

FINANCE, BUDGET & PERFORMANCE SCRUTINY PANEL

Minutes of the meeting held on 23 October 2018 at 7.00 pm in the Council Chamber - Council Offices.

Present: Councillor Lynda Piper (Chairman); Councillors Campbell, Connor, Dexter, Martin, S Piper, Tomlinson and Wells

In Attendance: Councillors Ashbee, Bayford, Game, I Gregory, Messenger and Rogers

16. APOLOGIES FOR ABSENCE

Apologies were received from the following Members:

Councillor Parsons, substituted by Councillor Tomlinson;
Councillor Falcon, substituted by Councillor Wells.

17. DECLARATION OF INTERESTS

There were no declarations made at the meeting.

18. MINUTES OF PREVIOUS MEETING

Councillor Campbell proposed, Councillor Connor seconded and Members agreed the minutes as a correct record of the meeting that was held on 30 August 2018.

19. CABINET MEMBER PRESENTATION - THE LEADER OF COUNCIL

During the first part of his presentation, Councillor Bayford, Leader of the Council explained that the deficit affecting the Ramsgate Port and Harbour had accumulated over a number of years and across three Council Administrations. It was worth noting that the total deficit figure of £2.637 million included noncash items that included depreciation and employee pension revaluation. If the figure excluded these non-cash items the figure would go down to £1.4 million.

1. The income and expenditure statement for the Port 2017/18 there is a £500k Direct Grant/ Contribution expenditure. What is it and who were the recipients and what for?

This amount represented contribution to provisions and as set aside at year end after an assessment of outstanding claims compared to the amount that had been set aside for that expenditure item. Due to the nature of the item there was no named recipient. This amount was set aside for prudence purposes.

2. What is the breakdown of the £750k to Central Support Services?

The Panel was given a detailed breakdown of the £721k (*the correct figure in the financial accounts instead of £750k*). It was explained that some of the expenditure that contributed to the £721k could be treated as direct costs to the Port and Harbour and if that was done the central support cost charges would go down to £252k.

However this did not make any difference to the overall outcome.

3. We lease the Port from Crown Estates is the total of this lease £246k?

The area of the sea bed leased by Crown Estates attracted a lease charge of £246k.

4. How was the depreciation figure of £309k arrived at?

The actual depreciation was £1.052 million. This was initially worked out at £309k, which only looked at a three month period as opposed to a twelve month period which made it £1.052 million.

5. To whom was £51.7k in consultancy fees paid and for what? What procurement process was followed to engage this consultant?

This was paid to pilot consultancy to carry out market engagement, to produce business plans for interested parties, provide on-going market intelligence and to support officers as part of the negotiations with interested parties.

As part of the consultancy brief, it was hoped that this would lead to a ferry business coming to Ramsgate Port and Harbour.

Council Contract Standing Orders were followed for amounts of up to £74,999 in that three quotes were sought and full consideration was taken in assessing the preferred supplier.

6. What is the breakdown for the £200k for security?

The 2017/18 costs for security was £194k. This allows for 24/7 cover with two staff and ad hoc cover as required. This presents good value as this 52 weeks of 24/7 cover.

The Port was under Maritime Law obligation to provide cover 24/7.

7. Why are the employees superannuation contributions £55k on a salary bill of £177k?

There were adjustments due to revaluation of £35k with the other figure being the normal employer pension contribution.

8. How were the contractors, Burgess Marine selected? Was due diligence carried out for the company went into administration towards the end of 2017?

Burgess Marine had submitted tender bid for similar maritime works and were a respected contractor in the industry and. They had returned tender documents of the specialist berth refurbishment works at short notice.

Due diligence had been carried out in form of a credit rating checks in September 2016 and had returned a good score. This was followed by the refurbishment works being carried out in October 2016.

Burgess Marine undertook planned inspections and maintenance works following completion of the refurbishment works in 25 April 2017 and 13 December 2017.

9. What is the regeneration plan to return the Port to profitability?

At the moment the primary focus was still to establish the RoRo cross channel ferry business to the Port. The Council was still exploring the opportunities for mixed use development at the Port and Harbour estates and maximising income opportunities.

10. How much of the Port land is owned by the Crown Estates?

The area that was previously under low tide mark (mean low water mark) before construction at the port was owned by Crown Estates. This was just below 25 acres.

11. How long is Brett's lease in the Port?

The lease agreement expires in April 2029 and December 2032 with an option to extend it for another five years, but not beyond 2054.

12. Do Brett's comply with all health and safety standards? i.e. storage of sand and cement. If yes can we see the reports?

Brett Aggregates are a private company with a requirement to comply with all health and safety laws. They also have in their lease agreement the requirement to comply with all laws relating to the following:

- The property, the occupation and use of the property by the tenant;
- The use of all service media, machinery and equipment at or serving the property;
- Any works carried out at the property;
- All materials kept or disposed of from the property.

