

Cabinet

Monday, 1 February 2021

7.30 pm

Present:

Cllr John Burden (Chair)
Cllr Lee Croxton (Vice-Chair)

Councillors: Shane Mochrie-Cox
Lenny Rolles
Brian Sangha
Narinderjit Singh Thandi
Jenny Wallace

Stuart Bobby Chief Executive
Nick Brown Director (Housing & Operations)
Kevin Burbidge Director (Planning & Development)
Melanie Norris Director (Communities)
Sarah Parfitt Director (Corporate Services)
Lisa Nyon Assistant Director (Corporate Services)
Andy Rayfield Communications Manager
James Bridges Digital Developer (Technical Support)
Lauren Wallis Committee Services Officer (Minutes)

64. Apologies for absence

There were no apologies for absence.

65. To sign the minutes of the previous meeting

The minutes of the meeting of Cabinet held on 4 January 2021 were signed by the Chair.

66. To declare any interest members may have in the items contained on this agenda. When declaring an interest a member must state what their interest is.

Cllr Lenny Rolles declared an other interest, for information purposes only, in agenda item 10 – General Fund Revenue and Capital Estimates 2021/22 as he was a Director on and the Chair of the Rosherville Ltd Board.

Cllr Rolles also declared an other interest, for information purposes only, in agenda item 8 - General Fund Budget Monitoring Report Quarter 3 2021/22 as he was a Director on the Board of the Regatta Committee.

The Director (Planning & Development) declared an other interest, for information purposes only, in agenda item 10 – General Fund Revenue and Capital Estimates 2021/22 as he was a Director on the Rosherville Property Development Ltd Board.

The Director (Communities) declared an other interest, for information purposes only, in agenda item 10 – General Fund Revenue and Capital Estimates 2021/22 as she was a Director on the Rosherville Ltd Board.

The Leader declared an other interest, for information purposes only, in agenda item 8 – General Fund Budget Monitoring Report Quarter 3 2021/22 as he was a Director on the GCLL Board.

Cllr Shane Mochrie-Cox declared an other interest, for information purposes only, in agenda item 8 - General Fund Budget Monitoring Report Quarter 3 2021/22 as he was a Director on the Boards of the Regatta Committee and The Gr@nd.

67. Delegated Decisions - Cabinet Members

No decisions other than those already circulated had been made.

68. Corporate Performance Report: Quarter 3 2020/21

Cabinet received an update against the Performance Management Framework for Quarter 3 2020/21 (October to December 2020).

Appendix 2 of the report provided a summary of corporate performance in the last reporting quarter with the following statistical headlines:

- 49% of report indicators improved or maintained their level of performance; and
- 51% of reported indicators had fallen in their level of performance.

Specifically in consideration of the adopted corporate objectives, the following headlines were presented for the last reporting quarter: -

- People: 50% of reported indicators improved or maintained their level of performance;
- Place: 30% of reported indicators improved or maintained their level of performance; and
- Progress: 80% of reported indicators improved or maintained their level of performance.

A number of points were highlighted by the Cabinet including the successful collection of additional waste and recycling produced as a result of the pandemic; maintaining high quality services in the face of up to 50% sickness and other absence; the redeployment of staff to deal with Covid issues and the maintenance of the day job; improvements in the cleanliness of the Borough; work on youth unemployment initiatives including Kickstart and the support of local businesses; the efforts of officers in the pursuance of contractual social value from the Council's suppliers; the continuity of service from housing services and repairs etc.

Officers were commended on an excellent job in maintaining the level of the performance indicators and Members expressed their gratitude for all officers' efforts whilst also maintaining their day jobs during the pandemic.

The Cabinet noted the information contained within the report.

69. Albion Waterside (Canal Basin Area) - Possible Compulsory Purchase Order Requirement

Cabinet was presented with a report which advised that in September 2020 the Council had agreed to the principle of Compulsory Purchase Order (CPO) action. The Director (Planning & Development) advised that, since September, emerging work to highway access had resulted in the need to use some additional land at the junction with Ordnance Road and Milton Road which needed to be added to the 'in principle' authority, together with a desire to improve links which required the addition of the swing bridge at the lock gate.

The Leader noted that once a CPO was exercised, Gravesham Borough Council would own the land but would be financed via a back-to-back agreement with the developer.

Resolved that the Chief Executive, in consultation with the Leader of the Executive and other officers as appropriate, be authorised to progress the making of a Compulsory Purchase Order for the land as outlined red on the plans attached at Appendices 3 to 5 in the report in the event that acquisition by agreement cannot be secured.

