

FINANCE & INVESTMENT ADVISORY COMMITTEE

Minutes of the meeting held on 11 January 2022 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllr. Dickins (Vice Chairman)

Cllrs. Abraham, Bayley, Clack, Clayton, Penny Cole, Griffiths, Harrison and Hogarth

Apologies for absence were received from Cllrs. Carroll and Reay

Cllrs. Dr. Canet and Perry Cole were also present.

33. Minutes

Resolved: That the minutes of the meeting held on 4 November 2021 be approved and signed by the Chairman as a correct record.

34. Declarations of Interest

No further declarations of interest

35. Actions from Previous Meeting

There were none

36. Update from Portfolio Holder

The Portfolio Holder for Finance and Investment gave an update and advised that the budget setting process was well underway for the Council meeting on 22 February 2022. The provisional settlement had been announced shortly before Christmas which would see an additional one-off £262,000 for the Council. Cabinet would be considering next steps later that week.

Cabinet had welcomed the Committee's recommendations on investment in Multi Asset Income Funds and Treasury Advisors had initiated the fund selection process.

The rate of inflation remained a concern.

The Government had released details on New Year's Eve of the Omicron Hospitality and Leisure Grant and the Council had received the funds. The Council would be open to applications mid-January, with the Government prescribed application deadline being the end of February. In parallel, the Additional Restrictions Grant

had been boosted and afforded the Council additional flexibility in the beneficiaries.

37. Referral from Cabinet or the Audit Committee

There were none

38. Discretionary Rate Relief

The Business Rates Manager presented the report which sets out the proposals for awarding discretionary rate relief for 2022/2023. Discretionary rate relief could be awarded in isolation or given to 'top up' a mandatory award.

Members were informed of a change of address for the Citizens Advice in North and West Kent in Appendix B, page 21, to First Floor, 5 Bligh's Walk Sevenoaks, TN13 1DB. This would require a slight alteration to rate relief from £911.36 to £1921.15. This would mean that total gross relief would be altered from £194,625 as laid out in paragraph 19 of this report to £195,635.

The estimated level of relief was based upon the multipliers set out in paragraph 17 of the report. Ultimately, should the multipliers change a further report setting out the revised relief awards would be submitted. In response to questions Councillors were informed that these properties would not benefit from other grants and that any changes will be updated throughout the year.

Resolved: that it be recommended that Cabinet approve the proposals for granting relief from business rates for 2022/2023 set out in Appendix B subject to the alteration to the address of Citizens Advice and the corresponding alteration to 2022/2023 gross relief to £195,635.

39. Financial Performance Indicators 2021/22 - to the end of November 2021

The Head of Finance presented the report which set out nine internally set performance indicators covering activities that supported information provided in the regular financial monitoring statements. Information was provided on targets for the financial year. Use of these indicators would assist management in highlighting areas where performance had an impact on the financial outturn for the authority.

Members discussed the report.

Resolved: that the report be noted.

40. Financial Results 2021/22 - to the end of November 2021

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The Head of Finance presented the report which updated Members on the financial results of the council's expenditure. The year-end forecast position was an unfavourable variance of £32,000 against the Council's net service expenditure budget totalling £17.015m.

In response to questions it was confirmed that there would continue to be financial impacts on the Council due to Covid-19 which would affect expenditure. Reports would be updated as required.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: that it be recommended to cabinet that the report be noted.

41. Treasury Management Strategy 2022/23

The Principal Accountant (Capital and Treasury) presented the report which outlined the Council's Treasury Management Strategy which sets out the Council's Policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Annual Investment Strategy remained largely the same as for 2021/22 with Bond, Property, Equity and Multi-Asset Funds as alternative Investment options being retained. Changes to the Treasury Management and Prudential Codes would take effect from 2023/24.

In response to questions the Principal Accountant confirmed that monthly update reports were provided to Members. The need for these would be evaluated in light of additional staff workloads likely to be brought about by revised reporting requirements in the new Codes.

It was noted that information and training courses for Members would also be explored.

Resolved: That it be recommended to Cabinet that it be recommended to Council that the Council approve the Treasury Management Strategy 2022/23.

42. Property Investment Strategy Update

The Chief Officer (Finance and Trading) presented the report which provided Members with an update on the progress of the Property Investment Strategy to date.

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The investments previously made through the Property Investment Strategy continued to provide a good revenue income stream to the Council and assist it in remaining financially self-sufficient. The budgeted net income for the 2021/2022 year was £1.372m and a higher amount of £1.386m was forecast to be achieved. It was noted that by externally borrowing to part-fund White Oak Leisure Centre and other schemes, the Council was prevented from making direct investments primarily for yield. Thus, no further changes were proposed. The situation would continue to be monitored with the aim to make further investments via the Council or Quercus 7 in future.