13. Why were two berths expensively repaired and why was it an urgent decision that needed immediate attention?

The berths were over 30 years old and there was no guarantee that they could be serviceable if a new operator approached the council to run the business at the Port. An urgent decision was made to ensure that the Port was still open for business and avoid missed opportunities.

14. Apart from the car Ferry is there any other Ferry company interested in the Port. If yes whom and to where?

There were ongoing negotiations with Seaborne Freight. However no agreement had been signed as yet and there were no other negotiations with any other potential operators.

15. Is there a plan to sell the Port?

There were no plans to sell the Port. However as part of the review all options were open for consideration.

16. Is it still council policy to have a coach/ lorry park in the Port? If yes when will it open? If no why not?

A planning consent was granted for a coach and lorry park at the Port in January 2018. This was not taken forwarded immediately due to the re-commencement of the car imports at the Port. There were no immediate Plans to follow that policy.

17. What is the condition of the sluice gates in the inner harbour? I have been told that they are leaking, is this correct and if so what are the possible ramifications?

This question would be responded to in writing.

In response to the presentation Members of the Panel asked further questions and made comments as follows:

- With regards to the £721k, which would be £252k if the noncash items were not factored in: Where had the difference out those two figures be reported in the Council accounts?

- Why can't the accounts regarding the Port be reported separately from those of the Harbour?
- When was the consultancy awarded? What was the brief for the consultancy and when was it awarded?
- Does the Council make regular checks for compliance with laws and regulations by Bretts? When were the last checks made?
- 25 acres owned by Crown Estates: What was the percentage acreage owned by Crown Estates of the whole area at the Port site?
- If there was a suggestion by the local community that Bretts were not complying with aspects of the law governing the operations of the Port and Harbour, who should be approached to investigate?
- What were the council's legal responsibilities as the landlord?
- There some wonderful ideas for developing the Ramsgate Port and harbour. The principle of a marine village is one such idea that could be pursued as some works had already been carried out which the council consider.
- Can the communication with the public regarding the Port and Harbour be done in an improved and easy to understand way?
- Had the Council been approached by Bretts regarding the use of Ramsgate Port for extended aggregate works as a replacement to the one currently operating in Whitstable?
- Did Bretts have an allocation of tonnage and what their current usage was and if they had were they fully utilising it?

Speaking under 20.21, Councillor Messenger suggested that the topic on the Port and Harbour could be added to the agenda of a future Members Briefing session.

Responding to the queries the Leader, Madeline Homer, CEx, Tim Willis, Deputy Chief Executive and Tim Howes, Director of Corporate Governance said the following:

- A written response will be provided to explain the difference between the £721k and the £252k;
- The figures presented only related to the port because the question related only to the port. The whole port and harbour accounts can be provided in the written response;
- Brett Aggregates were required by law to ensure compliance to appropriate regulations during their operations at the Port and Harbour;
- The Health and Safety Authority would conduct any such investigations regarding compliance;
- All ideas for developing the Port and Harbour would be considered. The Council was currently working on putting together a brief for consultancy work to be undertaken for the procurement document to support the council in the future development of the Port and Harbour;
- Officers would work on a format for presenting financial information to Members in an easy to understand way and hoped that the same format would then be used to share such information with the public;
- The Council had not been approached by Brett regarding extending their aggregate works at the Port.

The Panel was advised that any questions that had not been fully responded to at the meeting were going to be answered in writing after the meeting and the responses would be sent to all Panel Members.

In conclusion the Leader indicated that the Council would like to see the budget deficit go down and was working on ways to improve the situation. The Port and Harbour will be an additional agenda item to the topics for a future Members Briefing session. Councillor Bayford indicated that the council would look for ways of communicating the information regarding the Port and Harbour in an improved way on a continuous basis.

Members thanked the Leader for the presentation and noted the report.

20. TEMPORARY ACCOMMODATION FOR HOMELESS HOUSEHOLDS

Bob Porter, Head of Housing and Planning introduced the report and made the following points:

