



Minutes

Overview and Scrutiny Committee

Held at:	Council Chamber - Civic Centre, Folkestone.
Date	Tuesday, 14 February 2023.
Present	Councillors Miss Susan Carey, Peter Gane, Michelle Keutenius (Chairman), Connor McConville, Terence Mullard, Patricia Rolfe, Rebecca Shoob (Vice-Chair) and John Wing.
Apologies for Absence	None.
Officers Present:	Simon Baxter (Chief Officer - Development), Paul Birken (Refugee Resettlement Coordinator), Andy Blaszkowicz (Director of Housing and Operations), James Clapson (Case Officer (Committee)), Ewan Green (Director of Place), Amandeep Khroud (Assistant Director), Jyotsna Leney (Health, Wellbeing and Partnership Senior Specialist), Susan Priest (Chief Executive), Andrew Rush (Chief Officer Place & Regulatory Services), Charlotte Spendley (Director of Corporate Services) and Lucy Vidler (Development Specialist).
Others Present:	Councillor Mrs Jennifer Hollingsbee, Councillor Jim Martin (Folkestone & Hythe District Council), Councillor David Monk (Folkestone & Hythe District Council), Councillor Georgina Treloar (Folkestone & Hythe District Council) and Councillor Lesley Whybrow (Leader of the Green Party).

1. **Declarations of Interest**

There were no declarations of interest.

2. **Minutes**

The minutes of the meeting dated 17 January 2023 were agreed and signed by the Chairman.

3. **Minutes of the Finance and Performance Scrutiny Sub Committee**

The minutes of the meeting dated 10 January 2023 were agreed and signed by the Chairman.

4. **Princes Parade - Motion from Council**

Mrs Priest introduced the report, she noted that the request to consider the matter had come from a motion agreed at Full Council on 30 September 2022. The report detailed how the expenditure on the Princes Parade project had reached an estimated £4-5 million in November 2022 and reflected on the lessons learnt from the process. Thanks were offered to the officers involved in preparing the report.

The Chair permitted representations to be made by Councillor J Martin, Councillor Whybrow and Councillor Treloar as Ward Councillors for Hythe.

During these representations the following points were noted:

- The cost of the project would exceed £5 million if the cost of officer's time was included in the calculation.
- There seemed to have been a low appreciation of the risks involved in the project, and it seemed that the project was politically driven onwards despite mounting evidence that it was flawed.
- The site was extremely complex, and it would be very difficult to accurately predict what contaminants were on site. It took ten years for the project team to fully appreciate the cost of mitigating the contaminants on site, and to recognise that the cost of the mitigation would overwhelm the benefits of the projects.
- The motion was brought to Council because it was important to establish if the project could have been stopped at an earlier stage.
- The Cabinet and councillors were not always kept fully apprised of changes to the project specification, its risks, and costs.
- On occasion the Council seemed to ignore the professional advice of the consultants.
- The Committee should make the following recommendations:
 - That Cabinet should receive quarterly updates on all major projects, this should include full disclosure of risks, problems, and budget monitoring.
 - Cabinet agendas should be shorter to allow Members more time to fully consider the items.
 - All Members should be given the opportunity to undertake regular risk training courses.
 - The risk register should be considered by the Audit and Governance Committee on a quarterly basis; with additional background information to provide context to the report.
- If the true cost of the project had been understood at the beginning, then it was unlikely that the project would have gone ahead, and a sports facility could have been built elsewhere.
- There was a sense within the community that communication with residents should have been more timely, open, and transparent.

- The closure of the footbridge and erection of hording was a burden on the residents of Hythe that could potentially have been avoided.
- There was concern that the ecology in the area had possibly suffered unnecessarily.
- Residents should be applauded for exercising their democratic right in taking the matter to a judicial review. The cost of a judicial review should be factored into the project plan for this type of project; it would make up a very small proportion of the overall costs.

Councillor Monk made the following points as Leader of the Council:

- The reflections in the report were good.
- The judicial review caused a significant delay to the project that added to the cost.
- The impact of Covid 19 and the invasion of Ukraine had increased inflation and borrowing costs. Advice was received that the increasing costs could not be absorbed any longer.
- Full Council agreed to pause the project but continue with the planning application as so much work had gone towards it.
- The Council received an offer from a private developer to take over the project. A report would be considered at the Cabinet meeting on 22 February 2023.

