

## OVERVIEW AND SCRUTINY COMMITTEE

22 July 2019

Minutes of the Overview and Scrutiny Committee meeting held at the Council Chamber, Town Hall, Bexhill-on-Sea on Monday 22 July 2019 at 6.31pm

Committee Members present: Councillors P.N. Osborne (Chairman), B.J. Drayson (Vice-Chairman), J. Barnes, J.J. Carroll, P.C. Courtel, S.J. Errington, P.J. Gray, A.K. Jeeawon, L.M. Langlands, C.R. Maynard and M. Mooney.

Other Members present: Councillors Mrs M.L. Barnes, Mrs C.A. Bayliss, S.J. Coleman, G.C. Curtis, K.D. Dixon (in part), G.F. Stevens, R.B. Thomas and H.L. Timpe.

Advisory Officers in attendance: Executive Director (MJ), Executive Director (AL), Assistant Director Resources, Head of Service Acquisitions, Transformation & Regeneration (in part), Property Investment and Regeneration Manager (in part), Programme Office and Policy Manager (in part) and Democratic Services Officer.

Also Present: 6 members of the public and 1 member of the press.

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### OSC19/12 **MINUTES**

The Chairman was authorised to sign the Minutes of the meeting of the Overview and Scrutiny Committee held on 10 June 2019 as a correct record of the proceedings.

### OSC19/13 **APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Mrs V. Cook and D.B. Oliver (Leader of the Council and Cabinet Portfolio Holder for Strategic Overview, Finance, Resources and Value for Money).

### OSC19/14 **PROPOSED FORMAL SUBSTITUTE PROCEDURE FOR COMMITTEES**

Members considered the report of the Executive Director outlining a proposed formal substitute procedure for committees following a reference from the Member Development Task Group.

Research had been undertaken with neighbouring authorities in order to devise a simplistic, uncomplicated procedure that suited the Council's decision making structure and available resources. Provision already existed in the Council's Constitution for Group Leaders to change membership and appoint substitute members to informal Task and Finish Groups. However, it was noted that it was not conducive to continuity and understanding of Members if the substitution arrangements were used on Task and Finish Groups on an ad hoc basis.

Appendix E to the report detailed the draft procedure for Members' consideration and the following points were noted:

- the procedure would NOT be applicable to Cabinet and Audit and Standards Committee; or the Joint Waste Committee and Joint Waste and Recycling Committee (which already had a formal substitute system in place);
- Overview and Scrutiny Committee substitutes had to be non-Executive Members;
- the procedure would apply to the Licensing and General Purposes main committee only not the panels, as panel Members were taken from the substantive committee, all of whom had been fully trained;
- prior notification would have to be received at least one clear working day prior to the commencement of the meeting (unless there were extenuating circumstances such as a medical emergency or some other family-related emergency); and
- the onus was on the Member who was unable to attend the meeting to arrange and confirm the substitution arrangements to Democratic Services.

It was recommended in the report that in a normal year the nomination process for the named substitutes would take place at the Annual Council meeting when the substantive appointments to committees were made. Each political group would nominate one substitute Member from their Group on each of the relevant committees – Planning, Licensing and General Purposes (main committee only) and the Overview and Scrutiny Committee.

Where a substantive Member was substituted on a relevant Committee for more than 50% of the scheduled meetings of that Committee in any civic year, the Group Leader be alerted and consideration be given to the removal of the substantive Member from the relevant Committee.

**RESOLVED:** That Cabinet be requested to recommend to Council that:

- 1) the proposed substitute procedure for formal committees, set out at Appendix E be recommended to Cabinet for approval and adoption by full Council;
- 2) the system be implemented with effect from 17 September 2019;
- 3) Group Leaders be requested to nominate one substitute Member each in respect of the Licensing and General Purposes Committee, the Overview and Scrutiny Committee and the Planning Committee at the full Council meeting to be held on 16 September 2019; and
- 4) consequential amendments be made to the Council's Constitution.

