policy and Performance Advisory Committee - 23 March 2017

Report of Chief Finance Officer

Status: For Decision

Also considered by: Finance Advisory Committee - 28 March 2017

Cabinet - 20 April 2017

Council - 25 April 2017

Key Decision: No

Executive Summary: This report provides an update on the progress of the Property Investment Strategy to date and looks at the future direction of the strategy.

The Property Investment Strategy was approved by Council on 22 July 2014 to support the aim of the council becoming more financially self-sufficient as Government Support continued to reduce.

The initial acquisitions have helped the council achieve this aim and this report provides an update on the acquisitions to date and requests additional funding to enable the council to achieve 'self-sufficiency +' and therefore provide extra value to residents. Funding previously approved has now nearly all been spent.

External investment advisors have analysed the current property investment portfolio and provided advice as to the future direction of the strategy. This advice has been used to propose changes to the Property Investment Strategy criteria and to support the reasons to set aside further funds.

Portfolio Holder Cllr. Fleming, Cllr. Scholey

Contact Officer(s) Adrian Rowbotham Ext. 7153

Recommendation to Policy and Performance Advisory Committee:

- (a) Members recommend the Updated Property Investment Strategy and;
- (b) Members recommend that a further £25m be set aside for the Property Investment Strategy.

Recommendation to Finance Advisory Committee:

- (a) Members recommend the Updated Property Investment Strategy and;
- (b) Members recommend that a further £25m be set aside for the Property Investment Strategy.

Recommendation to Cabinet:

- (a) Members recommend the Updated Property Investment Strategy to Council and;
- (b) Members recommend to Council that a further £25m be set aside for the Property Investment Strategy.

Recommendation to Council:

- (a) Council agrees the Updated Property Investment Strategy and;
- (b) Council agree that a further £25m be set aside for the Property Investment Strategy.

Introduction

- 1 In recent years Sevenoaks District Council has been faced with ongoing reductions in Government Support culminating in it no longer receiving Revenue Support Grant from 2017/18. This has led to a number of decisions that have been taken through the 10-year budget process to try and ensure that the council remains in a financially sustainable position going forwards.
- 2 On 7 November 2013, Cabinet approved the Corporate Plan which set out key focus areas for the organisation including the need to become more financially self-sufficient. The agreed plan articulated an approach of investing in assets that will generate revenue income to allow less reliance on diminishing Government Support. It goes on to state that this could be done either through the review of use of reserves or through borrowing at low interest rates.
- 3 On 22 July 2014, Council agreed the Property Investment Strategy with specific criteria which is shown in Appendix A.

Funding Agreed to Date

- 4 A total of £18m of funding for the Property Investment Strategy has been agreed to date as follows:
 - £5m Council 22 July 2014
 - £3m Council 17 February 2015
 - £10m Council 21 July 2015

Activity to Date

5 A summary of the expenditure to date is included in the following table:

Date	Activity	Total Cost £000	Average Annual Income Yield %
Activities achieving the required return			
Apr 2015	Suffolk House (including refurb.)	4,683	7.7% (7.1% before refurb.)
May 2015	Swanley Petrol Station and Supermarket	2,566	6.1%
Mar 2017	Office building, Sevenoaks	4,673	6.1%
Work in Progress			
Feb 2015	Swanley Working Men's Club (including demolition)	1,437	-
2016/17	Quercus 7 set up costs	10	-
Feb 2017	96 High Street, Sevenoaks	4,501	Initially 2% Basic option 7% Other options 7%+
	Total	17,870	

6 **Swanley Working Men's Club** (February 2015) - The premises were demolished in July 2016. This site will be part of the gateway to Swanley.

7 **Suffolk House, Sevenoaks** (April 2015) - This office building is in a town centre location with diminishing levels of office stock in the area. It consists of a total of 16,699 sq ft of office space over four floors with 84 parking spaces. It is managed by a property management company with costs recoverable under a service charge. Several floors have now been

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refurbished to grade A standard office space and the price per square foot is now significantly higher than when the building was purchased.