Members discussed the report and thanked the Chief Officer.

Resolved: that the report be noted.

43. Capital Programme & Asset Maintenance 2022/25

The Head of Finance presented the report which proposed Capital and Asset Maintenance programmes for 2022/25 together with proposed funding. The Capital Strategy set out how the Council would manage the investment and financing of capital resources that contribute towards the achievement of its key objectives and priorities.

Members discussed the proposals and it was noted that the capital programme would be updated to include the impact of White Oak and Bevan Place development plans which were considered as separate items.

The Head of Finance would also report back to the committee regarding the net zero implications of Disabled Facility Grants.

Action 1: For Head of Finance to update Members on the net zero implications in regards to Disabled Facility Grants

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted.

44. Risks and Assumptions for Budget 2022/23

The Head of Finance presented the report which provided greater information on the risks and assumptions for the draft budget. The financial assumptions were based on the latest available information. Members were made aware that these may change, any changes were to be included in later budget reports.

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It was noted that the reference to the 10-year plan in paragraph 2 of the report should have been removed.

Some concern was raised over the possible effects of inflationary pay rises on the budget risks and assumptions.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted subject to the comments discussed above.

CHANGE IN ORDER OF AGENDA ITEMS

The Chairman, with the committee's agreement, brought forward consideration of item 15 The Work Plan (minute 45)

45. Work Plan

The committee noted the work plan with the following additions:

24 March 2022

- Financial Performance Indicators 2021/22 - to the end of January 2022
- Financial Results 2021/22 - to the end of January 2022
- Carry Forward Requests 2021/22

Summer 2022

- Financial Performance Indicators 2021/22 - to the end of March 2022
- Financial Results 2021/22 - to the end of March 2022

46. Bevan Place, Swanley Development Proposal

The Strategic Head of Commercial and Property presented the report which outlined the Council's plans to redevelop the former Swanley Working Men's Club site and adjacent car park at Bevan Place.

It was noted that paragraph 4 of the report should be altered to read as: "The proposed scheme included up to 93 homes."

The scheme would also incorporate retail uses along the High Street, a communal garden and landscaped surface car-parking for residents. The scheme would include the highest environmental and sustainability standards possible to ensure

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the scheme was not only an exemplar benchmark scheme for Swanley, but would also enhance residents well-being.

Officers were seeking approval to progress the scheme, applying for planning permission and procuring a lead design contractor to deliver the scheme subject to obtaining all the necessary statutory consents. Practical completion was expected by 2024.

It was moved by the Chairman and it was

Resolved: That under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendices C and D. These documents are exempt from publication on the grounds that likely disclosure of exempt information is involved as defined by schedule 12A paragraph 3 of the Local Government Act 1972: (Information relating to the financial or business affairs of any particular person (including the authority holding that information.))

Members considered and discussed the exempt information as set out in the exempt appendices. Members expressed concern over the financial projections of the proposal as a longer-term ambition. Members expressed that the Committee would benefit from a level of certainty for the projections laid out in the report.

Members discussed an additional recommendation requesting Cabinet satisfy themselves with the assumptions and mitigations and the case for locking in to interest rates as early as possible and report to Council with the findings.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved that:

- a) The advisory committee endorse the redevelopment of the site to deliver a new residential-led development.
- b) The proposed recommendations to Cabinet below be endorsed:
 - (i) Cabinet endorses the development of a new residential-led scheme on this site which will deliver up to 93 new homes, retail uses, communal and public garden, resident car parking and highway improvements to Bevan Place;

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- (ii) Cabinet notes the viability challenges this site and scheme presents and approves the delivery of this scheme using an income-based financing model (rent model) that will result in the Council retaining housing and retail stock to generate income to repay the cost of the development;
- (iii) Cabinet recommends to Council the provision of £26,575,836 in the 2022/23 - 2024/25 Capital Programme to deliver the scheme within the parameters set in Section 57 of this report and notes that this is in addition to the previously approved amount of £730,000 in the 2021/22 Capital Programme for this project;
- (iv) Cabinet approves the acquisition/inclusion of the adjacent West Kent Housing Association land and buildings, known as 1-12 Bevan Place, Swanley, and to enter into a development agreement with West Kent Housing Association that will result in 14 residential units being transferred to West Kent Housing Association on a leasehold basis, the terms of which are outlined in the draft Heads of Terms in Appendix C and delegates authority to the Strategic Head of Property and Commercial Services and the Chief Officer Finance and Trading following consultation with the Cabinet Member for Finance & Investment to agree and finalise necessary agreements with West Kent Housing Association;
- (v) Cabinet recommends to Council to authorise officers to acquire any outstanding legal interests that may not be in the Council's ownership, which may include using its statutory powers, such as the use of compulsory purchase orders;
- (vi) Subject to Council's approval of the capital provision of £26,575,836 in the 2022/23 - 2024/25 Capital Programme, Cabinet delegates authority to the Strategic Head of Property and Commercial and the Chief Officer Finance and Trading, following consultation with the Cabinet Member for Finance & Investment to undertake further detailed design and feasibility work and to proceed with the scheme subject to final scheme viability and in accordance with financial parameters set in Section 57; and
- (vii) Subject to Council's approval of the capital provision of £26,575,836 in the 2022/23 - 2024/25 Capital Programme, Cabinet delegates authority to the Strategic Head of Property and Commercial in consultation with the Chief Officer Finance and Trading and the Head of Legal Services to submit a planning application and to enter into any necessary contracts to facilitate the development and