- There has been a steady increase for homelessness support;
- This had been driven largely by an increase in private rental costs in the private sector;
- There had also been a serious shortfall over the last four years in affordable homes in the district. This was also a reflection of the national trend;
- The number of lettings had been reducing year on year;
- Increases in private rented costs, had made it difficult for the Council's Housing team to find rented accommodation in the private sector that match local housing allowances;
- There had been an increase in the number of households that had been served Section 21 notices to vacant their private rented accommodation where the tenant could be asked to vacant the tenancy even when not at fault;
- 2017 was a particularly challenging year, as the team attended to 968 households seeking assistance;
- The Homelessness Reduction Act, that came into operation on 3 April 2018, has provided an increased timeframe within which to support households to prevent homelessness (i.e. from 28 days to 112 days);
- The Council has recruited new housing advisors and Landlord Liaison Officers;
- The team had so far this year prevented 213 households from homelessness (as at end of September) as opposed to 92 households during the same period in the previous year. The new posts have been a significant factor in this improvement.
- In a period of six months between April and September 2018, the team had attended to 994 referrals, a figure that is already higher than for the whole of 2017;
- The pressures on the team were still quite intense;
- The team had set itself a challenging target of reducing the council's use of temporary accommodation by 50% from a baseline average of 180 households at the end of 2017 to 90 by March 2019;
- The team has initially focused on hotel accommodation and successfully reduced the number of households temporarily accommodated in hotels from around 60 at the beginning of the year to just 2 cases in September; a tremendous achievement for the team.

In response Members made comments and asked questions as follows:

- Members praised the housing teams for the exceptional work they had done under difficult circumstances;
- Why did it look like PIP was being paid nearly a third more by ratio than was paid to other providers?
- How much of temporary accommodation is outside Thanet District?
- On average what would be the number of nights a household spends in temporary accommodation? This might create additional understanding of the unit cost of £5,600 used to support each household?
- Will the budget of £750k be enough for 2018/19?
- Referrals have gone up about 200% but the acceptances by Council were at less than that figure. Why was it the case?
- Was there a relationship between more households approaching the Council regarding housing support and the roll-out of Universal Credit?
- Would it not be better to tackle the root cause of homelessness rather than dealing with the consequences of it?

- The ideal solution would be for councils to build more social housing? Will the Housing Acquisition Programme help alleviate the homelessness in the district?
- The Mayor of London had come up with the new definition of affordable housing from 80% of the market value to a third of income. Was there an intention within Kent to change the definition of affordable housing as well?

Responding to queries from Members, Mr Porter said the following:

- PIP generally provided better quality, self-contained accommodation and on average households tended to stay in this type of accommodation for longer.
- PIP were extremely responsive to Council requests for accommodation and they do provide self-contained family sized accommodation. This is much larger in comparison to other providers especially hotel/bed and breakfast accommodation;
- The council also worked to ensure that no households were in hotel accommodation for more than 6 weeks, in line with government regulations;
- About 30% of the temporary accommodation was outside the district; now that we have successfully reduced the use of hotel accommodation we would prioritise reducing the use of accommodation out of the district.
- A great deal of work had been done to project this year's budget, including projecting planned reductions in the use of temporary accommodation. Funding had been set aside for new staff resources and landlord incentives as well. Temporary accommodation has been reduced, but there is still some way to go before the out-turn figures for the year will be known. We are working hard to generate income to offset the cost of temporary accommodation and in particular to secure housing benefit income. At this stage we are projecting to budget for the year end position;
- More households were approaching the Council earlier than before the new Homelessness Reduction Act (2017), thereby giving the Council more time to prevent homelessness;
- Initial delay in making payments of Universal Credit is having an impact and causing households to accrue arrears of rent that are then difficult to catch up. The difference between the local housing allowances and local private sector rent is also a significant issue, impacting on the ability of people on low incomes to afford the private rented sector;
- Affordable housing would make a difference. The Council's housing development programmes had delivered affordable homes in the district. This has contributed to reducing the number of people on the housing list and in temporary accommodation. This included the delivery of 51 unit new built programme, 35 units delivered and planned in Cliftonville, 29 Empty Homes programme in Ramsgate, an Intervention Programme in King Street in Ramsgate and an Acquisitions Programme that has so far completed the acquisition of 6 new homes;
- In its Tenancy Strategy, the Council defined affordable housing as being 80% of the market rent or the local housing allowances or whichever is lower.

Mr Porter said that any questions that had not been answered in the meeting would be responded to in writing after the meeting.

The Panel requested that the report be shared with other Councillors as part of the Members Briefing agenda.

Thereafter Members noted the report.

21. REVIEW THE FINANCE SCRUTINY PANEL WORK PROGRAMME FOR 2018/19

Responding to a query regarding the fees and charges 2019-20 item that would be considered by Cabinet on 15 November and Council on 06 December, Tim Willis, Deputy

Chief Executive agreed that the Panel could in between these two meetings, consider the item at their meeting on 20 November.

The Panel noted the report.

22. **FORWARD PLAN AND EXEMPT CABINET REPORT LIST FOR PERIOD 10 OCTOBER 2018 - 31 MARCH 2019**

Members agreed that at this time of the year the work of the Panel would focus mainly on the budget setting process and other than standing items on the agenda, no new projects would be considered by the Panel

Members noted the report.

Meeting concluded: 8.26 pm