- 8 **Swanley Petrol Station and Supermarket (May 2015)** - The property comprises a 2,789 sq ft convenience store building with 15 car parking spaces, 8 multi-fuel pump forecourt with jet wash and car wash on a 0.589acre site. The property is let on a lease expiring in August 2030.
- 9 **Quercus 7 set up costs** - a budget of £10,000 was approved by Council on 31 March 2015 to be funded from the Property Investment Strategy Reserve.
- 10 **96 High Street, Sevenoaks (February 2017)** - This premises consists of ground floor retail space, 1st and 2nd floor office space with residential potential and development opportunity to rear. The most basic option of refurbishing the office space and selling the land to the rear will give a 7% annual return. The land at the rear is next to a council car park which in turn is next to the bus station and therefore has the potential to be a catalyst for wider development.
- 11 **Office building, Sevenoaks (due to complete in March 2017)** - This is a modern freehold office investment in Sevenoaks town centre. The 10,499 sq ft building over three floors has 56 car parking spaces is currently fully let on a ten year lease.
- 12 The above activity has used £17.87m of the £18m approved.
- 13 All acquisitions have been supported by a thorough business case and approved by the Policy & Performance Portfolio Holder in consultation with the Finance Portfolio Holder as required by Council.

Property Investment Strategy Income

- 14 The 10-year budget approved by Council on 21 February 2017 included net Property Investment Strategy income of £500,000 in 2017/18 and £735,000 in 2018/19. Income from the properties acquired to date should exceed these budgets and therefore help to deliver 'self-sufficiency+'.

Funding Sources

- 15 The £17.87m spent to date has been funded by (or is expected to be as part of the 2016/17 annual accounts process):
 - Property Reserve and Financial Plan Reserve £4.76m. Funds put aside for the Property Investment Strategy agreed as part of the annual budget setting process.
 - Capital receipts £8.61m. Proceeds from the sale of council assets.
 - Internal borrowing £4.5m. From council balances. No interest is paid but Minimum Revenue Provision (MRP) is charged. MRP is the minimum amount which must be charged to the revenue account each year and

set aside as provision for repaying loans and meeting other credit liabilities. This is a requirement for any form of borrowing so that an amount is set aside to repay the loan.

- External borrowing £nil. This funding method incurs interest and MRP costs each year.

Future Opportunities

- 16 Savills (Investment Advisors) have analysed the Council's current property investments and advise that the council should consider further acquisitions in order to provide a more balanced investment portfolio. They recognise that good investment purchases have been made and are currently performing well and this is set to continue with the creation of new tenancy agreements and potential development opportunities within the current portfolio.
- 17 They also advise that further acquisitions should be targeted towards the industrial sector to reflect not only a more balanced portfolio and dilute any risk that may occur within specific areas of commercial property. They also recognise the preference to balance the portfolio by way of geographical area, investing in other commercial focused areas and residential property. However, opportunistic purchases should not be ignored where value for money and growth can be identified for example further properties in Sevenoaks.
- 18 Savills have confidence that the current property investment strategy is working but is now reaching a point where the following should be considered to update the strategy:
 - Broader geographical area and sector purchases.
 - Yield requirements/target to be a minimum of 5%.
 - Budget £20-25 million.
- 19 The following projects are expected to progress as part of the Property Investment Strategy.
- 20 96 High Street, Sevenoaks - development of the site and potentially also adjacent sites.
- 21 Swanley - a separate report will be presented to Members at an appropriate stage, therefore the funding requested in this report is not required to fund these schemes. The sites are:
 - Bevan Place / 27-37 High Street, Swanley - potential for residential units and business start-up space.
 - White Oak Leisure Centre

Agenda Item 6a

- 22 Timberden Farm - The majority of land has been sold. The agricultural buildings have currently been retained with work continuing before deciding how to proceed.
- 23 Small sites development (including Stangrove Estate and Spitals Cross, Edenbridge)
- 24 Croft Road, Westerham - This land has been sold to a developer to build 18 residential units. The council has an option to acquire two houses at a discount (based on external valuation).
- 25 Further individual investments.
- 26 Due to the number of developments planned for the next few years it is recommended that the emphasis for any further acquisitions are for sites where no further work is required rather than those with development potential.
- 27 Proposed changes to the Property Investment Strategy criteria are included in Appendix A.