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construction of the proposed scheme in accordance with the Council's Contracts Procedure Rules and for the disposal of the residential units to be developed.

- (viii) Subject to Council's approval of the capital provision of £26,575,836 in the 2022/23 - 2024/25 Capital Programme, Cabinet delegates authority to the Strategic Head of Property and Commercial following consultation with the Chief Officer Finance and Trading and the Cabinet Member for Finance & Investment to prepare appropriate contractual arrangements to set up an appropriate delivery vehicle for the scheme and to return to Cabinet at a later date to approve the appropriate delivery vehicle.

- (ix) That it be recommended to Council that Council notes the proposed development scheme and financial model and approves the provision of £26,575,836 in the 2022/23 Capital Programme to deliver the scheme within the parameters set in Section 57 and detailed in Appendix D.

- (x) That Council authorises officers to acquire any outstanding legal interests that may not be in the Council's ownership, which may include using its statutory powers, such as the use of compulsory purchase orders and return to Cabinet or Council to resolve invoking such powers if needed; and

- (c) That Cabinet be satisfied with the robustness of the assumptions and mitigations for the risks and evaluate the case for locking in the current rates; and report to Council.

47. White Oak Leisure Centre Residential Quarter, Swanley Development Proposal

The Strategic Head of Property and Commercial presented the report that gave an update on SDC's project to redevelop the White Oak Leisure centre complex in Swanley.

Work on Phase 1, construction of the new leisure centre, had commenced and work was progressing well. Phase 2, demolition of the existing leisure centre, was on track to begin in February 2022. The report sought approval to proceed with Phase 3, the residential element of the scheme. A hybrid planning application was granted permission in October 2019 with full permission granted to redevelop the leisure centre and outline permission granted for this element. This was to provide a new residential quarter of up to 41 new dwellings on the northern part of the site where the old leisure centre and car park were at the time sited.

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A full planning application was to be sought by July 2022 and, subject to planning being obtained, work would start on site in January 2023.

The proposed development aimed to provide:

- New homes including both flats and houses with private gardens
- Communal green space at the centre of the site
- Car parking
- Trees
- Enhancement of the urban fabric surrounding the new leisure centre

It was moved by the chairman and it was

Resolved: that under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendix B. This document is exempt from publication on the grounds that likely disclosure of exempt information is involved as defined by schedule 12A paragraph 3 of the Local Government Act 1972: (Information relating to the financial or business affairs of any particular person (including the authority holding that information.))

Members considered and discussed the report and the exempt information.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

- (a) The Advisory Committee endorse the redevelopment of the site to deliver a new residential development;
- (b) The Advisory Committees endorse the proposed recommendations to Cabinet and Council as set out below:
 - (I) Cabinet notes the viability issues associated with this site and endorses the development of a new residential scheme on this site which will deliver 81 new homes;
 - (II) Cabinet recommends to Council the provision of £20,189,137 in the Capital Programme to deliver the scheme;

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- (III) subject to Council's approval of the capital provision of £20,189,137 in the Capital Programme, Cabinet delegates authority to the Strategic Head of Property and Commercial and the Chief Officer Finance and Trading, following consultation with the Cabinet Member for Finance & Investments to undertake further detailed design and feasibility work and to proceed with the scheme subject to final scheme viability; and
- (IV) Cabinet delegates authority to the Strategic Head of Property and Commercial in consultation with the Chief Officer Finance and Trading and the Head of Legal Services to submit a planning application and to enter into any necessary contracts to facilitate the development and construction of the proposed scheme in accordance with the Council's Contracts Procedure Rules and for the disposal of the residential units to be developed.
- (V) That it be recommended to Council that the provision of £20,189,137 in the Capital Programme to deliver the scheme which is to be funded as noted in the Financial Implications be approved.

THE MEETING WAS CONCLUDED AT 8.19 PM

CHAIRMAN