70. General Fund Budget Monitoring Quarter 3 2020/21

Cabinet received the third budget monitoring report for 2020/21 showing the position up to 31 December 2020 and noted the information provided on:

- actual performance against the approved Revenue and Capital budgets for 2020/21, including projected variances agreed or identified through budgetary control activity; and
- other key areas of financial performance that may impact on the Council's Medium Term Financial Strategy, Medium Term Financial Plan or Financial Statements.

The Assistant Director (Corporate Services) highlighted a number of points in the report as follows:

- A projected year-end adverse variance of £2m.
- Under the Communities Directorate, there was an anticipated deficit with regard to Leisure Services. However, the loss had been reduced by monies from the Sales, Fees and Charges Compensation Scheme.
- The Woodville and Borough Market income had been affected by the pandemic and this deficit had also been reduced by monies from the Sales, Fees and Charges Compensation Scheme. There had been income reductions in relation to the Horn Yard and Market Square car parks and the Charter development gains momentum.
- A Government support package had been received to assist with expenditure pressures and work stream support relating to the pandemic.
- Under the Housing & Operations Directorate, a net favourable variance had been achieved due to the increase in volume of garden waste and waste recycling income.
- Interest and investment income had reduced and now showed an adverse variance.

Members' attention was drawn to the tables at paragraphs 3.10.1 and 3.10.2 of the report which showed Working Balances and General Fund Earmarked Reserves respectively.

The Cabinet was informed that, due to the Council's efforts over the last five years, it had a strong level of reserves which would be sufficient to avoid serious financial difficulty in the short term however the Council was now forecasting a shortfall from 2025/2026 onwards.

The Leader noted that nearly all of the adverse variances were as a result of the pandemic and that the Council had lost £2m in projected income. These losses had been mitigated by the hard work of officers.

The following points were raised by Members:

- Cabinet was advised that whilst there was an adverse variance in relation to Leisure Services income, a great deal of support had been given by the Council to GCLL. In addition, the market equipment neutral variance built on the new Market Strategy and the situation would improve once the effects of the pandemic had reduced.
- The budget had been brought together with a background of austerity and 40% Government budget cuts. Despite the work of officers, the Council was still facing huge losses.
- The homelessness initiatives in relation to the pandemic had involved a great deal of work for officers including accessing grants and funding from the Government which had been very complex and difficult so much so that some local authorities had given up.
- Attention was drawn to the new recycling wheelie bins being introduced for the occupiers of flats and apartments and that many new recycling initiatives were now in place which had been a huge step forward.

The Cabinet noted the information contained within the report.

71. Housing Revenue Account Budget Monitoring Quarter 3 2020/21

The Assistant Director (Corporate Services) reported that as at the end of quarter 3 the HRA was expected to draw just over £330k from the HRA general reserve at year-end instead of £1.4m as was expected at the time of setting the budget in February 2020.

Members were advised of the following:

- The vacancy management variance reported at quarter 3 stood at £497k.
- A favourable variance of £320k was reported against responsive repairs, this was despite the challenges faced during lockdowns.
- There was a further favourable variance of £109k against the external decorations budget line following a review of the level of asbestos work required.
- An adverse variance of £100k had been reported against repairs and maintenance. A mini tornado in December had caused damage to some properties in the Borough and scaffold costs had been around £70k. Whilst the Council had insurance cover in place, there was an excess of £10k per property and a stop loss of £100k on the policy. Officers were working with Zurich to establish what level of costs could be recovered through the insurance policies. However, this was unlikely to be concluded in this

financial year and therefore costs were likely to be included in this year's budget but any insurance pay outs would be included in the next or a future year's budgets.

- There was a total favourable variance of £754k against capital financing due to delays in the capital programme as a direct result of the pandemic. Therefore, there was a lower draw on the HRA general reserve to finance the works and as there was now a lower borrowing requirement, the associated interest costs were also lower, both resulting in the overall variance.
- As had previously been reported, a variance had been anticipated of £300k from rent on dwellings, down from initial estimates of £500k. In view of current debt levels this had been further reduced to £250k.
- The working balances that were supplemented by specific reserves and the forecast balance was forecast to be £2.7m.
- £10.4m had been committed to Housing Capital schemes at the end of quarter 3. However, the pandemic had had an adverse effect on housing maintenance and the new build programme. Contractors had scaled back their work and the situation was being closely monitored.

The Cabinet noted the information contained within the report.