Further Funding Required

- 28 Further funding will be required to enable the above schemes and further property investments to take place which will help to deliver the aim of 'self-sufficiency+'.
- 29 Funding options will be considered on a case by case basis and may be funded by reserves, capital receipts, internal borrowing or external borrowing. Due to current commitments it is likely that a significant proportion will come from external borrowing (PWLB 30 year annuity loan interest rate at 10/03/17 is 2.56%).
- 30 Each scheme will also be analysed to decide whether it is preferable to proceed as the council or via Quercus 7.

Risks

- 31 The risks of the Property Investment Strategy are included in Appendix B. The risks were previously analysed by the Audit Committee on 9 September 2014.
- 32 The Council's Strategic Risk Register was also agreed by the Audit Committee on 27 September 2016 and the relevant category for the Property Investment Strategy is also included in Appendix B.
- 33 Property Investment is inherently more risky than leaving reserves in the bank but this has been taken to account when approving the Property Investment Strategy and setting the investment criteria.
- 34 The risks of each potential investment are considered by carrying out due diligence to include the following:

- Valuation.
- Market conditions.
- Covenant strength of tenants.
- Terms of leases.
- Structural surveys.
- Funding options.
- Future costs.

35 It should be recognised that there is likely to be a time when there are business reasons to dispose of assets currently owned and invest elsewhere instead.

36 The Scrutiny Committee set up a Property Investment Strategy Member Working Group at their meeting on 5 July 2016 and are due to report their findings at the Scrutiny Committee on 30 March 2017. Feedback will be provided to Cabinet on 20 April 2017.

Key Implications

Financial

As previously stated in this report, the proposals outlined are suggested in order to contribute to the aim of the council remaining financially self-sufficient and deliver 'self-sufficiency+'.

The Council has agreed to part-fund the Buckhurst 2 Car Park Development by external borrowing and as the council has been debt free for many years, this will be a significant change. It is expected that a significant proportion of Property Investment Strategy funding will also be provided by external borrowing. Each acquisition will be looked at on a case by case basis to ensure that the most appropriate funding method is used.

Legal Implications and Risk Assessment Statement.

Legal resources would be required to undertake legal pre-purchase due diligence for any future acquisitions. This would be undertaken either internally by the Council's Legal Team or externally and a decision would be made on a case by case basis.

A full risk analysis is included at Appendix B to this report.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

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Value for Money and Asset Maintenance

Value for money derived from available finances when looked at in conjunction with the Treasury Management Strategy has the ability to be increased if the proposals outlined in this report are adopted.

Conclusions

In acknowledgement of the position with Government Support and the continued low returns on investment of reserves, further investment in the Property Investment Strategy will continue to support the alternative approach as indicated by the approved Corporate Plan.

Appendices

Appendix A - Property Investment Strategy

Appendix B - Property Investment Strategy - Risk Analysis

Background Papers

[Report to Council 22 July 2014 - Investment Strategy](#)

[Report to Audit Committee 9 September 2014 - Investment Strategy Risk Register](#)

Report to Council 17 February 2015 - Budget and Council Tax Setting 2015/16

Report to Council - 21 July 2015 - Property Investment Strategy

Adrian Rowbotham
Chief Finance Officer

Lesley Bowles
Chief Officer Communities and Business

Property Investment Strategy

Proposed changes to the original strategy are shown in **bold and underlined**.

1. The strategy will consist of a diversified and balanced portfolio of investment assets with regard to the following considerations.
2. Established property investment practice has evolved based on long standing markets for assets in main stream sectors such as Offices, Retail, Industrial and Residential. Investing in these traditional asset categories in a balanced fashion, allows for a lower risk investment when compared to emerging markets such as Student Accommodation, Nursing Homes and Medical Centres.
3. When considering the tenure of an asset, freehold would be preferable to leasehold. Freehold provides for greater levels of security against a leasehold asset that would effectively decrease in value over time. However assets on long leasehold basis may still be suitable for consideration.
4. Whilst properties let to only one tenant may offer an acceptable level of risk, multi-tenanted properties would be favourable as they offer the opportunity to minimise the impact of any one part of the asset being vacant due to tenant default or lease expiry. If assets are occupied by a single tenant, then detailed financial due diligence would be undertaken to ascertain their financial stability.
5. **Given the greater market knowledge of the local area, it is suggested that initial investment opportunities are restricted to those within Sevenoaks District. (It is considered that the initial phase of the Property Investment strategy has now ended so this criteria no longer applies.)**
6. Based on the above considerations and taking into account local market conditions, a suggested lot size of between £1m and £5m is recommended. This is to avoid the lower part of the local market where private high net worth individuals would be seeking to invest and also the high end, where Pension Funds and Life Assurance Funds tend to dominate.
7. Given the likely risk profile of an asset meeting the above considerations, it is suggested that an income yield of in excess of **6% 5%* (based on advice from Savills) when not borrowing or 3% net of borrowing costs** is appropriate. Opportunities should be sought that lend themselves to a potential to increase rental income than is currently being realised. **(*The income yield is calculated as an average return over 10 years).**
8. A limited number of opportunities that include the potential for development should also be considered. This approach may have the potential to deliver an additional 20-30% return on investment could be realised.

