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## SCRUTINY COMMITTEE

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**MINUTES** of the Virtual Meeting held via Skype on Wednesday, 19 January 2022 from 7.00 pm - 9.13 pm.

**PRESENT:** Councillors Cameron Beart (Substitute for Councillor Ken Pugh), Cameron Beart (Substitute for Councillor Ken Pugh), Lloyd Bowen (Chairman), Steve Davey, Mike Dendor (Vice-Chairman), Oliver Eakin, Tim Gibson, James Hall, Mike Henderson, Carole Jackson, Denise Knights, Pete Neal, Bill Tatton and Corrie Woodford.

**OFFICERS PRESENT:** Philippa Davies, Lisa Fillery, Joanne Johnson, Kellie MacKenzie, Jeremy Pilgrim, Larissa Reed and Emma Wiggins.

**ALSO IN ATTENDANCE:** Councillors Monique Bonney, Derek Carnell, Roger Clark, James Hunt, Ken Ingleton, Elliott Jayes, Lee McCall, Ken Pugh (in attendance for part of the meeting), David Simmons, Paul Stephen, Sarah Stephen, Roger Truelove, Ghlin Whelan and Mike Whiting.

### 541 MINUTES

The Minutes of the Meeting held on 17 November 2021 (Minute Nos. 436 – 439) were taken as read, approved and signed by the Chairman as a correct record.

### 542 DECLARATIONS OF INTEREST

No interests were declared.

### Part B Minutes for Information

### 543 AN UPDATE ON MASTER'S HOUSE, SHEERNESS

The Cabinet Member for Economy and Property introduced the report which set out the works, progress and financial propriety in respect of the Cabinet approval at the meeting on 17 March 2021 to allocate capital funds to the low carbon refurbishment of the Master's House, Sheerness. She outlined the three recommendations that had been approved by Cabinet. Following a tendering process, in a difficult market, the Cabinet Member said that a local Sheerness company had been employed to carry out the project and preliminary works had commenced.

Members were invited to comment and ask questions.

A Member sought clarification on the costs of the project so far and any further costs with regard to Phase 2 of the project. The Interim Property Manager explained that as well as the £1.3m approved by Cabinet, there was an additional £234,750 Salix grant, but this would not cover all the costs. With rising costs as a result of the Covid-19 Pandemic and Brexit, the contract needed to be re-evaluated otherwise it would have gone over budget. The Member spoke on the priorities of the project and raised concern that community organisations might not be able to

afford the rent. In response, the Cabinet Member for Economy and Property reminded Members of the poor state the building had got into and that it had been un-fit for rental. The project would allow the building to meet Energy Performance Certificate standards and to be accessible for all. She welcomed the net zero targets and economic benefits of the refurbished building for Sheerness, through the rental and community opportunities. The Member referred to paragraph 1.7 in the report and the option of terminating the contract, with the saving of £1.3m and suggested the funds be diverted to the refurbishment of Swale House instead.

In response to a question, the Interim Property Manager explained that there would not be a penalty if the extended completion date of 30 June 2022 was missed. Salix, the grant funding agency, was aware of the timescales and price increases and had allowed extensions to the contract. A Member asked about what work had been undertaken to look for potential commercial tenants. The Cabinet Member said that there had been some interest in the project and that a number of different models were being looked at, with both short and long-term rental options.

A Member asked whether there would be an opportunity for start-up businesses to use the building. The Cabinet Member said the layout and size of the rooms in Master's House were ideal for small businesses. She added that the pandemic had shown that small businesses needed space and 'Locate in Kent' had confirmed there was demand. The Cabinet Member acknowledged the Member's comment that buildings such as this would fall into disrepair if historical maintenance was not kept up.

A Member considered Sheerness was not an office-heavy environment and that there was already space available if needed. He asked what would draw people to Master's House and felt that if there was not enough commercial interest, the rent would be too high for community projects. The Cabinet Member responded and said that all the different models were being explored. There had been interest from different sectors and this was an opportunity for businesses who wanted to be local to Sheerness and it also offered flexibility.

