

## OVERVIEW AND SCRUTINY COMMITTEE

11 September 2017

Minutes of the Overview and Scrutiny Committee held at the Town Hall, Bexhill-on-Sea on Monday 11 September 2017 at 6:30pm.

Committee Members present: Councillors P.N. Osborne (Chairman), J. Barnes, Mrs M.L. Barnes (ex-officio), C.A. Clark, G.C. Curtis, S.D. Elford, R.V. Elliston, J. Potts, G.F. Stevens and M.R. Watson.

Other Members present: Councillors Lord Ampthill (in part), K.P. Dixon and C.R. Maynard (in part).

Advisory Officers present: Executive Director of Business Operations, Service Manager – Community and Economy, Economic Development Manager, Financial Services Manager, Programme Office and Policy Manager and Democratic Services Manager.

Also present: Philip Johnson – Locate East Sussex (in part) and 3 members of the public.

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### OSC17/16. **MINUTES**

The Chairman was authorised to sign the minutes of the meeting of the Overview and Scrutiny Committee held on 24 July 2017 as a correct record of the proceedings.

### OSC17/17. **APOLOGIES**

Apologies for absence were received from Councillors G.S. Browne, S.H. Earl, Mrs S.M. Prochak, the Executive Director of Resources and Service Manager – Finance and Welfare.

### OSC17/18. **LOCATE EAST SUSSEX** (5.1)

The Chairman welcomed to the meeting Philip Johnson, Director of Locate East Sussex (LES) who proceeded to give a presentation to Members. LES was funded by East Sussex County Council and the district and borough councils of East Sussex. Following the approval of a further three year funding commitment of £30,000 per annum, LES had been invited to provide a presentation to the Overview and Scrutiny Committee on the organisations' purpose, achievements to date and future plans.

LES's purpose was to encourage growth of East Sussex companies, encourage companies to move into East Sussex and to promote East Sussex as a "space for growing business". LES provided impartial, free advice on issues including business location, available sources of

funding and how best to access a trained and skilled work force. They used their network of business experts and leaders across public and private sectors to connect businesses to the key decision makers and provide valuable information to get businesses moving.

The presentation gave details of the funding delivered to date within Rother, the number of companies supported and jobs created as well highlighting successful case studies within the district. The continued support from East Sussex County Council and the district and boroughs and additional funding from the EU's ERDF programme provided a programme budget of £420,000 per annum. The LES team had recently been expanded to enable the delivery of increased promotion and marketing work, enhanced work with businesses to support growth, and driving innovation through forging links between businesses and universities; it was an exciting and optimistic time and good progress was expected in the coming months / years.

Following the presentation, Members had an opportunity to put forward questions and the following issues were raised / discussed:

- Whilst the continuation of European funding was unlikely post Brexit, the Chancellor of the Exchequer had indicated that Government funding would continue to be available; however, other funding streams would also be sought and accessed where possible;
- LES provided impartial business advice to companies already within East Sussex and had an experienced team with various expertise who could assist companies, find solutions and ideas for business expansion;
- the lack of dual carriageway road infrastructure and the constraint of the M25 to the north of the District did not appear to be an issue for companies wishing to relocate to East Sussex;
- there was concern that the woodland industry had been classified as an agricultural business and therefore not within the remit of LES - Mr Johnson agreed to check who had produced the Terms of Reference and set the Guidelines under which the woodland industry had been classified part of the agricultural business sector and why they were excluded under the regulations in which LES operated; and
- any suggestions Members had for reaching out and encouraging more local businesses who required help to contact LES would be welcome.

At the conclusion of the discussion, the Chairman thanked Philip Johnson for attending the meeting and providing a comprehensive presentation.

**RESOLVED:** That the presentation on Locate East Sussex be noted.

(Councillor Barnes declared a personal interest in this matter in so far as he was a Director of the Woodland Enterprise Centre and in accordance with the Members' Code of Conduct remained in the room during the discussion thereof).

OSC17/19. **ROTHER DISTRICT COUNCIL CORPORATE PROGRAMME  
(7.3) UPDATE**

The current Corporate Plan 2014-2021 was adopted in 2014 which included a programme of set priorities with 29 key projects linked to the Council's four core aims.

To date eight projects had been completed, four were currently in the planning phase with completion due between 2018 and 2021 and seven projects were due for completion in 2016/17; the remainder were all underway. All project and financial forecast information was detailed within Appendices 1 and 2 respectively, to the report. Members noted that it was anticipated that the cost to deliver all projects would amount to £20.3m, however not all funding had been secured.

