

COUNCIL

Minutes of the meeting held on 26 February 2019 commencing at 7.00 pm

Present: Cllr. Mrs. Bosley (Chairman)

Cllr. Edwards-Winser (Vice Chairman)

Cllrs. Abraham, Ball, C. Barnes, Barnes, Mrs. Bayley, Bosley, Dr. Canet, Carroll, Clack, Clark, Coleman, Dickins, Dyball, Edwards-Winser, Eyre, Firth, Fleming, Grint, Hogarth, Horwood, Mrs. Hunter, Kelly, Layland, London, Lowe, Maskell, McArthur, McGarvey, McGregor, Mrs. Morris, Parkin, Parson, Pearsall, Pett, Piper, Purves, Raikes, Scholey, Searles, Miss. Stack, Thornton and Williamson

Apologies for absence were received from Cllrs. Brown, Esler, Gaywood, Halford, Hogg, Lake and Reay.

CHANGE IN ORDER OF AGENDA ITEMS

With the consent of the Council, the Chairman advised she would bring forward consideration of agenda item 9 to before agenda item 6 (b).

22. To approve as a correct record the minutes of the meeting of the Council held on 20 November 2018.

Resolved: That the Minutes of the meeting of the Council held on 20 November 2018 be approved and signed as a correct record.

23. 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.

24. Chairman's Announcements

The Chairman announced the sad passing of former Councillor and past Chairman Clive Bruce, who had passed away peacefully following an operation on 19 January 2019. Clive was Chairman of the Council in 2004/2005 and represented Ash Cum Ridley between 1987 and 2007. The Chairman also advised that in January the former Leader of the Council and Sevenoaks Kippington Ward Councillor, Frances Kitson had also died. She asked Members to join her in a moments silence as a mark of respect.

The Chairman reported that the Christmas period had been enjoyable and busy and she and her consort had spent a very different Christmas Day and one they would always remember, visiting patients in Sevenoaks Hospital, spending time in the

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CCTV room and lunching with Age UK at Hollybush and elderly people who would otherwise have been on their own.

A very successful evening had been held at the Indoor Bowls Centre in January, not only Raising funds for the Silas Pullen Fund, but guests had really enjoyed the taster sessions and it had become quite competitive. She was proud to announce that to date the wonderful sum of £12,455 had been raised for the Silas Pullen Fund. Members showed their appreciation.

The Chairman reported that she was proud to have been part of Sevenoaks District Council at the Community Awards Evening where the fantastic volunteers in the district were acknowledged and the Leader's unique way of comparing certainly added something special to the event. She wished to record her thanks to the team of staff members who organised and managed the evening so superbly.

With her focus on community wellbeing she advised that she had supported the launch of the 6th Every Step Counts walk in January, with snow on the ground around Greatness Park. She was pleased to announce that a seventh Every Step Counts group was planned in Hextable.

On Sunday she had held her Civic Service in 'our little church in the woods' in West Kingsdown which had been well supported by colleagues: Mayors and Chairmen from across Kent and Surrey; Councillors; Past chairmen; and members of the local community. This had been followed by 'Afternoon Tea' in the Village Hall. She thanked all who had been able to come.

25. 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.

26. 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 had been received.

27. Matters considered by the Cabinet

a) Council Tax Discounts for Empty and Uninhabitable Dwellings

Councillor Fleming moved and Councillor Scholey seconded the recommendation from Cabinet, which recommended amendments to the level of Council Tax discount for unoccupied and unfurnished dwellings, and dwellings undergoing or requiring major structural repair.

Resolved: That with effect from 1 April 2019

a) the Council Tax discount for unoccupied and unfurnished dwellings be reduced from 100% for up to 3 months to 100% for up to 1 month (Class C

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of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012);

- b) the Council Tax discount for unoccupied dwellings undergoing or requiring major structural repair be reduced from 100% for 12 months to 0% for 12 months (Class D of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012); and
- c) in accordance with Section 11B of the Local Government Finance Act 1992 and Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 the additional amount payable for Council Tax be increased from 50% to 100% for dwellings that were unoccupied and substantially unfurnished for more than two years.