In response to a question, the Interim Property Manager explained that the full revised contract had not yet been signed. It was a complex contract and was with Swale Borough Council's (SBC) legal services. A Letter of Intent had been signed, which allowed a certain amount of money to be spent on the scheme by the end of January 2022 when the final contract would be in place.

The Cabinet Member for Economy and Property responded to a Member's question and said that SBC would not be present in the building. The Member raised concern with letting and rental, and that if a commercial rent was not achieved, this would go to community and charity groups instead who might not be able to afford the rent.

A Member asked that if the building was not fully let, was there another plan? He did not consider there was a need for it in Sheerness and there was a risk that it could become 'a white elephant'. The Cabinet Member explained that there had been a tenant in the building whilst it had been in a bad state. She hoped that market rents could be achieved, for either short or long-term and she did not think the building would sit empty.

In response to questions, the Cabinet Member said that research had been carried out in relation to office space in the Borough and the rent that could be achieved.

A Member spoke on the refurbishment of the building and said the new external fixtures should be sympathetic to the existing building and surrounding area. He considered the function room should be retained for use by SBC for council meetings, rather than pay rent for a venue that the Council had refurbished. In response, the Cabinet Member explained that Master's House was within Sheerness Conservation Area and as such approval had been granted for sympathetic changes to the building with the addition of air source heat pumps, solar panels and new windows. She said that the changes were mainly internal, rather than external. The Cabinet Member acknowledged the suggestion in terms of the function room, but explained that this was dependent on the building management option that was chosen.

A Member referred to the tender process for the scheme. He was concerned with the six-week tender period which he considered to be a generous time frame and that only one tender had been received, and suggested the project should have been re-tendered. In response, the Interim Property Manager said that any further delay and the Council would have lost its grant funding for the scheme. He explained that there was no market to dispose of the building and the tender process was extended as a result of the Covid-19 Pandemic and price rises.

In response to a question on the Master's House garden and its potential use, the Interim Property Manager explained that this was part of a wider open space, fenced-off temporarily for health and safety reasons whilst the building was refurbished and it would be maintained and restored as a whole.

A Member spoke on other Members' views on the letting aspects of the building, and on the other option of not restoring the building at all. He considered it to be worthy of restoration and that it would have a beneficial use in the future. The Member said that it should not just be considered as purely office space, but that there were lots of different ways that the space could be used. In response, the Cabinet Member said the building's use was flexible, with for example, space for workshops or start-up businesses.

A Member spoke again on the main drivers for the scheme and asked which was the priority for Master's House, bearing in mind that the Council needed to recover its costs and concern over how many groups could afford to rent the space. The Member considered the money would have been better spent refurbishing Swale House. The Cabinet Member explained that short-term rental had higher maintenance costs for the Council and long term had less, as the responsibility would transfer to the tenant, and the costs would be clearer once the Council had decided which model to work with. The Cabinet Member said that Sheerness had welcomed the investment in Master's House and that there was a separate project for Swale House. In response to a further question, the Cabinet Member explained that creatives would pay the market rent on the units, and the meeting and function rooms would be rented out in a different way, with charities still paying rent.

Some Members spoke positively about the work that was being carried out at Master's House.

A Member said that small businesses were looking for premises like Master's House to rent, especially since the Covid-19 Pandemic, and considered that this was needed in the Borough.

In response to a question on rents and tenures, the Director of Resources said that work was ongoing in terms of the tenures and types of management and so it was not possible at this time to comment on the cost or income.

The Cabinet Member explained that a decision would be made on one of the three management options within the next three months, before the building work was completed.

There was some discussion on a report coming back with an update on the management arrangements, bearing in mind that from May 2022 there would be a new Committee system in place and the Scrutiny Committee would not meet from that point.

Councillor Bill Tatton moved the following motion: That the management options for Master's House, Sheerness be reported back to the Scrutiny Committee or relevant new committee, dependent on timings, in due course. This was seconded by the Chairman and upon being put to the vote, the motion was agreed.