Members were shown a short video, which highlighted a number of key project milestones, which would be made available on the Council's website for all interested stakeholders to view. The Chairman was pleased to see that good progress had been made on delivering the Corporate Plan over the previous 12 months.

It was confirmed that to meet project timescales/deadlines reassignment/redeployment had and would be applied, as well as additional resources introduced, where appropriate. The Corporate Programme had proved a positive method of delivering the strategic progress against the Council's core aims and would be closely monitored and risk assessed to ensure continuous successful delivery.

**RESOLVED:** That progress against the Corporate Programme be noted.

OSC17/20. **PROVISIONAL REVENUE BUDGET AND CAPITAL PROGRAMME  
(6.1) MONITORING QUARTER 1 2017/18**

Consideration was given to the report of the Executive Director of Resources on the Provisional Revenue Budget and Capital Programme Monitoring Quarter 1 2017/18. Since the last report to Cabinet, three virements had taken place relating to adjusting salary budgets for the pay award, accounting for rental income from Amherst Road and the provision of funding for the housing stock and condition survey. The significant areas of spend were highlighted within the report.

Overall the cost of services showed an underspend of £0.331m which was attributed to underspends/savings across the six service areas. In addition, due to investments in the Churches Charities Local Authority Property Fund, it was anticipated that an additional £65,000 of income would be achieved by the end of the financial year. Additional grants totalling £233,000 had also been received supporting welfare changes and temporary accommodation matters.

The Council Tax collection rate as at 31 July 2017 was comparable to previous years and the total collectable was above the original estimate. The Council Tax element of the Collection Fund was

expected to be in surplus at year end however, the overall performance could be significantly influenced by the number of appeals made by businesses. Members were advised that each year funding provision would need to be increased until appeals were settled by the Valuation Office Agency. Some settlements had now been received and were currently being processed, and it was therefore too early to see any trends at this time.

The estimated outturn for the Capital Programme was detailed in Appendix A to the report. Members were advised that work continued to resolve the outstanding issues regarding the former Bexhill High School site land swap with East Sussex County Council, with recent discussions indicating that a way forward had been identified. A grant of £133,000 funded from Section 106 monies would be given to Optivo (formerly AmicusHorizon) for affordable housing provision in Peasmarsh. During 2017/18, the Disability Facility Grants (DFGs) spend was estimated at £1m. Additional funding from Section 106 contributions had been spent on improvements to the Galley Hill public play area. Funding from the sale of beach huts and surplus monies ring-fenced from future income generation projects would be used to buy and install additional beach huts. £50,000 over three years had been set aside for the replacement of waste bins for the joint waste partnership and would be funded jointly by the partner councils. Approximately £710,000 would be spent on essential maintenance on the Council's ICT network, the Corporate Document Image processing and the Enterprise Resource Planning (financial and HR) systems.

Overall, the revenue budget underspend was £0.629m, of which £385,000 related to the expected capital underspend on DFGs which would be transferred to earmarked reserves for future years. It was noted that more DFGs were committed but not actually completed and so the money was not yet "out the door".

**RESOLVED:** That the report be noted.

OSC17/21. **INCOME GENERATION AND ASSET MANAGEMENT PLAN**  
(7.1)

Members considered the comprehensive report of the Executive Director of Business Operations that updated Members on actions in support of the Asset Management Plan (AMP). It also set out recommendations regarding the future delivery of the AMP and the resources required to achieve the Rother 2020 savings programme income target of £600,000 minimum per annum.

The report comprised three parts, summarised as follows:

Part A – Disposals and Devolvments Update

Disposals – as reported to Cabinet in September 2016 (Minute CB16/27 refers), four properties were sold at auction last year, generating net proceeds after fees of £250,600. Since that time three further disposals had been completed at land at Sidley Surgery, Bexhill, St Mary's Wood, Bexhill and 7 Wish Ward, Rye totalling £18,501. Two further disposals in respect of Rye Pre-School

Playgroup and the former railway track, near Ninfield Road, Bexhill were nearing completion. There were a number of other properties previously approved for disposal that remained under negotiation.

Councillor Barnes raised concern over the disposal of the land at Sidley Surgery and the Executive Director of Business Operations agreed to provide Councillor Barnes with the history and background to this site which would explain the rationale for disposal.

Devolvements - a list of assets that had been devolved, including those scheduled for devolvement but not yet taken place was attached as Appendix 1 to the report. The Council would consider alternative uses for sites where devolvement had not been progressed which could include redevelopment or disposal, depending on the particular circumstances in each case; recommendations on these would be considered at a future Overview and Scrutiny meeting.