28. 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. Dr. Canet

Given that we have seen at least two periods of recession, in property values since the 1990s, a strategy which relies on borrowing (even at below market Public Works Loan Board (PWLB) rates) to fund the property income needs to make allowance for the risk of capital losses as well as the costs of acquiring and managing properties.

What risk analysis has the Council completed to ensure that investing in property - which some industry experts believe to be at or past peak values- will not expose the council to financial risk?

Given that there are risks inherent in any commercial investment strategy, Shouldn't the Council be looking to achieve community and social benefits from its investments, for example in a worthwhile quantity of affordable housing investment in Sevenoaks District?

Response: Leader of the Council

You are quite right that investing in property does come with specific risks and as with any investment, the risks and rewards should be fully considered.

The Property Investment Strategy Update report contains a risk analysis that shows differences to the one reported to Council a year ago reflecting the changing views of the property market. The Audit Committee analysed the risks of the strategy after it was first agreed and continue to review it each year as the Property Investment Strategy is an area detailed in the Strategic Risk Register. An audit of the strategy was also completed in 2017/18. In addition, the Scrutiny Committee

set up a Property Investment Strategy Member Working Group which concluded that the benefits of the strategy do outweigh the risks.

Thorough due diligence is carried out for each potential investment to reduce the risks as much as possible. Our current holdings are reviewed on a regular basis and it is recognised that there is likely to be a time when there are business reasons to dispose of assets currently owned.

The main aim of the strategy is to produce income to replace Government support to allow us to provide excellent services to our residents and therefore achieve community and social benefits. The Council has Quercus Housing whose aim is to use s106 funding to provide affordable housing in the district and we are in the final stages of due diligence for a 14 unit property that was likely to provide ten affordable housing units and 4 market units.

None of the assets currently held in the strategy have been funded by external borrowing but it is recognised that future assets may be. This is why we are looking to revise the strategy criteria to ensure that the Council does still receive a good return after paying any interest on a loan.

Supplementary question: Cllr. Dr. Canet

Cllr Dr Canet stated that she remained concerned as it was different times commercially and politically, that this was a risky strategy and was concerned that investing within a 50 mile radius was still being considered.

Response: Leader of the Council

The Leader responded that it remained a 50 mile radius in order to spread the risk around a wider geographical area.

29. Matters considered by the Cabinet (cont:)

(b) Property Investment Strategy Update

Councillor Fleming proposed and Councillor Scholey seconded, the recommendation from Cabinet. The report sought approval of amendments to the Property Investment Strategy.

Resolved: That the following amendments be made to the Property Investment Strategy

- a) the income yield be amended to 3%+ above the Council's average treasury management return (currently 0.7%) when not borrowing or internally borrowing, and 3%+ above the borrowing rate (currently 2.6% for 30 years) when externally borrowing, based on an average over 10 years. (Flexibility may be applied to those opportunities that show an acceptable social return on investment);

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- b) the lot size be amended to £1m - £10m subject to multiple tenants for lots over £5m; and
- c) investment opportunities be restricted to those within a 50 mile radius of the Council's Argyle Road offices or within Kent and Medway, recognising that this may need to be changed in future if legislation is amended.

(c) Treasury Management Strategy 2019/20

Councillor Fleming proposed and Councillor Scholey seconded, the recommendation from Cabinet. The report sought approval of the Treasury Management Strategy 2019/20.

Resolved: That the Treasury Management Strategy for 2019/20, be approved.

(d) Capital Strategy 2019/20

Councillor Fleming proposed and Councillor Scholey seconded, the recommendation from Cabinet, which sought approval of a Capital Strategy for 2019/20 in line with the new CIPFA Prudential Code and the CIPFA Treasury Management Code.