The following points were noted as the Committee made their comments:

- The Scrutiny Committee initially looked at three potential sites for a leisure centre, and at the time a site at Martello Lakes was identified as the preferred option.
- It would be good to have more information about the rationale behind the decision in January 2022 to increase the budget by £16million.
- Extensive ground investigations should have been completed at the beginning of the project before the commitment of substantial amounts of money.
- Members should be fully informed of all project developments because they were the custodians of the taxpayers money.
- The development at Princes Parade was intended to create a destination out of the area.
- As time passed the costs of the project increased; time had been the biggest challenge of the project, compounded by the impact of recent rises in inflation and borrowing costs.
- There needed to be regular updates to residents. There were some vocal residents were against the project, but there were also a number of residents who supported it.
- The Council should look to outsource these kinds of projects early on in the process, this may have avoided some of the delays faced by the Council.
- At the outset of all projects, consideration should be given to whether or not the Council would be best placed to deliver the project. The Council was bound by strict procedural rules that could sometimes add bureaucracy and delays.

- Members could be given longer to read agendas when they contained complex matters for consideration.

Proposed by Councillor Keutenius
Seconded by Councillor Gane, and

RESOLVED:

That the Committee:

- Note the lessons learnt that are detailed in the report;
- Recommend the following:
 1. That Cabinet receive project updates on a quarterly basis, including costs and risk analysis. Cabinet could see the detailed risk register and possibly the medium-term financial strategy.
 2. That risk training should be made available for all Members.
 3. Communication with Members and residents about projects was improved.
 4. The size of Cabinet agendas should be reduced, even if this led to the need for more meetings.
 5. The Audit and Governance Committee should consider a more detailed risk register on a quarterly basis.

(The recommendations were agreed by unanimous affirmation of the meeting).

Councillors Treloar, Whybrow and J Martin left meeting.

5. **Update on the work carried out on the Homes for Ukraine Scheme and current status of the scheme.**

Ms Leney and Mr Birken provided the Committee with a presentation on the work that had taken place over the last year to support Ukrainian refugees within the District. The presentation also detailed the priorities for 2023 and provided information about the Local Authority Housing Fund. For reference the presentation can be viewed in the agenda pack.

After the presentation, the following points were noted:

- Ukrainians looking to enter the rental market may find it difficult to afford the rent, however they could be eligible for housing benefit assistance.
- Congratulations should be offered to Mr Birken for his excellent work over the year.
- The Ukrainian people were very proud and had a strong culture. Most wanted to return to their country as soon as possible however that was too dangerous at the moment.
- Ukrainian school lessons had begun at Sunflower House, this brought Ukrainian children together to work through the Ukrainian curriculum.
- In future, if the housing purchased through the Local Authority Housing Fund to home Ukrainian and Afghan was no longer required, then the properties would become part of the Council's general housing stock.
- There was educational support for those up to 30 years old.

- Kent County Council (KCC) managed the safeguarding function for the District. Refugees were met by KCC officers and Mr Birken within the first few days of arrival, and they were given contact details that could be used anytime of the day or night.

6. **Review of self-contained holiday lets and waste collection for holiday let businesses**

Mr Green provided the Committee with a presentation on holiday lets. There was a motion agreed by Council on 24 November 2021 (Item 46), to review the impact of self-contained holiday lets on the local housing rental market; and a motion agreed by Council on 30 November 2022 (Item 47), to look at waste collection arrangements for self-contained holiday lets including the option of setting up a commercial waste operation. The presentation has been attached to the minutes for reference.

During consideration of the item the following points were noted:

- Holiday lets support tourism, which is a key part of the district economy, and the sector encouraged tourism all year round.
- Commercial waste collection should remain a private sector led service. The Council did not have the capacity to deliver a commercial waste service.
- It was unfair that a house could label itself as a self-contained holiday let and avoid paying council tax, while also receiving business rates relief. Government should change this loophole in the legislation. It appeared that some holiday lets may have used the Council's domestic waste collection service instead of paying for a private waste collection service.
- The cost to small businesses for the removal of waste was very high, the Council should look to offer a cheaper service that would benefit small businesses and generate income.
- KCC would be doing a trial to allow small businesses to dispose of recyclable waste at household waste and recycling centres.
- The impact of holiday lets on the community needed to be monitored, it was a sector that would continue to grow as staycations become more popular.
- All small businesses within the district would be contacted and reminded of their requirement to have commercial waste collection arrangements in place. This would take place following the business rate eligibility change for holiday lets in April 2023.
- The Committee would receive a summary of the outcome of the contact exercise with small businesses.