72. General Fund Budget Setting 2021/22

The Assistant Director (Corporate Services) presented the draft budget and proposals for 2021/22. The report contained the General Fund Revenue and Capital Estimates for 2021/22, as well as the revised estimates for 2020/21 and longer term budget projections, as set out in the Council's Medium Term Financial Plan. She noted that the pandemic had created new challenges for the future sustainability of the Council, which had been compounded by the ongoing and prolonged uncertainty around the future funding of local government. Members were advised that format of the budget report included a covering summary report which outlined the budget setting context and proposals with a series of appendices providing the detail.

The Assistant Director (Corporate Services) highlighted the following points:

- Appendix 2 - The budget had been prepared on the basis of the Provisional Local Government Finance Settlement announced on 17th December.
- Similarly to last year, this was a one year only settlement pending the outcome of the Spending Review and Fair Funding Review.
- There had been a number of cuts to local government funding over the last 10 years and attention was drawn to the table under point 3 of Appendix 2 showing that there has been no increase in the business rates baseline this year. However, there was a continuation from last year of Government eliminating 'negative Revenue Support Grant' for Gravesham and this was budgeted to be £244k. In addition, the provisional settlement had introduced a new Lower Tier Services Grant intended to ensure that no lower tier council had a decrease in spending power. For Gravesham, the provisional settlement indicated that this grant would be £126,260.
- The graph in point 11 of the report showed the assumed increase in Core Spending power for 2021/22 of 1.4% This assumed a rise in Council Tax receipts which had been reflected by the Medium Term Financial Strategy.
- The Council had secured indicative New Homes Bonus funding for 2021/22 of £311,050. This was below the level of funding that was previously in the Medium Term

- Financial Plan due to there being only 55 net additions to the housing stock of the Borough due to the pandemic, less than the 167 net additional homes needed to be delivered to meet the 0.4% national baseline.
- This had resulted in an increase of Core Spending power per dwelling in the Borough of c.2% or £252. This is the sixth lowest in Kent.
 - With regards to Business Rates for 2021/22 Gravesham would continue to be part of the Kent pool.
 - The current Medium Term Financial Strategy covered the period to 31 March 2021 and in the absence of any certainty from the Government on local government funding, it had been decided that the Council would produce another one year Medium Term Financial Strategy, effectively a holding statement, until the outcomes of the Spending Review, Fair Funding Review and Business Rates reforms were known.
 - In relation to the Council Tax charge - the Provisional Finance Settlement announcement had indicated the continued flexibility for district councils in setting Council Tax levels by permitting district councils to raise Council Tax by 2% or up to and including £5 (whichever was higher) without triggering the requirement for a referendum. Therefore, the budget had been prepared on the basis of a £4.95 or (2.3%) increase, taking the Council's element of the charge from the current level of £208.08 to £213.03.
 - It was proposed that working balances remain at £5.25m, this comprised of minimum working balances of £2m and General Reserve of £3.25m.
 - The draft Capital Programme for 2021/22 was expected to cost £52.3m. The main items being works for Heritage Quarter of £5m, Elizabeth Huggins Cottages £2m and The Charter £27m.

The Director (Corporate Services) confirmed that she was confident about the budget proposals which once again had been built in the face of a lack of funding arrangements plus ten years of sustained cuts and the effects of the pandemic. However, she noted that whilst it had been difficult the Council was still in a strong position because of work undertaken previously and the budget continued to deliver the Council's objectives including employment opportunities. However, the impact of Covid had resulted in a budget gap of £2.6m emerging in 2025/26 in the Medium Term Financial Plan.

The Leader drew attention to the fact that this would be a recommendation from Cabinet to Council and all Members would be invited to attend that meeting. He considered the budget to be a responsible programme and congratulated finance officers on their positivity.

The following comments were made during discussion on this subject:

- Attention was drawn to the table on page 105 of the report and it was highlighted that this excluded the work the Council had undertaken to provide services for its residents. The pandemic had resulted in a difficult year for everyone and an increase in Council Tax would be a difficult decision. However, it was further noted that most of the increases came from Kent County Council and the Kent Police Authority.
- Cabinet was advised that 60% of circa 43,000 residences in the Borough, fell below Council Tax Band D and that the Council would continue to offer support to residents and to signpost to other means of help and advice. 18% of properties fell within the higher bands and that Gravesham had a high concentration of low band residences which made it difficult to generate significant receipts.
- It was noted that a high proportion of core spending power had previously been provided by the Government through direct funding and the Director (Corporate

- Services) confirmed of local authorities' core spending power, 96% was now funded from local taxation and the primary funding source for the Council was the council tax.
- It was requested that residents be assisted to clearly understand the division of the council tax between precepting authorities and that the Council was the collection authority and only received 12%. It was also noted that the format of council tax bills was prescribed in legislation and that the Council had to pay a fixed amount to all precepting authorities, such as Kent County Council, the Kent Police Authority and parish councils etc. irrespective of whether the Borough Council had been able to collect the full amount of council tax due. Whilst it was noted that this would be balanced in later years, the Council had to bridge the funding gap in the meantime which affected cash flow.
 - It was felt that the number of dwellings Band D and below that would pay an increase in Council Tax of less than £5 per year could not be overemphasised.