OSC19/15 **THE COLONNADE, BEXHILL**

Members received the report of the Executive Director on the Colonnade, Bexhill which detailed its useage since the refurbishment of the seafront under the Next Wave programme in 2010/11.

During 2016/17 a Members' panel oversaw a review of the Council's options for the Colonnade, the conclusion being that whilst other potential uses could be considered, a café/restaurant remained the most likely viable use for the property.

Marketing of the Colonnade was undertaken in 2017 through commercial agents as well as direct follow-up of previous contacts and approaches to local entrepreneurs. Three expressions of interest were received; these were considered by the Members' panel who concluded that only one proposal was worth pursuing further. The panel subsequently met with this party and was recommended to Cabinet in October 2017. Regrettably however, due to a change in financial circumstances, the proposed tenant was subsequently unable to secure the capital needed to proceed and in December 2017 the party withdrew.

Following further consultation with the cross party Members' panel, it was concluded that the best option would be to increase the commercial offer and income streams derived at the Colonnade by partially subdividing the western half to create four additional retail kiosks, while retaining a sizeable food and drink facility. It was considered that this facility could either then be leased out externally, operated by the Council in-house, or run in partnership with a third party.

Due to the cost and level of fit-out required, it was considered unlikely that an alternative third party operator would be found that met the Council's requirements. It was also considered important to ensure that the Colonnade was open for business during summer 2018. Accordingly, Cabinet resolved in January 2018 to proceed with the establishment of a temporary in-house café/restaurant offer at the Colonnade, with the future operation to be kept under review.

The Council had previously approved a capital contribution of up to £100,000 to a prospective tenant towards the cost of fitting-out works and in January 2018 it was recommended, and subsequently approved, that this be increased to £260,000 to meet the entirety of fit-out costs on the basis of the Council operating the premises.

The Colonnade Bexhill Ltd was established by the Council as a trading company to manage operations at the Colonnade in April 2018. This company employed the staff and entered into the various arrangements needed to operate the business, including with suppliers, service contracts, till system, furniture, etc.

Council officers were appointed as Directors to get the company established and the administration of the company was supported by other officers of the Council.

The Council embarked on the recruitment of a Catering Manager to oversee the set-up and operation of a trading company and the business and they started in April 2018.

A complete fit-out and equipping of the Colonnade was undertaken commencing on 7 June 2018 and due to finish on 5 July. The Colonnade opened for trading on 21 July 2018. As reported to Cabinet in November 2018, there were delays in getting a gas meter installed at the property. Although a gas supply had been installed as part of the seafront improvement works in 2010, this had not been used since.

When the likely timescales for the installation of the gas became clear, the decision was taken by the trading company to review the staffing levels in light of the available offer and likely income generation. As a result, the employment of the Head Chef was terminated and the hours on offer to the front of house team were significantly reduced. During August and early September 2018, the Sous Chef and the Catering Manager resigned and were not replaced. The gas meter was connected in early October and the kitchen equipment was connected and commissioned on 9 October. The seasonal contracts were all terminated on 5 September 2018, leaving a team of four to run the operation on a five day-a-week basis.

Following the opening of the Colonnade in summer 2018, the Council was approached independently by several operators expressing an interest in taking on the premises. Discussions took place with all of these, resulting in the report to Cabinet in October 2018 and the decision to let the premises to Wingrove House Ltd (Minute CB18/29 refers).

The total investment in fitting out the café and new kiosks, including all building work, furniture, kitchen fit-out and professional fees, was £318,776. Offset against this was the sum of £12,000 received from sale of the furniture to the new operator. (A summary of the capital costs was shown at Appendix 2 to the report.) The company (The Colonnade Bexhill Ltd) had ceased trading and the outstanding debt of £58,000 had been written off in the 2018/19 financial year.

Overall the company generated turnover of £53,015 and expenditure of £110,487, including cost of sales, staff and other costs. (A summary of the trading account was shown at Appendix 3 to the report.) The loss was principally due to the reduced sales as there was no gas supply available during the peak trading period.

