BATH AND NORTH EAST SOMERSET

RESOURCES POLICY DEVELOPMENT AND SCRUTINY PANEL

Wednesday, 12th September, 2018

Present:- Councillors Sarah Bevan (Chair), Lisa O'Brien, Jasper Becker, Joe Rayment, Andrew Furse, David Veale and Sally Davis

Also in attendance:

13   WELCOME AND INTRODUCTIONS

The Chairman welcomed everyone to the meeting.

14   EMERGENCY EVACUATION PROCEDURE

The Chairman drew attention to the emergency evacuation procedure.

15   APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were none.

16   DECLARATIONS OF INTEREST

Councillor Charles Gerrish, Cabinet Member for Finance and Efficiency declared a non pecuniary interest as a Director of ADL (Item 8). He informed the Panel that, based on the advice of the Monitoring Officer, he is able to present the accounts as shown in Item 8.

Councillor Andy Furse declared a non pecuniary interest in Item 9 as a Governor at Bath College.

17   TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There was none.

18   ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

There were none.

19   MINUTES - 16TH MAY 2018

The Panel confirmed the minutes of the previous meeting as a true record and they were duly signed by the Chairman.

20   UPDATE ON ACCOUNTS OF THE COUNCIL'S PROPERTY COMPANY (ADL)

The Cabinet Member for Finance and Efficiency introduced the report which outlined the annual accounts of Aequus Developments Limited (ADL), Aequus Construction Limited (ACL) and he gave a verbal update on the annual accounts of Bath Tourism Plus (BTP).

ADL

The Cabinet Member explained that there were 22 units of accommodation and that the void rate was 3% which was below normal expectations. He added that the units were let at an acceptable and commercial level.

Panel members made the following points and asked the following questions:

Councillor Furse asked why there were only 2 Directors on ACL when there were 6 on ADL. The Cabinet Member explained that in reality both are run as one company with ACL being the construction element.

Councillor Furse asked what 'relatively affordable' meant. The Cabinet Member explained that a lot of thought had gone in to pitching this at a level which is right for the city while not being too high or significantly undercutting other landlords.

Councillor Furse asked what was meant by 'streamline the refurbishment process' (page 18 of the report). The Cabinet member stated that he would ask officers to brief the Panel on the details at a later date. Councillor O Brien suggested that officers could give more details on this at the Council meeting to be held the following day (13th September 2018).

Councillor Furse asked what 'administrative expenses' were (page 32 of the report). The Cabinet Member explained that this did include the cost of the officer's time

Councillor Rayment asked if any modelling had been done around letting at different levels. The Cabinet Member explained that certain groups had been targeted such as young professionals as this was where there had been an identified shortfall in available property. He explained that the low void rate showed that the level was pitched correctly.

Councillor Rayment asked if there were any plans to let at a social level. The Cabinet Member explained that the direction of travel was developing sites for new builds where the Council's requirements for social housing will be met.

ACL

The Cabinet Member explained that ACL is the construction company and is in its first year. ACL was currently converting 95 flats in Keynsham.

Panel members made the following points and asked the following questions:

Councillor O Brien asked how many flats are for sale and how many for rent and at what level. She also asked about the level of risk involved. The Cabinet Member explained that the final breakdown (for sale/rent) is yet to be determined and that the

objective was to be a good but not greedy landlord. He added that the risk would be if sales or rentals were not achieved but that so far there had been over 200 expressions of interest.

Councillor Davis asked if landlords will be prevented from making multiple purchases for 'buy to let' schemes. The Cabinet Member explained that every effort is being made to prevent multiple purchases but it is more difficult to prevent individual purchases. The Panel asked that a prevention of 'buy to let' purchases be written into the particulars (see resolution 1 below).

BTP

The Cabinet Member gave a short verbal update explaining that the information that will be presented to Council on 13th September 2018 details the un-audited figures for a previous period of BTP where the management was not appointed by the Council. The Panel wished to recommend that Council request the audited accounts of BTP at a future meeting (see resolution 2 below).

The Panel **RESOLVED** to recommend the following to Council:

1. Regarding properties developed by ACL, the Panel noted that multiple purchases were being prevented but recommended that single purchase 'buy to let' is also prevented and that this be written into the particulars/contract of properties.

2. Regarding BTP (Bath Tourism Plus) annual accounts, the Panel noted that the update to Council contained figures from the previous management of BTP and recommended that the Council note them but request that the audited accounts be submitted to a future meeting.

21   UPDATE ON FINAL FIGURES FOR THE FINANCIAL YEAR

The Cabinet Member for Finance and Efficiency introduced the report which presented the revenue and capital outturn for 2017/18, he explained the reasons for overspends in some areas. He further explained that the figures for the first quarter of this year were considered at the Cabinet meeting last week.

Panel members made the following points and asked the following questions:

Councillor Furse asked if capital receipts were used to fund severance costs. The Cabinet Member confirmed that capital receipts were used following a change in legislation in 2017 which empowered Council's to do this.

Councillor Rayment stated that there was a pattern in the budget in that the Young People and Families Service often have an overspend and Heritage Services often have an underspend, he asked why some budget lines seem set up to fail. The Cabinet Member explained that overspend in areas such as children being taken into care and associated court costs is often unplanned so it is hard to set an exact budget, an informed judgement must be made. Regarding Heritage Services, the Cabinet Member explained that it would be rash to assume maximum return as often events can mean numbers are down.

Councillor O Brien asked to what extent are the corporate reserves under threat. The Cabinet Member explained that some reserves are earmarked for particular things and that the general reserve is at a level recommended by financial advisors.

22 CABINET MEMBER UPDATE

The Cabinet Member for Finance and Efficiency, Councillor Charles Gerrish updated the Panel on the following:

- Interim figures have been reported to Cabinet and he continues to work with officers to address the current financial pressures.
- There has been an urgent decision to acquire 2 properties which will lead to extra revenue.
- An issue regarding a national chain is being addressed.
- There is a submission to Government asking that the authority become self-sustaining.
- The administration continue to press Government for a change of mind regarding a Tourism Levy as it is believed that Bath has a special case as an international visitor attraction.

23 PANEL WORKPLAN

The Panel noted the workplan with the following change:

- The unscheduled item on the Panel workplan 'Council Company Governance Update' be brought to the November meeting of the Panel and the date set to fall before the Council meeting. *The Democratic Services Officer will arrange and publish a new date for the November Panel meeting.*

The meeting ended at 5.55 pm

Chair(person) ....

Date Confirmed and Signed ....

Prepared by Democratic Services