## Part B – Current Land and Property Assets

Operational Assets – these included the Town Hall and other administrative buildings, parks, car parks, public conveniences, leisure centres, woodland, promenades and other amenity land and buildings that were either directly managed by the Council, or managed under contract on the Council's behalf.

Non-operational Assets – these were properties not occupied by the Council but which were held as they offered a wider social benefit to the community, including community centres, sports pavilions etc. and not held for generating a return.

Investment Assets – investment assets were those held solely to earn rentals and/or for capital appreciation. The total value of the investment portfolio as at 31 March 2017 was assessed at £10,447,000; generating rental income in the region of £800,000 per annum, representing an overall gross return on capital of 7.6% and net return of 6.2% (excluding central support costs). A summary of the investment assets was attached as Appendix 2 to the report.

Redevelopment of Council-owned Sites - officers had identified the following assets within the Council's ownership where there was potential to either wholly or partially redevelop the site:

- Land at Amherst Road, Bexhill (behind the Town Hall complex)
- Camber Central Car Park (part)
- Sidley Car Park (part)
- Beeching Close Car Park
- Site of workshops at Float Lane, Udimore
- Cemetery Lodge, Turkey Road, Bexhill
- Cyprus Place, Rye
- Site of workshops at The Maltings, Peasmarsh

In order to make further recommendations on the viability of redevelopment in each case, detailed options appraisals and financial assessments would be required. However, currently there were no staff resources to do this work and a level of investment would be

required to take these forward. It was recommended therefore that the Council appointed a development surveyor to undertake this work and lead on delivering property development projects from inception to completion, including project appraisals and business case preparation, site acquisition, appointing and overseeing professional teams, overseeing the construction process and managing budgets. It was estimated that the salary and on-costs associated with this post was likely to be in the region of £60,000 per annum; to be met initially from the Medium Term Financial Strategy Earmarked Reserve and ultimately the additional income generated through acquisitions.

### Part C – Additional Income Generation through Investment in Property Assets

With the removal of central Government grant funding by 2020, the priority for the Council over the next three years was to make up the shortfall in revenue income through savings or by generating additional revenue. The 'Rother 2020' Programme included a target for increasing income by £600,000 by 2020. Property could represent a key area where the Council could generate an enhanced income stream to offset the loss in Government grant. As a result of concerns being raised nationally regarding the level of investment Councils were making in property as a way to help plug the funding gap, legal advice was currently being secured and Members would be updated on any issues that arose.

Should the Council support a policy of property acquisition, the report made proposals for a specific property investment strategy, a draft of which was attached at Appendix 4 to the report. The draft strategy had been developed with input from consultants that provided property investment advice to a number of local authorities, and took into account local market conditions and opportunities, as well as the Council's required targets in terms of net receipts and return on capital.

The strategy would only apply to properties that were being acquired as additions to the Council's investment portfolio for the purpose of generating a sustainable income stream for the Council. It was proposed that acquisitions would not be limited to Rother district, but within a wider geographically defined catchment within a maximum 90 minutes driving distance.

If the Council was to become active in acquiring properties in the commercial marketplace, it would be necessary to ensure a streamlined decision making process so as not to limit the ability of the Council to respond flexibly to opportunities. It was proposed therefore, that an Investment Panel be established comprising Members and senior officers, with delegated authority to conclude acquisitions (for investments for the purpose of generating a sustainable income stream only) and to oversee the due diligence and acquisitions process. The Panel would operate within approved Terms of Reference and would make decisions in accordance with the criteria set out in the Property Investment Strategy.

The sum required to invest in order to generate a minimum net revenue income of £600,000 per annum could range between £12m and £60m

depending on the financing arrangements and the actual financial return (rental) on the assets acquired. Subject to the necessary governance arrangements and structures being in place, it was proposed that an initial investment budget of £7m be agreed, with further tranches subject to approval as required in future. Detailed funding arrangements would be considered as proposed investments come forward for approval.

With regard to investment acquisitions, the Council would need to appoint a commercial agent to act on its behalf to identify, recommend and negotiate acquisitions, overseen by the Executive Directors with on-going contact plus regular progress reports to the Investment Panel.

It was also recommended that third party valuations were undertaken at 'arm's length' on a case-by-case basis to provide independent assurance; and the Council would need to procure this service also. These costs would be met within the Capital Investment Fund.

Legal resources would also be required to undertake pre-purchase due diligence for acquisitions, either through the service agreement currently in place with Wealden District Council or externally and a decision would be made on a case-by-case basis. Legal costs would be drawn from the approved budget and taken into account when calculating the net yield on acquisitions.