Resolved: That the Capital Strategy for 2019/20 be approved.

(e) 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 2019/20 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 2019/20 shall be 50,772.34;
- 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

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Council as the council tax base for 2019/20 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,460.65
Badgers Mount	334.28
Brasted	778.50
Chevening	1,450.74
Chiddingstone	602.66
Cowden	435.77
Crockenhill	660.41
Dunton Green	1,323.31
Edenbridge	3,556.04
Eynsford	945.99
Farningham	664.59
Fawkham	283.39
Halstead	782.28
Hartley	2,555.38
Hever	610.42
Hextable	1,666.94
Horton Kirby & South Darent	1,299.56
Kemsing	1,839.00
Knockholt	634.77
Leigh	948.18
Otford	1,709.88
Penshurst	835.95
Riverhead	1,249.06
Seal	1,253.83
Sevenoaks Town	9,637.63
Sevenoaks Weald	615.09
Shoreham	685.46
Sundridge	932.07
Swanley	5,607.45
Westerham	2,068.71
West Kingsdown	2,344.35

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- 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.

(f) Budget and Council Tax Setting 2019/20

Councillor Fleming proposed and Councillor Scholey seconded, the recommendation from Cabinet. The report sought approval of the proposed budget and required level of Council Tax for 2019/20, and proposed a net expenditure budget of £15.251m in 2019/20 (£14.687m in 2018/19).

The Leader spoke to the motion stating that Members had before them another balanced 10 year budget, an achievement that remained unique within Local Government and an achievement recognised again this year, following on from previous year's success with an international award for Leadership & Management, a win in which the council's clarity of vision and boldness of purpose alongside financial self-sufficiency was recognised as delivering the high quality of services our residents deserve.

He stated that he could guarantee, with absolute certainty, that the budget in front of Members tonight would also be unique across local government in the positivity of its messages: investment in services, not cuts; increased investment in assets not cuts. No-one looking at the council's track record or future plans could deny we were a seriously different council. He further stated that there was no getting away from the fact these were incredibly difficult times for the local government sector, with the council's own figures bearing this out. In the last 10 years Sevenoaks District Council's revenue support grant had fallen by over five million pounds. In simple terms that meant the direct grant funding for every man, woman and child within the District had reduced from £55.95 in 2010 to zero, absolutely nothing the previous year. Risks remained, the uncertainty of the fair funding review and business rate retention was real and certain parts of the council's financial future remained beyond the council's control.

Despite this, all had been done to put the council in absolutely the best possible position for the future. The property investment portfolio was growing, and performing well and the ambition to provide the district's first new social rented housing for thirty years was on track.

He reported that the previous year he had spoken about current and future plans, and stated that the council was now days away from the new long stay car park in Sevenoaks opening and plans were being brought forward in Swanley for a new leisure centre and business hub as the council looked to build out the aspirations of its communities which was only possible due to the hard work and diligence put in by members and officers, for which he expressed his thanks.

He stated that self-sufficiency and a property portfolio were never going to be the end of the story, they gave the opportunity to make decisions which best served

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the communities represented. Members knew that he strongly believed that the council should always balance the make-up of the money available to spend. 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 the three he believed destabilised the council as an authority and put at risk the ability to deliver the positive agenda set out.

He advised that the secretary of state had made it clear at the dispatch box, that he believed council tax increases should keep pace with inflation and he made this possible by confirming the referendum limit at 3%, which followed a theme over the last few years as councils moved away from direct government support. For Sevenoaks it would mean an increase of £6.21, as proposed taking the total Sevenoaks District Council Tax figure to £215.01, or £4.00 a week.

The work that members and officers at Sevenoaks District Council had done and the outcomes achieved had gained the council national and international recognition. Whilst awards were not why anyone present came into local government they did act as a yard stick with which to measure performance against others and to coin a phrase 'keep us honest' not allowing backsliding or any resting on laurels. The Council would, over the coming years, need to go further, faster, and would need to both learn from others and lead.