9. Where sites that are already in the ownership of the Council could be redeveloped in partnership with neighbouring sites, added value can be derived from 'marriage' of the sites. Consideration should be given to Joint Venture (JV) projects that maximise value, with priority given to those which would result in the delivery of assets meeting the investment criteria.
10. It is proposed that external specialist property investment advisors be retained on each transaction, advising on suitability having undertaken detailed pre purchase due diligence, including valuation, risk analysis and lease / title reviews.
11. Taking all of the above considerations into account, the following specific criteria are proposed:
 - i. Income Yield of 6%+5%+ when not borrowing or 3% net of borrowing costs, based on an average over 10 years. (Flexibility may be applied to those opportunities that show an acceptable social return on investment)
 - ii. Individual Properties or Portfolios
 - iii. Lot size of £1m - £5m
 - iv. Freehold / Long Leasehold
 - v. Single or Multi Tenanted
 - vi. Asset categories: Industrial, Office, Retail, Trade Counter and Private Rented Residential
 - vii. ~~Initially, geographically located within the District. (It is considered that the initial phase of the Property Investment strategy has now ended so this criteria should no longer apply.)~~
 - viii. Potential to increase rental income, through pro-active Asset Management
12. It is proposed that initially, the Strategic Asset Management and Operational Property Management of the portfolio be delivered from existing resource within the Council's Economic Development and Property Team. There will however be times when specialist external advice is needed and this work will be commissioned on an 'as required' basis, funded from the income from the assets. This approach is to be reviewed regularly, including ongoing resource requirements, as the portfolio grows.
13. Funding for the acquisition of assets should be reviewed on a case by case basis but could be derived from a number of sources:
 - Receipts from previous property disposals.

- Receipts from proposed land / property disposals in future years.
 - Reallocation of some of the funds currently held in reserves.
 - ~~Borrowing from external lenders – Bank Real Estate Finance, Annuity Funds, Pension Funds.~~
 - Borrowing from the Public Works Loan Board.
 - Borrowing from the Municipal Bonds Agency.
14. Each scheme will also be analysed to decide whether it is preferable to proceed as the council or via Quercus 7.

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Property Investment Strategy - Risk Analysis

Risk	Risk Areas	Likelihood 1(low)- 5(High)	Impact 1(low)- 5(High)	Total Score	Controls
Downturn in property market	Capital value and income potential reduce for purchased assets	2	3	6	Continued monitoring of markets. Sale of Assets at a benchmarked threshold. Annual Valuation
Upturn in property market	Purchase cost of potential assets increases	4	4	16	Continued monitoring of markets. Adjusting purchase criteria to reflect market movement. Consider sales of assets for capital gain. Annual Valuation
Increase in interest rates (borrowing)	Cost of borrowing increases with detrimental impact on income	4	3	12	Ensure most competitive rate achieved if borrowing, fixed term if possible. Consider increased use of reserves to ensure loan to value ratios are acceptable.
Increase in interest rates (investment)	Lower rate of return when compared to other potential treasury management income	4	1	4	Consider revising income return criteria upwards. Consider disposal of assets for re-investment
Available opportunities	Market opportunities meeting investment criteria not available.	4	4	16	Identify opportunities early and move swiftly to acquire
Changes in Tenant Demand	Certain types of property may become less favourable with tenants.	3	3	9	Construct a varied portfolio by use, i.e. mixture of shops, offices, industrial, residential etc.
Obsolescence of Asset	Physical obsolesce in terms of building fabric	3	4	12	Ensure Full Repairing and Insuring Leases are in place via pre-purchase