Concern was raised over the hard distinction being made between policy and investment assets, and that substantial investment in housing / surgeries etc. could also assist the Council with policy goals, particularly around housing delivery. The level of expertise required in-house to deliver this ambitious programme would be substantial and Members were also concerned as to whether the projected salary and on-costs would attract the right calibre of applicant. It was confirmed that the job specification would be evaluated and graded accordingly in line with usual practice.

Some Members queried whether the initial level of investment of £7m was enough and perhaps the Council should be investing more. It was advised that this was the amount the Service Manager – Finance and Welfare had advised could be released, without the need for borrowing. Not all Members present were supportive of the proposed approach and suggested that the Council should look to investing more money in "safer" investments such as the Churches Charities Local Authority Property Fund which had already provided a good level of return, without the associated risks and requirement to fund additional posts / consultative advice etc. There was also a reputational risk to the Council by investing outside of the district; this was acknowledged and would require careful management and a communication strategy to endorse the benefits of external investment in order to safeguard services.

This proposed approach would see a significant new strategy for the Council of additional income generation through investment in property assets and the adoption of a Property Investment Strategy. Following a lengthy debate, the Overview and Scrutiny Committee endorsed the report and recommendations to Cabinet.

**RESOLVED:** That the Overview and Scrutiny Committee recommend to Cabinet that:

- 1) Parts A & B of the report be noted;
- 2) the appointment of a development surveyor to bring forward Council-owned sites be approved;
- 3) a proposed decision-making structure and Terms of Reference for the acquisition of investment properties be developed by Cabinet and approved by full Council and the legal position clarified;
- 4) an initial budget of £7m for acquisitions of investment properties be approved; and
- 5) the Property Investment Strategy at Appendix 4, to the report, be approved.

OSC17/22. **PERFORMANCE PROGRESS REPORT: FIRST QUARTER 2017/18**  
(7.2)

Consideration was given to the report of the Executive Director of Business Operations on the First Quarter 2017/18 Performance Progress Report. Members were given the opportunity to scrutinise progress of a basket of Key Performance Indicators (KPIs) previously selected for monitoring.

The Service Manager – Community and Economy advised that there were seven KPIs reported for the first quarter (up to 30 June 2017). Five met or exceeded target, one was not yet due to be reported as data was not currently available and one was currently not on target; this was Homelessness Applications Received. The report also contained performance variations to some KPIs that were outside of the indicator set for the financial year.

During discussion the following was noted:

**New Housing Benefit Claims on Time:** Members requested that the national benchmarking data be made available next time.

**Changes to Housing Benefit Claims on Time:** It was acknowledged that the Council was in the bottom quartile for this indicator and there was work to be done to improve the Council's performance; this would be considered as part of the housing strategy focus at the November meeting. The Service Manager – Finance and Welfare reported that performance was currently within target and the backlog of work was being managed with the support of Capita.

**Homelessness Applications Received:** The number of applications of homelessness from Rother households that had come into the Council. Quarter forecast was 30, result was 47 (lower was better). The result was attributed to the increase in number of homeless presenting themselves to the Council. Availability of accommodation continued to be difficult, in both housing associations and the private sector. Members raised the prospect of a housing strategy task and



finish group to look at all the housing related issues; this would be considered at the November meeting.

**Local Events Supported by Rother District Council:** During the first quarter of the year, the Council had supported ten arts, cultural and tourism events and four sport and health events; the forecast was nine events (higher was better). The Chairman was particularly pleased to see all the events that had been supported by Rother during the first quarter.

Assurance was given that all KPIs currently not on target would be continuously monitored.

**RESOLVED:** That the report be noted.

OSC17/23. **CEMETERY PROVISION AND CHARGING STRUCTURE**  
(7.4)

Following a reduction in the income generated by Cemetery Services in 2016/17 the Overview and Scrutiny were tasked by Cabinet to review cemetery provision and the charging structure.

Members considered the report of the Executive Director of Business Operations that set out an overview of the current services and charges, the factors that had resulted in a decrease of cemetery income, and the results of a number of feasibility studies into developing a crematorium within Rother District Council (RDC). The last in 2012/13 found that the capital investment required would be in the region of £3,500,000 dependent on the purchase price of the land, size of the buildings, the number of cremators and the facilities offered, with a minimum payback period of 30 years. The conclusion of these studies showed that due to the close proximity of established services there was not a sufficient business case for the Council to develop and operate its own crematorium.