The Leader and Cabinet Member for Finance advised Members that as part of the bidding process for levelling-up funding for Sheerness, the Council needed to make 10% investment itself, and this project showed that the Council had done that. He welcomed the project in its own right and acknowledged the collateral advantage of the project to the bid.

The Chairman thanked the Cabinet Member for Economy and Property, the Head of Regeneration and Economic Development and the Interim Property Manager for attending the meeting for this item.

***Resolved:***

- (1) That the report be noted.***
- (2) That the management options for Master's House, Sheerness be reported back to the Scrutiny Committee or relevant new committee post May 2022, dependent on timings, in due course.***

**544 FINANCIAL MANAGEMENT REPORT - SECOND QUARTER 2021/22**

The Leader and Cabinet Member for Finance introduced the report which set out the revenue and capital projected outturn position for 2021/22, based on service activity up to the end of September 2021 and collated from monitoring returns from budget managers.

The Leader and Cabinet Member for Finance drew attention to the projected overspend of £359k as set out in Table 1 on page 61 of the report. He referred to the £1.04m set aside for the Covid Recovery Fund, with a balance of £594k after funding the leisure centre schemes set out in paragraph 3.8 of the report. He also drew attention to the £286k overspend in relation to bus companies' compensation

on page 73 of the report, which could reduce to £100k overspend which he considered to be encouraging. The Council would receive an additional £198k of Government Covid funding for the loss of sales, fees and charges income. It was hoped that the Council would not need to spend all the Covid-19 Pandemic funding.

The Chairman invited comments and questions on the main report.

A Member congratulated the finance team on 98.6% of invoices from suppliers being paid within 30 days of receipt.

The Leader and Cabinet Member for Finance and the Director of Resources responded as below:

Page 68

Customer Service Centre: the underspend was due to vacancies within the team.

Page 71

Parking Partnership with Maidstone Borough Council – additional costs: the re-charge from parking management was activity based and the shared cost had gone up and this was the estimate for the year.

Page 72

Shared Service costs – 2021/22 Budget reported service savings for the Air Quality Project Officer: the £42k overspend was due to the post being removed from the current year's budget and a crossover in staffing, the post was now vacant and the overspend would reduce.

Page 73

Salary underspend: the intention was to fill the vacancies and the Council was actively pursuing this. It was not considered good practice to offer supplementary payments to attract people to jobs.

Sittingbourne Town Centre – bus companies compensation: this was due to the overall financial impact on the bus companies at both the hub and the High Street during the Spirit of Sittingbourne regeneration.

Page 75

Sittingbourne Christmas Lights: funding for this came from the Improvement & Resilience Fund and could not be broken down.

The Director of Resources agreed to send responses to all Members to the following:

Page 65

Coronation Clock Tower, Sheerness: where was the £38k from Section 106 agreements from?

Murston Old Church: was the £20k funding part of the Communities Fund or was it additional funding?

## Appendix I

## Page 68

Democratic Services – Members Allowances & Travel: more information requested on the £23k overspend.

## Page 69

Appeal Costs – Additional costs – Litigation costs: a request for a breakdown on the £233k overspend.

## Page 71

Public Conveniences – net cost savings on premises expenses (including reduced business rates): what was the percentage of the business rate savings and how were the savings achieved?

## Page 72

External legal fees: more information required on the overspend.

## Page 79

Land regeneration/improvement works at Dolphin Barge Museum and Skatepark – Reserves: more information sought on what was being funded.

## Page 82:

Debts: more information sought on the 2-6 months and the 6-12 months debt and more detail requested on the sundry debt outstanding in relation to Commissioning, Environment & Leisure.

The Chairman thanked the Leader and Cabinet Member for Finance and the Director of Resources for attending the meeting for this item.