He concluded by saying that whilst there would undoubtedly be challenges ahead, the future was not without risk, some of which fell outside of the council's control, and all that could be done was to make sure the council was fit for, ready for, and up for these challenges. The work done and the work the council continued to do, supported by the balanced ten year budget before members was the solid foundation that made him believe that the Sevenoaks District would not just survive but would thrive in the future. He commended the budget to members.

The vote was taken by all those present throughout the debate.

For	Against	Abstention
Cllr. Abraham		
Cllr. Ball		
Cllr. C. Barnes		
Cllr. J. Barnes		
Cllr. Mrs Bayley		
Cllr. Bosley		
Cllr. Mrs. Bosley		
Cllr. Dr. Canet		
Cllr. Carroll		
Cllr. Clack		
Cllr. Clark		
Cllr. Coleman		
Cllr. Dickins		
Cllr. Dyball		
Cllr. Edwards-Winser		
Cllr. Eyre		

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Cllr. Firth Cllr. Fleming Cllr. Grint Cllr. Hogarth Cllr. Mrs. Hunter Cllr. Kelly Cllr. Layland Cllr. Lowe Cllr. Maskell Cllr. McArthur Cllr. McGarvey Cllr. McGregor Cllr. Mrs. Morris Cllr. Parkin Cllr. Parson Cllr. Pearsall Cllr. Pett Cllr. Piper Cllr. Purves Cllr. Raikes Cllr. Scholey Cllr. Searles Cllr. Miss. Stack Cllr. Thornton Cllr. Williamson		
41	0	0

It was therefore

Resolved: That

- a) the Summary of Council Expenditure and Council Tax for 2019/20 set out in Appendix E to the report, be approved;
- b) the 10-year budget 2019/20 to 2028/29 which was the guiding framework for the detailed approval of future years' budgets set out in Appendix B to the report, be approved, including the growth and savings proposals set out in Appendices C-D to the report, and that where possible any variations during and between years be met from the Budget Stabilisation Reserve;
- c) the Capital Programme 2019/22 and funding method set out in Appendix H to the report, be approved;
- d) the changes to reserves and provisions set out in Appendix J to the report, be approved;
- e) the Capital Programme 2019/22 be approved, and Asset Maintenance 2019/20 budget of £672,000 be approved;

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- f) it be noted that at the Cabinet meeting on 10 January 2019 the Council calculated as its council tax base for the year 2019/20:
- (i) for the whole Council area as 50,772.34 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 in Appendix M to the report;
- g) the council tax requirement for the Council’s own purpose for 2019/20 (excluding Town and Parish precepts) be calculated as £215.01;
- h) the following amounts be calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Act:
- (i) £57,526,904 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) £42,195,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (iii) £15,331,904 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) £301.97 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) £4,415,343 being the aggregate amount of all special items (Town and Parish precepts) referred to in Section 34 (1) of the Act (as set out in Appendix L to the report).
 - (vi) £215.01 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.

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- i) that it be noted that for the year 2019/20 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	143.34	866.28	128.77	51.84
B	167.23	1,010.66	150.23	60.48
C	191.12	1,155.04	171.69	69.12
D	215.01	1,299.42	193.15	77.76
E	262.79	1,588.18	236.07	95.04
F	310.57	1,876.94	278.99	112.32
G	358.35	2,165.70	321.92	129.60
H	430.02	2,598.84	386.30	155.52

- j) that the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown as set in Appendix P to the report, as the amounts of council tax for the year 2019/20 for each part of its area and for each of the categories of dwellings; and
- k) that the Council's basic amount of council tax for 2019/20, shown in (h)(vi) above, is not excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.

30. Matters considered by other standing committees/Council working groups

- (a) Amendments to the Hackney Carriage and Private Hire Policy following consultation

Councillor Fleming proposed and Councillor Mrs Morris seconded, the recommendations from the Licensing Committee which sought approval of amendments to the Hackney Carriage and Private Hire Policy.