The recent increase in grant fee income and interments demonstrated that the policy of restricting fee rises in the last two years may have had a positive impact. However this short timescale did not provide conclusive data and it was therefore recommended that the monitoring of income continued and any significant changes reported to Cabinet as part of the regular fees and charges report.

It was concluded that the annual income from the cemeteries service was likely to continue to fluctuate due to a variety of factors including changes in habits and traditions of local families, the health and life expectancy of residents, abnormal weather such as heat waves and prolonged cold spells and the numbers of people living in the District. The most recent data showed an increase in the demand for services which, if continued, would bring income back within budget. Through continued monitoring, appropriately managed charges and dedicated officers that ensured facilities offered by the Council were in excellent order, the provision should continue to provide an income sufficient to maintain services.

It was noted that the information provided on the Council's website was difficult to find and only provided information on this Council's services – it would be helpful to customers to provide all information relating to all cemeteries in the district, regardless of whether they were operated by RDC. Members also raised the prospect of looking at other more diverse services including woodland burials and pet cemeteries.

**RESOLVED:** That Cabinet be requested to agree that officers continue to monitor cemeteries income and report as part of the regular fees and charges report any significant changes in demand for future consideration.

OSC17/24. **WORK PROGRAMME**  
(8)

Consideration was given to the Overview and Scrutiny Committee's Work Programme and the following points were noted:

- an update report on the Council Chambers Audio/Visual Equipment will be presented at the meeting scheduled to be held on 16 October 2017;
- Cabinet Portfolio Holder for Strategic Planning, Councillor Gillian Johnson would be invited to attend the November meeting alongside Councillors Mrs Hughes and Kenward who were also invited to attend; and
- as the second stage consultation of the Community Governance Review (CGR) for Bexhill had been delayed, Members noted that the CGR report would now be presented at the meeting scheduled to be held on 27 November 2017; following the last meeting Members had raised concerns over feeling intimidated by the actions and proximity of the public present; suitable arrangements would be put in hand for this meeting.

**RESOLVED:** That the Work Programme, as attached at Appendix A, as amended, be agreed.

**CHAIRMAN**

The meeting closed at 8:20pm

OSC170911/jh/ljc

## OVERVIEW AND SCRUTINY COMMITTEE

WORK PROGRAMME 2017 – 2018		
DATE OF MEETING	SUBJECT – MAIN ITEM (Capitalised)	Cabinet Portfolio Holder
16.10.17	<ul style="list-style-type: none"> <li>• Medium Term Financial Strategy 2018/19 to 2022/23</li> <li>• Council Chamber Audio/Visual Equipment Upgrade</li> </ul>	
27.11.17	<b>COMMUNITY GOVERNANCE REVIEW FOR BEXHILL HOUSING STRATEGY (including financial/welfare reforms, Homelessness Reduction Bill, impact of second homes, private sector and affordable housing)</b> <ul style="list-style-type: none"> <li>• Performance Progress Report: Second Quarter 2017/18</li> <li>• Revenue Budget and Capital Programme Monitoring to September 2017</li> </ul>	Kenward Hughes Johnson
29.01.18	<b>DRAFT REVENUE BUDGET PROPOSALS 2018-2019 KEY PERFORMANCE TARGETS 2018-2019</b> <ul style="list-style-type: none"> <li>• Civil Parking Enforcement Task and Finish Group Report (or MARCH 2018)</li> </ul>	Ampthill Maynard Hollidge
19.03.18	<b>CRIME AND DISORDER COMMITTEE: TO RECEIVE A REPORT FROM THE COMMUNITY SAFETY PARTNERSHIP</b> <ul style="list-style-type: none"> <li>• Anti-Social Behaviour, Noise Nuisance/Enforcement Powers, Public Spaces Protection Orders and Community Wardens</li> <li>• Performance Progress Report: Third Quarter 2017/18</li> <li>• Revenue Budget and Capital Programme Monitoring to January 2018</li> </ul>	Kirby-Green
23.04.18	<ul style="list-style-type: none"> <li>• Call-in and Urgency Procedures</li> <li>• Draft Annual Report to Council</li> <li>• Review of Task and Finish Groups / Outcomes</li> </ul>	-

ITEMS FOR CONSIDERATION
<ul style="list-style-type: none"> <li>• Cabinet Portfolio Holder Updates</li> <li>• Rother Public Realm Strategic Framework progress [Minute OSC16/25 – 17 October 2016]</li> <li>• Tourism Strategy (creation of a Tourism Task and Finish Group) [Minute OSC17/13 – 24 July 2017]</li> <li>• Waste and Recycling Contract Update</li> </ul>