	and fit out				due diligence. Have building surveys undertaken to establish condition of building.
Tenant default	Loss of rental income, increased costs incurred	2	4	8	Undertake financial due diligence of tenants pre-purchase, obtain the best possible tenant covenants. Look for guarantors or cash deposits where covenants are considered weak. Consider multi-tenanted properties in order to diversify risk. Ensure robust credit control procedures in place. Monitor tenant company performance.
Void periods	Loss of rental income, holding costs incurred - rates, utilities etc. Costs of re-letting	2	4	8	Monitoring tenancies as described above. Move quickly to appoint letting agents should a void period appear likely. Act expediently in concluding legal process of letting.
Government Legislation - Energy Performance (Minimum Energy Efficiency Standards , MEES)	From 1 st April 2018 it will be illegal for a landlord to grant a new letting of a commercial property that has an EPC of below E.	4	4	16	Undertake appropriate pre purchase due diligence to establish what the EPC rating of a property is and purchase accordingly. Identify if opportunities exist to increase the EPC rating appropriately.
Illiquidity of Property Assets	Asset identified for disposal to raise capital receipt or for reinvestment	2	4	8	Ensure that assets are kept “sale ready” in terms of documentation and information.

Staff Resources	Lack of suitably professionally qualified staff	2	3	6	Ensure that appropriately professionally qualified staff, with experience in Property Investment, are available to act on the Council's behalf.
Residential Properties - generally all of the above plus greater landlord input, more management intensive	Residential Properties generally require a more active landlord involvement, maintaining the structure and services of a property - maintenance costs and management costs are therefore higher.	3	3	9	Ensure that increased holding costs are factored into purchase valuations Appoint external professionals to manage landlord and tenant processes Ensure that tenant deposits are taken

ID	Risk	Risk Factors	Potential Effect	Links to Corporate Plan	Gross Likelihood	Gross Impact	Gross Risk Rating	Internal Controls	Net Likelihood	Net Impact	Net Risk Rating
SR 02	<p>Property Investment Strategy</p> <p>The appetite and ability to invest in appropriate opportunities in accordance with the Council's Property Investment Strategy</p> <p>Lead Officer: Adrian Rowbotham</p>	<ul style="list-style-type: none"> - Ability to seek appropriate investment opportunities - Appetite for risk within investment strategy to enable the Council to generate target returns - Ability to deliver sufficient funds to maximise the opportunities presented through the Property Investment Strategy - Appetite to prudentially borrow over the medium to long term - The cost of interest payments - Lack of capacity or skilled professionals to advise on investment and borrowing strategies - Ineffective governance processes that could result in opportunities being missed or being ineffectively scrutinised 	<ul style="list-style-type: none"> - Lack of diversity in investments - Cost of interest payments - Negative impact on budgets, reserves and the ability to deliver Council projects - Poor financial health - Unable to maintain low increases in council tax levels - Reputational damage - Poor outcome for the Audit of Accounts or Value for Money assessment and potential for increased intervention 	<ul style="list-style-type: none"> - Value for Money - High quality services - Local economy 	4 Likely	4 Serious	16 High	<ul style="list-style-type: none"> - Council approved Property Investment Strategy - Governance arrangements defined with appropriate delegations agreed - Qualified and experienced officers in post - Professional, external advisers engaged to support the development of strategies and fill skills gaps - Effective budget setting and financial monitoring processes embedded - Effective financial governance including reports to FAC, Cabinet, Audit Committee and Scrutiny Committee 	3 Possible	3 Significant	9 Medium

How likely is it to happen?

What would the impact be?

Likelihood x Impact = Risk Rating

Low Risk: Risk rating of 1 to 6

Medium Risk: Risk rating of 8 to 12

High Risk: Risk rating of 15 to 25

Likelihood	Very Likely (5)	Low (5)	Medium (10)	High (15)	High (20)	High (25)
	Likely (4)	Low (4)	Medium (8)	Medium (12)	High (16)	High (20)
	Possible (3)	Low (4)	Low (6)	Medium (9)	Medium (12)	High (15)
	Unlikely (2)	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	Very Unlikely (1)	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
		No Impact (1)	Minor (2)	Significant (3)	Serious (4)	Breakdown of Services (5)
		Impact				

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LOAN FACILITIES TO QUERCUS 7

Council - 25 April 2017

Report of Chief Executive

Status For Decision

Key Decision: No

This report supports the Council promise to provide value for money

Portfolio Holder Cllr John Scholey

Contact Officer Helen Martin, Ext. 7483

Recommendation to Council:

The Chief Executive be authorised to offer loan facilities to Quercus 7 following consultation with the Portfolio Holder for Finance in line with the rules set out in this report relating to State Aid.