The Chief Executive reported the Local Government Association (LGA) and the District Councils' Network (DCN) had been lobbying the Government on four key issues:

1. It was widely considered that the New Homes Bonus threshold being held at 0.4% did not hold up to scrutiny and was arbitrary.
2. Greater longevity and higher amounts of Covid funding for local government was a necessity.
3. Leisure Trusts – the Council had provided cumulative support to GCLL of £1m in the absence of any meaningful financial support to council-owned leisure centres operated by Trusts such as GCLL.
4. There was an inequality in referendum principles for Council Tax considerations between, for example, county councils and district councils. District council could increase their Council Tax up to £5 per year. Other preceptors such as KCC and Kent PCC had far greater flexibility and parish councils had no referendum principles and could therefore could levy an increase greater than that of district councils. Lobbying was being undertaken to increase local discretion and flexibility in the Final Local Government Finance Settlement for District Councils.

The Chief Executive advised that details on the Government's final settlement were due to be received in the next week and he undertook to ensure that Members were briefed as soon as possible.

The Leader concluded that the proposed budget was a very strong base and that the reserves had been affected by the introduction of Universal Credit and then by the pandemic. The reserves needed to be rebuilt to enable the Council to face the future. The biggest issue for the budget had been the continued Government austerity. Council Tax may be the only source to provide an uplift in funding for services. Despite all the efforts of the staff during Covid, central government had set out that there would be no increase in salaries, except for those on lower incomes. However, the Council was in a strong position.

Resolved that a resolution be placed before the meeting of the Council on Tuesday, 23 February 2021, specifying the Council Tax to be levied in the Borough of Gravesham for the year 2021/22.

73. Housing Revenue Account Budget Setting 2021/22

The Assistant Director (Corporate Services) introduced the report which presented the draft revenue and capital estimates for the Housing Revenue Account in 2021/22 and the following key points were highlighted:

- An income of 28m and expenditure of £29m.
- As per the Spending Review announcements on public sector pay in November, the budget reflected no inflationary increase for 2021/22 with the exception of those earning less than £24k per annum who would receive a pay increase of at least £250.
- A budget of £200k had been provided to support a planned review and restructure of housing services.
- Service charges had increased to a level capped at CPI +1 (1.5%) bringing the average service charge to £3.72 from £3.39.
- The Council would continue with the Housing Capital Programme set out in 2020-21 which had been severely impacted by the pandemic. The programme for the year was estimated at £20.8m with the focus being to maintain current housing stock and deliver on the new build and acquisitions programme.

The Director (Corporate Services) noted that the Housing Revenue Account was subject to pressures on income including the Government policy on rent reductions in previous years and changes in Right to Buy.

Resolved that the Cabinet recommends to Council that:

1. the draft Revenue estimates for 2021/22 together with the revised estimates for 2020/21 be approved;
2. the draft capital estimates together with the revised estimates for 2020/21 be approved, subject to detailed reports coming forward for new schemes, where applicable;
3. the increase in average rents of 1.5% for 2021/22 be noted; and
4. due consideration is given to the view of the Director (Corporate Services) (as S151 Officer) on the robustness of estimates for the coming year, the medium term financial strategy and the adequacy of proposed reserves and balances, as required under Section 25 of the Local Government Finance Act 2003.

74. Fees and Charges 2021/22

The Assistant Director (Corporate Services) advised that there was a requirement in the Financial Procedure Rules that fees and charges would be reviewed at least annually in accordance with the Council's budget setting framework. The responsibility for determining fees and charges, with the exception of car parking fees, had been delegated to Directors and Assistant Directors. In reviewing the fees and charges, officers would liaise with their appropriate Lead Member to consider any proposed revisions to charges or the introduction of new charges.

The Cabinet noted the information contained within the report.

75. Minutes of the meeting of the Crime & Disorder Scrutiny Committee held on Thursday, 21 January 2021

The Cabinet considered the minutes of the meeting of the Crime & Disorder Scrutiny Committee held on Thursday, 21 January 2021.

Close of meeting

The meeting ended at 8.56 pm