

MAIDSTONE BOROUGH COUNCIL

AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON 10 JUNE 2013

Present: **Councillor Nelson-Gracie (Chairman) and
Councillors Black, Butler, Daley and Mrs Wilson**

Also Present: **Councillor Yates**

1. APOLOGIES FOR ABSENCE

It was noted that apologies for absence had been received from Councillor Warner.

2. NOTIFICATION OF SUBSTITUTE MEMBERS

It was noted that Councillor Mrs Wilson was substituting for Councillor Warner.

3. NOTIFICATION OF VISITING MEMBERS

Councillor Yates indicated that he was attending the meeting as an observer.

4. ELECTION OF CHAIRMAN

RESOLVED: That Councillor Nelson-Gracie be elected as Chairman of the Committee for the Municipal Year 2013/14.

5. ELECTION OF VICE-CHAIRMAN

RESOLVED: That Councillor Butler be elected as Vice-Chairman of the Committee for the Municipal Year 2013/14.

6. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

7. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

8. EXEMPT ITEMS

RESOLVED: That the items on the agenda be taken in public as proposed.

9. MINUTES OF THE MEETING HELD ON 25 MARCH 2013

RESOLVED: That the Minutes of the meeting held on 25 March 2013 be approved as a correct record and signed.

10. MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 25 MARCH 2013

1. Minute 93 - Matters Arising from the Minutes of the Meeting Held on 14 January 2013

Minute 81 - Draft Strategic Risk Register

In response to a question by a Member, the Head of Audit Partnership confirmed that action plans setting out how the risks which had been identified would be managed and mitigated where possible would be brought to the next meeting of the Committee.

2. Minute 95 - Audit Committee Progress Report - March 2013

In response to a question by a Member, the Head of Finance and Customer Services agreed to re-run the workshop regarding National Non-Domestic Rates specifically for Members and Substitute Members of the Audit Committee.

11. APPOINTMENT OF POLITICAL GROUP SPOKESPERSONS

RESOLVED: That the following Members be appointed as Spokespersons for their respective Political Groups for the Municipal Year 2013/14:-

Councillor Butler – Conservative Group
Councillor Daley – Liberal Democrat Group

12. PROPERTY INVESTMENT

The Committee considered a report by the Head of Finance and Customer Services seeking its views on proposed changes to the criteria for prudential borrowing in relation to property investment as agreed by the Cabinet in September 2012. It was noted that the Cabinet had identified three categories of property investment for which prudential borrowing could be utilised to cover capital costs as follows:-

- a) Additions to the Council's commercial property portfolio;
- b) Acquisition of derelict residential properties in order to restore and bring them back into use; and
- c) Strategic investment in order to progress stalled development.

The Cabinet, at its meeting on 12 June 2013, would be asked to agree to the variation of the criteria for prudential borrowing under category b) above to include consideration of the acquisition of property, which is not derelict, where the business case identifies that it would be suitable for use as temporary accommodation for those people who the Council has a

duty to provide emergency housing, thereby reducing reliance upon bed and breakfast accommodation. The Cabinet would also be asked to agree that the business case for such a scheme should include not only the income generated directly by the investment property, but also the reduction in the budget for alternative provision as currently provided by the Council.

The Committee was mindful that the number of households requiring housing assistance had increased considerably in the current economic climate. The net budget provision for temporary accommodation in 2012/13 was £125,000. Net expenditure on temporary accommodation in 2012/13 exceeded £300,000 with over 160 households being placed into bed and breakfast accommodation during that time. A proposal currently being considered would halve the use of bed and breakfast accommodation at a cost to the Council of approximately £50,000 per annum. This would reduce overall outlay by £100,000.

In response to questions by Members, the Officers confirmed that it was the intention that the management of the property would be outsourced to the private sector or a social landlord. If at a future date the property was no longer required, the balance of prudential borrowing would need to be covered from the sale proceeds on disposal. An evaluation of the expected future value of the property would form part of the business case of any scheme brought forward. The Property Team would be asked to look at the suitability of Gatland House for this purpose, if they had not done so already.

RESOLVED: That the Cabinet be informed that the Audit Committee raises no objection in principle to the proposed variation of the criteria for prudential borrowing to include the acquisition of property to provide alternative temporary accommodation to the bed and breakfast arrangements used at present subject to the following:-

Consideration being given to a robust and comprehensive business case initially by the Members' Advisory Panel relating to Property Investment in accordance with the governance arrangements previously agreed;

The business case including, inter alia, details of on-costs, staffing costs, conversion/refurbishment costs and early redemption of debt penalties together with an assessment of not only the income generated directly by the proposal but also the reduction in the budget for alternative provision as currently provided by the Council;

Management of the property being outsourced to the private sector or a social landlord and not being undertaken by the Council;

The Community, Leisure Services and Environment Overview and Scrutiny Committee being recommended to ask to be provided with regular updates on homelessness, trends and projections to ascertain whether this initiative is having an impact; and

Regular updates on the use of prudential borrowing to cover the capital cost of acquiring property suitable for use as temporary accommodation as an alternative to the bed and breakfast arrangements used at present being submitted to the Audit Committee.

13. DURATION OF MEETING

6.30 p.m. to 7.10 p.m.