**Resolved:**

**(1) That the report be noted.**

**Post Meeting Note: The responses to questions raised are attached as Appendix I to the minutes.**

**545 CABINET FORWARD PLAN**

The Democratic Services Officer updated Members with changes to the Forward Plan since it had been added to the agenda. These included:

- Page 84: Environmental Enforcement Policy – now to go to the March 2022 Cabinet;
- Page 85: Recommendations from the Local Plan Panel meeting held on 27 January 2022 – this meeting had now been cancelled;
- Page 86: Recommendations from the Local Plan Panel meeting held on 24 March 2022 – these would go to the next Cabinet meeting after 16 March 2022.

In response to a question, the Chief Executive explained that it was correct that the Levelling-up Fund application on page 85 of the report was non-key as it was related to the Council putting in a bid for funding.

***Resolved:***

***(1) That the report be noted.***

**546 ADJOURNMENT OF MEETING**

The meeting was adjourned from 8.21 pm to 8.27 pm.

Chairman

Copies of this document are available on the Council website <http://www.swale.gov.uk/dso/>. If you would like hard copies or alternative versions (i.e. large print, audio, different language) we will do our best to accommodate your request please contact Swale Borough Council at Swale House, East Street, Sittingbourne, Kent, ME10 3HT or telephone the Customer Service Centre 01795 417850.

All Minutes are draft until agreed at the next meeting of the Committee/Panel

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Questions raised by members 19 January 2022 Scrutiny meeting				
Page	Amount	Service	Question	Answer
64	20,000	Murston Old Church	Is this £20k funding in addition to £100k already allocated to this project	This is Murston Old Church funding from Community Fund bid 62 £20k. In addition to £100k allocated from Community Fund bid 54 in 2020/21
65	38,000	Coronation Clock Tower	Which s106 funding is being used for this project	S106 - Land at Neat's Court (Morrisons) Queenborough
68	23,000	Members Allowances & Allowances	What is £23k overspend - it can't be travel.	Allowances for Climate & Ecological Emergency Portfllo, reinstated July 2021
69	233,000	Planning appeal costs	Can we have a breakdown of this figure?	Costs awarded £120k Brotherhood Wood & £113k Barton Hill Drive.
71	(19,000)	Public Conveniences	Can we have a breakdown of this figure? What % saving was made on the business rates	As per monitoring comments: (£19,462) Public Conveniences now attract zero business rates. Refund for this year and last year expected. £250 disability signage and forum signage.
72	30,000	External legal fees	What is this overspend attributable to?	The budget for legal fees expenditure is £49,930, the expected expenditure is £86,690. The main drivers of this are increased enforcement costs fore revenues and benefits and planning and costs associated with the local plan.
75	4,270	Sittingbourne Christmas lights (IRFBID 20)	What was this spent on?	As confirmed at the meeting this was to support the Sittingbourne Christmas Lights organisation in staging the annual switch on event supported by a day of community activities and Christmas Market on Saturday 20 November 2021 in Sittingbourne High Street. Funding is required for a Premises Licence, Public Liability Insurance, Lights installation and removal
77	40,000	Milton Creek Country Park	How will we pay for this? (physically not the funding)	This is for works from the entrance of the Country park up to our car park and not for the access road, which will be paid in full by the developer. So a new gate, tarmac up the slope and preparation of the car park. We will commission the works via our usual procurement process with local contractors.
79	37,920 & 14,140	Land regen works at Dolphin Barge & Skate park	What is this and has it been spent?	Grant provided for enhancements to the quayside, to bring the individual projects together now Skatepark and Barge museum building projects have been complete. The grant has been paid and works are partially complete and continue to be monitored.
82	14k & 12k	Bad Debt - Kent Auto Salvage	What does this debt relate to?	Lease for land - Credit control update that this is to be paid in full as the tenant is currently awaiting insurance claim and a rent credit that Property are dealing with.
82	131,000	Commissioning Env & Leisure	What accounts for the increase in sundry debt from 2020 (£56k) to 2021 (£131k)	These were 3 invoices raised in error totalling £80k. Due to an IT issue with Agresso, can't be cancelled off system at moment.

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