Councillor Mrs Morris wished to record her thanks to Officers and Members for all their work at Committee and hearings for the past four years.

Resolved: That the draft amended Hackney Carriage and Private Hire policy be approved.

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(b) Monitoring Officer's Annual Report

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

Resolved: That the report be noted.

(c) Amendments to the Constitution: Licensing Sub-Committee Hearing Procedures

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

Resolved: That

- a) 'Part 8 - Licensing Committee' of the Council's Constitution be amended as set out in Appendix A to the report; and
- b) delegated authority be granted to the Head of Legal & Democratic Services, to draft further amendments to Part 8 of the Council's Constitution to include hearing procedures under the Gambling Act 2005 and the Town Police Clauses Act 1847, Public Health Act 1875 and Local Government (Miscellaneous Provisions) Act 1976, for consideration at Council on 30 April 2019 after consultation with the Chairman of Governance.

(d) Member Working Group - Income Strip Funding

Councillor Fleming proposed and Councillor Scholey seconded, the recommendations from the Member Working Group - Income Strip Funding (ISF) with additional wording on recommendation (c) adding the words 'including those in the Property Investment Strategy' at the end.

Councillor Fleming expressed his thanks to the Working Group, and officers, stating that it was one of the great strengths of the Council that it was fortunate enough to have highly skilled Members who could look and understand a system that was at the cutting edge of funding for Local Authorities.

Councillor Scholey stated that Income strip funding arrangements were relatively complex arrangements and he also wished to thank the members of the working group for their diligence and expertise in working through the details of the advice received from professional advisors.

He explained that in essence income strip funding arrangements were designed so that a pension fund or insurance company could lend money to organisations with implied government backing to purchase property in a manner where the funder has no risks or responsibilities related to the property. They were for periods of 30 to 50 years and the financial return to the funder increased in line with an agreed

measure of inflation, typically RPI. In return for the security of government backing, inflation protection and lack of other responsibilities the funders could offer to provide money at a low rate of return. This could be a very useful source of funding for schemes where, for example, education and local authorities were confident the income generated from the property will reliably increase at a rate sufficient to pay the funder.

Examples of uses of income strips were funding of college halls of residence and regeneration schemes within a local authority area. Reef offered the Council an opportunity to use the income strip concept in a novel way. They proposed to use the funding mechanism as a purely property investment vehicle to purchase and manage an aparthotel in Aldgate, close to the City of London. Initial examination of the proposal indicated it could generate a valuable income stream for the council with the option to buy the property for £1 in 50 years. However, the devil of all schemes lay in the detail.

At its meeting in May 2018 Council requested that a working group be set up to look at the commercial and legal details of the proposal and to report back. A summary of the investigations undertaken was included with the agenda papers and all members were invited to review and discuss the details with members of the working group on 29 January 2019. The working group now felt in a position to make the following recommendations to Council: The working group viewed ISF as a sound financial mechanism which the council could use in the right circumstances to fund income generating developments within its own area, preferably developments involving regeneration; Members and officers of the council now had a sound understanding of the legal and commercial strengths and weaknesses of ISF and were in a position to construct a scheme when a suitable opportunity arose; ISF was not a mechanism the council should use for property investment outside the district boundary, and in particular should not proceed with the Reef proposal.

In response to a question, Members were advised that the working group was a working group of Council and therefore only reported to Council, and the working group had invited all members to attend one of their meetings on 29 January 2019.

Resolved: That

- a) the report from the Member Working Group be noted;
- b) an aparthotel at 21 Commercial Road, Aldgate not be acquired using an income strip funding deal; and
- c) Income strip funding be included as a possible funding method for future property schemes including those in the Property Investment Strategy.

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31. 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.

32. 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.

33. 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 5 November to 8 February 2018.

THE MEETING WAS CONCLUDED AT 7.42 PM

CHAIRMAN