In total the new rental income generated from the Colonnade café and kiosks was £53,300 per annum, comprising £24,500 from the café (including two kiosks) plus £28,800 from the remaining nine kiosks. This represented an increase of £36,900 per annum from the previous

income of £16,400, comprising £2,000 per annum received from Tea Beside the Sea and £14,400 from seven kiosks.

Based on the uplift in rental income, the outcome represented a return on investment of 9.54%, including write-offs from the trading operation. This compared favourably to the target figure of 6% for the Council's commercial property portfolio as a whole.

The asset was valued in March 2019 at £560,000, an uplift of £165,000 from the previous valuation.

It was evident from the marketing carried out over several years and discussions with potential tenants, that the property's unique attributes and location were attractive to operators, but the amount of investment required to fit out the property was a significant obstacle to securing a letting due to the limited trading history. Only once the Council had invested in the fit out costs did the property become a viable option for occupiers who were then willing to make a long-term commitment to operate.

The delay in getting a gas meter connected was the single greatest setback to the operation of the café. Whilst with hindsight the application process could have commenced sooner, the supply was already physically present in the building and a significant part of the delay was due to the gas network provider having incorrect records.

Members had the opportunity to ask questions and the following points were noted:

- the Executive Director paid tribute to the officers involved in the establishment and administration of the trading company, who had undertaken their roles in addition to their existing duties as employees of the Council, namely the Head of Service Acquisitions, Transformation and Regeneration, the Property Investment and Regeneration Manager, the finance department and legal department. He also expressed thanks to the staff employed at the Colonnade during that time;
- the cost of the waterproofing works had not been included in the report. This was a repair cost and the Council remained responsible for maintaining the structure of the Grade II listed building, responsibility within the lease was for internal maintenance only;
- the rent would be reviewed every five years, linked to the Retail Price Index;
- there were break options within the lease;
- although financial projections for The Colonnade Bexhill Ltd showed a profit, securing a qualified tenant with a proven track record and therefore a guaranteed rental income, was the preferred option; and
- that the learning outcomes were:
  - o a public/private partnership of capital/revenue seemed to work well and perhaps could have been looked at earlier;

- o project management, particularly of the gas supply; and
- o onus on the officers undertaking their role of Directors of a company as well as officers of the Council.

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

OSC19/16 **CORPORATE PLAN DELIVERY PROGRAMME**

Members considered the report of the Executive Director which presented a project plan and timeframe for the implementation of a new Corporate Plan designed to supersede the current Corporate Plan. The current Corporate Plan had been in place since 2014 and was due to expire in March 2021. A new Plan would set the strategic direction and planned approach to delivering an agreed vision for the district. It was proposed to develop a seven year plan which would last until March 2028.

The timeframe set out in the report was condensed to ensure a Corporate Plan was adopted by December 2020 for implementation commencing April 2021. The timetable proposed provided the opportunity for an in depth consultation within the available staff resources.

The process for the design of the new Corporate Plan was to be split into four areas of work:

- Pre-Consultation Work - Member workshops planned for October 2019, with a report to the Overview and Scrutiny Committee and Cabinet in March and April 2020. Members would have the opportunity to bring views from their residents and any stakeholders they felt necessary to the workshops. An evaluation of the previous Corporate Plan would also form part of the review at this stage.
- Consultation Period - from April to July 2020 for 12 weeks.
- Post-Consultation – analysis of the consultation and development of the draft Plan and Programme, which would be reported to Cabinet and full Council in November and December 2020.
- Plan and Programme Adoption.

**RESOLVED:** It be recommended to Cabinet that the programme of a review for a new Corporate Plan, to be adopted in December 2020, be approved.

OSC19/17 **PROVISIONAL REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING QUARTER 4 2018/19**

Members received and considered the report of the Executive Directors on the Provisional Revenue Budget and Capital Programme Monitoring Quarter 4 2018/19, which had been considered by Cabinet on 1 July 2019 and been referred to the Overview and Scrutiny Committee for Members' information. The report contained details of the significant variations of the Revenue Budget and updated Capital Programme.