This page is intentionally left blank

Holiday Lets

Council Resolutions
24 November 2021 & 30 November 2022



Council Resolution 24/11/21

Item 46 - That the Overview and Scrutiny Committee review the current situation with regards to self-contained holiday lets (advertised on Airbnb and other such websites) This review should contain but is not limited to:

- The current numbers of entire properties that are registered as businesses for the purpose of holiday lets within the district.
- The affect that these houses being used in this purpose has on the need for housing by local residents.
- If the rising rental market within the district is being partially affected by the existence of these self-contained holiday lets.
- The details of grants awarded to these businesses in terms of Covid business relief.
- The financial burden on the council created by these businesses in terms of council services, waste collection etc.
- What methods the council has in its power to regulate these properties: Change of use within planning, business registration, licensing etc.



Council Resolution 30/11/22

That Option B (Refer the issue to the Overview and Scrutiny Committee for their observations before deciding whether to make a decision on the issue) be applied for the business set out below:

- To contact every self-catering holiday let business as shown on the register, informing them of their duty to dispose of their commercial waste by legal means and show evidence of this to the council.
- To consider the establishment of an in-house commercial waste collection operation to achieve the following:
 - Increase council revenue
 - Offer small businesses a cost effective and legal waste collection service
 - To ensure council tax is not paying for commercial waste collection
 - To promote commercial recycling and food waste recycling.



Property Numbers & Grants

- Number of properties registered as holiday let businesses (i.e. eligible for business rates) - 184 (Figure December 2022)
- Eligibility for Business Rates - available to let 140 days or more in the previous and the current financial year.
- New BR eligibility rules from April - must have been actually commercially let more than 70 or more days the previous 12 months.
- Various types of Covid Grants were available to holiday let businesses during different phases of the pandemic e.g. Small Business Grants, Local Restriction Grants, Discretionary Business Grants and Additional Relief Grants. Estimated 60% take up.



Impact



- Full impact of Airbnb (or similar apps) difficult to assess. Not all registered for business rates and no licensing requirement. Many existing B&Bs also advertise.
- Housing - it has not measurably distorted the local rental market. Restricting factors include limited mainly to the summer season, the existing B&B market.
- Financial burden to council - mainly loss of council tax when property becomes eligible for business rates.
- Planning - enforcement on a case by case basis, need to prove a material change of use and a material harm. Long-term option to change local planning policy. Robust evidence needed for new policy.
- Likely to be some positive economic benefits for tourism on local economy.

Duty of Care Checks



- Businesses have a 'duty of care' (s34 EPA 1990) to have in place waste management arrangements and these details can be requested.
- Environmental Enforcement Team will contact 184 registered holiday lets to request commercial waste contract details.
- Best time to complete when the new 70 days commercially let requirements come into force.
- Check that business rated holiday lets are not receiving domestic waste collections. Mixed use properties will be difficult to restrict.

Commercial Waste

- Other local authorities provide commercial waste services either in-house or in partnership with commercial operator.
- **High entry costs** of setting up new in-house service –
 - Vehicle costs - £200,000+
 - Staffing
 - Commercial Waste Transfer Arrangements
- **Financial risks**
 - Achieving economies of scale.
 - Service resilience/contractual commitments.
 - Breaking into the local commercial waste market.



Conclusion & Actions

- Impact of Airbnb/holiday lets difficult to assess. No clear impact on the local rental market, likely to be some positive impact on tourism and local economy.
- Holiday lets planning enforcement on a case by case basis. There is a need to prove material change of use and assess harm.
- Setting up a commercial waste operation has high entry costs and would need to compete with commercial waste providers already established locally.
- Checks for commercial waste arrangements to be scheduled.
- Communications plan to promote property / business owner responsibility.





Discussion & Questions



This page is intentionally left blank