

Ashford Borough Council: Notes of a Meeting of the Overview and Scrutiny Task Group – 21st December 2021 (Budget Scrutiny 3)

Present:

Cllr. Ovenden (Chairman);

Cllrs. Chilton, Harman, Ledger.

Also Present:

Cllrs. Blanford, Iliffe, Wright.

Head of Finance and IT, Head of Housing, Head of Corporate Property and Projects, Accountancy Manager, Policy and Scrutiny Officer, Member Services Manager.

1 Finance

- 1.1 The Accountancy Manager introduced his papers which responded to Members questions about current borrowing levels and gave an update on the new Prudential Code and the changes to PWLB funding issued the previous day. The report on borrowing focused on both the Capital Financing Requirement and funding and how to best structure the Council's loan portfolio.
- 1.2 The item was opened up to the Task Group and the following responses were given to questions/comments: -
 - Recent changes in interest rates and base lending rates would increase borrowing costs, but were not considered to be a significant risk to the budget. They were still within the anticipated envelope for 2022/23 and there were always options to switch some of the long term borrowing back in to short term borrowing, in-year, to cut costs and negate exposure.
 - “Unsupported borrowing” was a slightly old accounting term, but it basically meant that no other body (including Government) would be supporting that funding – it was purely borrowing from the market or internally, and repayments would not be supported by others.
 - It was confirmed that Officers were very mindful of restrictions and consequences moving forward if the Council was to consider ‘debt for yield’ opportunities.
- 1.3 If Members had any further questions on these papers they were encouraged to contact the Accountancy Manager separately.

2 Housing

2.1 The Head of Housing gave a presentation picking up on the areas of clarification that the Task Group had requested from her draft budget. The focus was on Housing Options and homelessness which were areas that were consistently a pressure on the budget year on year, and the presentation gave details of the wider background, the 2021 review of the Service and the Service Improvement Plan.

2.2 The item was opened up to the Task Group and the following responses were given to questions/comments: -

- The majority of grant funding to fund the three new posts had been confirmed for three years so there was certainly no significant risk to this year's budget. It would be important to use that time to implement the actions identified in the review to drive down the costs of temporary accommodation. It would be a much more sensible long-term strategy to get those costs under control and then the monies could be reinvested into keeping costs at a stable level. Areas in question would be prevention and working with individuals more closely at the beginning of the homelessness process. If grant funding stopped at some stage in the future they would have to 'cut their cloth accordingly' and make decisions at that stage, but having this opportunity now provided a good base to get costs down and spend the money more wisely.
- The facility at Henwood, whilst important, was only one of the measures to help reduce temporary accommodation costs. Increasing prevention work, better procurement, as well as Christchurch House, Christchurch Lodge and the Rough Sleeper Accommodation Project properties and better 'Move-On' arrangements, would all also help to save money. There was a risk with Henwood as it was subject to the planning process and the wider Stodmarsh issue. It was hoped that it would go through planning in early 2022 and, if approved, could be delivered relatively quickly because of its modular nature. Therefore Officers were optimistic that it could begin to deliver significant savings in the second half of the next financial year. There was concern from the Task Group though, as Henwood formed quite a large part of the overall savings for the next financial year.
- The bid for funding for a new post working with Probation Services had been a joint bid with Folkestone and Hythe District Council. Each Authority had its own dedicated worker, but it was a joint bid.
- Ashford had been particularly successful as a Borough at dealing with homelessness at source and placing individuals in to accommodation. It was important though to determine their circumstances and where they had come from. If individuals had come from other areas it may be necessary to relocate them back to their area because Ashford did not

have a duty to them. It was a complex area and a balance between welfare and potentially becoming an 'open door for Kent' and this approach was supported by homelessness legislation.

- Assumptions of homelessness levels for the coming year had been carefully assessed and a lot of work had been targeted around private landlords and tenants already in arrears. They were hoping to make some real headway with their prevention work and had tried not to be too pessimistic, which would massively increase budgets.

Resolved

That the points discussed above be considered further in formulating the Task Group's final report on its Scrutiny of the Council's Budget for 2022/23.

3 Corporate Property and Projects

3.1 The Head of Corporate Property and Projects gave a presentation picking up on the areas of clarification that the Task Group had requested from his draft budget. The presentation was split in to two parts: - the first focusing on Asset Management (Management and Maintenance of the Corporate Estate); and the second focusing on the Commercial Property Portfolio.

Asset Management

3.2 The first part of the presentation introduced the Service, including the different teams within it, the general approach and gave further details of risk areas. This included: - regeneration; procurement and contracts; the recent Service Review and proposed additional resources; the carbon agenda and the large amount of work associated with that; the asset management budget itself; and planned works to 2024.

3.3 This part of the item was opened up to the Task Group and the following responses were given to questions/comments: -

- In relation to the 'just in time' approach that had been adopted, planned maintenance was set yearly and potential projects reviewed on an annual basis and pushed back if unnecessary. They did however have to be aware of their responsibilities and obligations, particularly where tenants were paying rent. Requests were managed via a scoring mechanism in the agreed Asset Management Strategy.
- Carbon neutrality underpinned everything the Service did, from repairs and renewals, improvements, procurement, contract management etc.
- International House had a planned request for £1.25m for roof repairs in 2023/24. A review of this was part of the ongoing Stock Condition Survey work. There was however no impact for the coming financial year.

Commercial Property Portfolio

- 3.4 The second part of the presentation addressed the specific points raised around risks to the Commercial Property Portfolio and performance information.
- 3.5 The Commercial Property presentation was then opened up to the Task Group and the following responses were given to questions/comments: -
- Changing working practices (home/hybrid) and the future need for office space were big considerations. A number of companies were holding over on their leases as a result of this and once things had all become a bit clearer, there would be a need to consider options for longer term use of buildings and/or individual floors. It was an unknown at the moment but if a significant drop in demand did come to pass, there would have to be a wider options appraisal for assets such as International House.
 - In terms of the coming financial year, with the companies holding over, there was always a risk of withdrawals. Early indications were that most would like to retain some office space and there were also other companies still expressing an interest in taking on space if it became available. It was really however too early to have any certainty at this stage. Block B of International House (the DWP) was signed up to 2028 so that income was secure.
 - Debt collection/income from industrial units had remained fairly strong, despite the ongoing pandemic. However the Council was not afraid to intervene if necessary and there had been evictions due to non-payment of rent. It was after all a commercial portfolio.
 - Assets were marketed as widely as possible via local agents and as part of digital transformation work, the Service had created an on-line estate agency window to promote and advertise available space and allow people to express an interest. There was also an element of 'word of mouth' and a good reputation for tenancy management.

Resolved

That the points discussed above be considered further in formulating the Task Group's final report on its Scrutiny of the Council's Budget for 2022/23.

4 Wrap Up

- 4.1 It was confirmed that an extra meeting was going to be arranged in the New Year to undertake the Wrap-Up.

Post Meeting Note: This is now confirmed for Tuesday 11th January 2022 at 6pm.

Councillor Ovenden (Chairman)
Overview & Scrutiny Task Group – Budget Scrutiny

Queries concerning these minutes? Please contact
membersservices@ashford.gov.uk

Agendas, Reports and Minutes are available on: www.ashford.moderngov.co.uk

Restricted