The General Fund was in surplus for the year by £630,000 compared to the expected use of reserves of £1.98m when the budget was set to balance the budget and contribute to funding the Capital Programme. This was attributed to underspends/savings on employment related costs, staff vacancies, Disabled Facilities Grant, planning policy, rent recovery, beach hut sales, increased car parking income and reduction of ICT costs. A £66,000 deficit was attributed to interest from investments, which was below the budgeted figure.

The council tax collection rate was comparable to previous years with a surplus of £462,000; Rother's share was approximately £46,000.

Business Rates collection performance was slightly lower compared to the same period last year. This was primarily attributed to late refunds following settlement of appeals from businesses. Following a review, the rating appeals provision had reduced, which had resulted in a surplus £34,000 being achieved.

The provisional outturn for the Capital Programme was £4.8m spend against a £7.2m budget, an underspend of £2.4m. The estimated outturn for the Capital Programme was appended to the report as Appendix A. Appendix B to the report, showed the updated Capital Programme for the period 2019/20 to 2023/24 which had been updated to take account of any slippage in the 2018/19 financial year.

Overall the Council made a £630,000 contribution towards reserves, which was due to an underspend on the delivery of services, additional non service income (particularly from grants) and slippage in the capital programme items funded from the Revenue Budget. Whilst a surplus was achieved, there remained significant financial pressures on the Council to balance its budget in future years.

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

#### OSC19/18 **WORK PROGRAMME**

Consideration was given to the Overview and Scrutiny Committee's Work Programme.

The following additions to the Work Programme were noted:

- Review of Child Poverty – 9 September or 14 October 2019, depending on the availability of a representative of East Sussex County Council;
- Housing (including affordable and social) – 25 November 2019;
- Project Management be added to Items for Consideration; and
- Regeneration to be added to Items for Consideration.

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

**CHAIRMAN**

The meeting closed at 8.15 pm

## OVERVIEW AND SCRUTINY COMMITTEE

<b>WORK PROGRAMME 2019 – 2020</b>		
<b>DATE OF MEETING</b>	<b>SUBJECT – MAIN ITEM (Capitalised)</b>	<b>Cabinet Portfolio Holder</b>
<b>9.9.19</b>	<ul style="list-style-type: none"> <li>• Performance Progress Report: First Quarter 2019/20</li> <li>• Revenue Budget and Capital Programme Monitoring to July 2019</li> <li>• Review of Child Poverty – subject to ESCC availability</li> </ul>	<b>Oliver</b>
<b>14.10.19</b>	<ul style="list-style-type: none"> <li>• Medium Term Financial Strategy 2020/21 to 2023/24</li> <li>• Review of Child Poverty – subject to ESCC availability</li> </ul>	<b>Oliver</b>
<b>25.11.19</b>	<b>REPORT OF SERVICE LEVEL AGREEMENT TASK AND FINISH GROUP</b> <ul style="list-style-type: none"> <li>• Environmental Policy proposals</li> <li>• Performance Progress Report: Second Quarter 2019/20</li> <li>• Revenue Budget and Capital Programme Monitoring to September 2019</li> <li>• Housing (including affordable and social)</li> </ul>	<b>Clark Field Oliver</b>
<b>27.01.20</b>	<b>DRAFT REVENUE BUDGET PROPOSALS 2020/21 KEY PERFORMANCE TARGETS 2020/21</b>	<b>Oliver</b>
<b>16.03.20</b>	<b>CRIME AND DISORDER COMMITTEE: TO RECEIVE AN REPORT FROM THE COMMUNITY SAFETY PARTNERSHIP</b> <ul style="list-style-type: none"> <li>• Performance Progress Report: Third Quarter 2019/20</li> <li>• Revenue Budget and Capital Programme Monitoring to January 2020</li> </ul>	<b>Brewerton Oliver</b>
<b>27.04.20</b>	<b>WASTE CONTRACT REVIEW</b> <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>	<b>Oliver Prochak</b>
<b>ITEMS FOR CONSIDERATION</b>		
Tourism Review [Minute OSC18/52 – 29 April] Project Management Regeneration		

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