Reason for recommendation: To avoid conflicts of interest as the Council undertakes trading activities to enhance the economic wellbeing of the District and to achieve self sufficiency from central government funding.

Introduction and Background

- 1 In March 2015, Council (minute 51) agreed that the Chief Finance Officer be authorised to provide loan facilities in consultation with the Chief Executive, the Chief Officer Legal and Governance and the Portfolio Holder for Finance and Resources.
- 2 Since that meeting, the Chief Finance Officer has been appointed as Chairman of the Board of Quercus 7 and, therefore, there would now be a conflict of interest with the authority given to him by Council in March 2015.
- 3 The post of Chief Officer Legal and Governance no longer exists. The Monitoring Officer (Head of Legal and Democratic Services) is now the Company Secretary of Quercus 7 and would also have a conflict of interest.
- 4 This amendment ensures openness and transparency of reporting and decision making and clearly demonstrates the separation of duties in this matter.

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State Aid

- 5 In order to ensure transparency and competitiveness with the private sector and not to breach the rules in relation to State Aid, the Company must not be subsidised by the Authority. This means that the authority must recover the costs of any accommodation, goods, services from employees or any other support it gives to the company.
- 6 Council (March 2015) noted that specialist advice would be sought when Quercus 7 received loans from the Council to ensure that State Aid regulations were complied with.

Key Implications

Financial

- 7 There are no new Financial implications arising from this report.

Legal Implications and Risk Assessment Statement.

- 8 There are no new Legal implications or risks arising from this report.

Equality Assessment

- 9 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

- 10 The Chief Executive be authorised to provide loan facilities to Quercus 7 in consultation with the Portfolio Holder for Finance.

Appendices None

Background Papers: [Report to Council 31 March 2015](#)

Dr Pav Ramewal
Chief Executive

Date: 6 February - 31 March 2017

February 2017	Event	Comments
7 February	<ul style="list-style-type: none"> Policy & Performance Portfolio Holder Meeting - SDC 	
	<ul style="list-style-type: none"> Meeting with Residents - SDC 	
	<ul style="list-style-type: none"> Scrutiny Committee 	
8 February	<ul style="list-style-type: none"> Kent Leaders' Meeting - Maidstone 	
9 February	<ul style="list-style-type: none"> Developing Commercialism in Local Government Conference - Chairman - London 	
13 February	<ul style="list-style-type: none"> LGC Judges' Visit - SDC 	
14 February	<ul style="list-style-type: none"> Meeting re Fort Halstead - SDC 	
15 February	<ul style="list-style-type: none"> Rural Broadband Meeting with KCC - SDC 	
21 February	<ul style="list-style-type: none"> Council Meeting 	
22 February	<ul style="list-style-type: none"> Guardian Public Leaders' Network - London 	
23 February	<ul style="list-style-type: none"> SDC/WKHA Annual Liaison Meeting - WKHA Offices 	
	<ul style="list-style-type: none"> Meeting with Arriva - SDC 	
24 February	<ul style="list-style-type: none"> Radio 4 Interview - File on 4 - Sevenoaks 	
28 February	<ul style="list-style-type: none"> KALC/KFAS Information Event - Maidstone 	
	<ul style="list-style-type: none"> Corporate Project Board Meeting - SDC 	
	<ul style="list-style-type: none"> Housing needs study presentation - SDC 	
March 2017		
1 March	<ul style="list-style-type: none"> LGA Leadership Board meeting - London 	
2 March	<ul style="list-style-type: none"> LGA Councillors' Forum - London 	
	<ul style="list-style-type: none"> LGA Executive Meeting - London 	
3 March	<ul style="list-style-type: none"> Kent LEP Meeting - Essex 	
	<ul style="list-style-type: none"> SELEP Strategic Board Meeting - Essex 	
6 March	<ul style="list-style-type: none"> Meeting re Swanley Sites - SDC 	
7 March	<ul style="list-style-type: none"> Policy & Performance Portfolio Holder Meeting - SDC 	
8 March	<ul style="list-style-type: none"> GoodGym Breakfast Meeting - London 	
	<ul style="list-style-type: none"> LGA Improvement & Innovation Board - London 	
	<ul style="list-style-type: none"> LGC Presentation - London 	
	<ul style="list-style-type: none"> LGC Awards Evening - London 	
9 March	<ul style="list-style-type: none"> DCN Members' Board Meeting - London 	
	<ul style="list-style-type: none"> Meeting with Age UK - SDC 	
	<ul style="list-style-type: none"> Cabinet Meeting 	
10 March	<ul style="list-style-type: none"> District Leaders' Meeting - Canterbury 	
17 March	<ul style="list-style-type: none"> Meeting with Avenues - SDC 	
21 March	<ul style="list-style-type: none"> Interview with Kent on Sunday - SDC 	
22 March	<ul style="list-style-type: none"> Kent and Medway Business Fund Investment Advisory Board - Maidstone 	
23 March	<ul style="list-style-type: none"> Mobile Working in Government - Key Note Speaker - London 	
	<ul style="list-style-type: none"> Policy & Performance Advisory Committee 	
24 March	<ul style="list-style-type: none"> LGA Regional Seminar - Chairman - Exeter 	
27 March	<ul style="list-style-type: none"> Meeting with 3Fox International - SDC 	
	<ul style="list-style-type: none"> Corporate Project Board Meeting - SDC 	
	<ul style="list-style-type: none"> Edenbridge Annual Town Meeting 	

Scrutiny Committee Annual Report to Council - 2016/17

Throughout the course of 2016/17, the Scrutiny Committee has drawn up and followed a work plan which has focussed on some key areas. These are:

- Inviting two Cabinet Portfolio Holders to each meeting of the Scrutiny Committee to discuss particular areas of focus/challenge.
- Inviting a number of external representatives to attend Scrutiny Committee to discuss particular areas of concern.
- Setting up In-Depth Scrutiny working groups as task and finish groups to investigate particular areas in detail, reporting back to the Committee so that recommendations can be agreed and reported to Cabinet.
- Performance of services in relation to agreed performance indicators.

As per the constitution:

- *“The Scrutiny Committee will comprise a permanent Chairman and Vice Chairman, and 9 other elected Members that follow the political proportionality of the Council. No Members of the Committee may be members of the Cabinet, their deputies or members of any of the Cabinet Advisory Committees.”*

Based on the above approach, the following is a summary of work carried out during 2016/17 by the Scrutiny Committee.

Portfolio Holders

Portfolio Holders were asked to provide an update on recent work and future challenges to the relevant meeting, and were subsequently asked a number of questions by Members of the Committee regarding specific challenges and their approach and views. Portfolio holders attended as follows:

Scrutiny Committee	Portfolio Holder	Area of Committee Focus
May 2016	Cllr Michelle Lowe Housing and Health	Affordable Housing Homelessness Disabled Facilities Grants
May 2016	Cllr Matthew Dickins Direct and Trading Services	Parking Charges CCTV Flytipping
July 2016	Cllr Roddy Hogarth Economic and Community Development	Anti-social behaviour Parking provision Broadband Delivery
July 2016	Cllr Tony Searles Finance	White Oak Leisure Centre Oxford Palace Tower Property Investment Strategy
November 2016	Cllr Robert Piper Planning	Planning Fees Green Belt Swanley and Hextable Master

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		Vision
November 2016	Cllr Anna Firth Legal and Democratic Services	Licensing Partnership Elections and Registration Trading Company
February 2017	Cllr Peter Fleming Policy and Performance	Swanley and Hextable Master Vision Property Investment Trading Company
February 2017	Cllr Michelle Lowe Housing and Health	HERO Dementia Empty Homes
March 2017	Cllr Matthew Dickins Direct and Trading Services	

External Invitees

May 2016 - Paul Carter CBE, Leader and Cabinet Member for Business Strategy, Audit and Transformation and Commercial and Traded Services of Kent County Council to answer question on Commercial and Traded Services and John Burr, CEO of Commercial Services, who gave an overview of Commercial and Traded Services at Kent County Council.

Mr Carter and Mr Burr gave a presentation on Commercial Services. They explained that Commercial Services had a combined turnover of £400 million, with three quarters from the LASER energy purchasing group. He explained that he did not want Commercial Services just to create artificial profits and so Commercial Services had separate accounts from the Council and no subsidies were provided. They clarified that 83% of the turnover come from businesses outside of KCC and the only service KCC staff were asked to use was Connect2Staff recruitment. Commercial Services contributed £5 million to £6 million per year back to the Council and had a target of £8.7 million in profit for the current year and £11 million in the next.

Members of the Committee then asked a number of questions relating to areas including:

- The profitability of the services discussed
- Opportunities for wider trading
- Trading with District Councils
- Competition with the private sector

July 2016 - Elizabeth Austerberry, Chief Executive of Moat and Deborah White, Housing Director of West Kent Housing Association.

Mrs Austerberry and Mrs White gave presentations on the provision of housing in the district, the impact of the Voluntary Right to Buy, assistance to the “squeezed middle” and the challenges ahead.

Members of the Committee then asked a number of questions relating to areas including:

- Levels of rent charged
- The impacts of the Spare Room Subsidy
- Housing supply
- Tenancies

November 2016 - Chief Inspector Roscoe Walford, Sevenoaks District Commander of Kent Police in attendance to answer questions about crime and disorder in the Sevenoaks District.

Chief Inspector Walford explained that the Sevenoaks District was the third lowest crime area in the County. There had been a rise in crime with 388 extra recorded crimes over the rolling year to the end of October 2016 with between 10 and 14 crimes reported each day. However, crime recording methods were one of the best in the country with approximately 90% accuracy. Domestic violence was the most common crime but Kent Police had one of the best rates for domestic violence. Scrutiny Committee - 8 November 2016 8 prosecutions with relatively low levels of repeat offenders and victims having more confidence to report incidents and receive support. The Kent Police sexual offences department would be restructured to deal with the rise in cases since Operation Yewtree. Kent Police were beginning to disrupt organised crime groups, which were causing disproportionate harm within the District.

He congratulated the Community Safety Unit for their work, with their well documented and audited processes leading the way in West Kent. The District had the lowest reported anti-social behaviour in the county.

Members of the Committee then asked a number of questions relating to areas including:

- Police Staffing Levels in the District
- Unauthorised encampments
- Theft in rural communities
- Cyber crime

February 2017 - County Councillor Mike Hill, Cabinet Member for Community Services and James Pearson, Service Improvement Manager of the Libraries, Registration and Archives Service and Donna Dunn Sevenoaks and Tunbridge Wells Services Manager in attendance to answer questions about Library provision in the District.

County Councillor Hill explained that libraries were the largest service provided under his portfolio and that it was a well loved service by the public. He advised that libraries would remain open as much as possible as they were an important part of the community. In the County there were 99 libraries, and this District had 5. It was important that the library buildings were used to their full capacity and

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therefore other services, such as registrations were being included in library buildings.

Members of the Committee then asked a number of questions relating to areas including:

- Library Usage
- Services for Older and vulnerable residents
- Staffing at libraries

In-Depth Scrutiny Working Groups

At its July 2016 meeting, the Scrutiny Committee considered the report of an In-Depth Scrutiny Working Group looking at the Leisure area.

Remit - To benchmark with other authorities and leisure providers the value for money provided by Sencio in the provision of leisure services through the leisure trust. To analyse the amount of subsidy per use of the Council's centres paid by the Council to Sencio - if possible in comparison with other providers as well as over time. To assess customer satisfaction with the service provided.

Outcomes - The report with a number of recommendations were forwarded to Cabinet for consideration.

March 2017 - Final report of the Property Investment Strategy In-Depth Scrutiny Working Group to be considered.

Lessons Learned

As ever the committee has found it challenging to ensure that we intelligently quest and probe. The fact that the Committee has done so is a credit to the members. Overall it has been striking that all those we have spoken to are trying to ensure services continue strongly despite, often, severe funding cuts and despite that challenge are still willing to be questioned, at length, by the Committee.

Councillor James London

Chairman - Scrutiny Committee