

Cabinet Agenda

Monday, 2 November 2015 at 6.00 pm

Town Hall, Queen's Square, Priory Meadow, Hastings TN34 1QR

For further information, please contact Michael Courts on 01424 451764 or email mcourts@hastings.gov.uk

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(Cabinet Decision)

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7 SEPTEMBER 2015

Present: Councillors Chowney (Chair), Forward, Cartwright, Hodges, Poole, Atkins, Cooke and Davies

12. MINUTES OF THE MEETING HELD ON 6 JULY 2015

RESOLVED that the minutes of the meeting held on 6 July 2015 be approved and signed by the chair as a correct record

13. HASTINGS LOCAL PLAN - DEVELOPMENT MANAGEMENT PLAN (DMP) INSPECTOR'S REPORT

The Senior Planner presented the report of the Assistant Director of Regeneration and Culture on the outcome of the examination in public of the Hastings Development Management Plan (DMP) and the process and timescale for the adoption of the plan by the council.

In February 2014, the council had adopted the Hastings Planning Strategy, which identified the overarching objectives for sustainable development of homes and employment space within the Borough up to 2028. It was necessary for the council to adopt a DMP to provide a greater level of detail on its policies in respect of design, amenity, access, ground conditions, pollution, hazards and the protection of the historic and natural environment, which prospective planning applications will be assessed against. The DMP also allocated sites for residential and employment usage, and included specific policies relevant to the development of these sites.

The proposed DMP had been subject to an extensive public consultation, followed by an examination in public by an independent Inspector between October and December 2014. The examination in public comprised a series of formal hearing sessions, when those who had made representations on the Plan were able to attend and give evidence for the Inspector to consider. The final hearing session was held on 16 January 2015, and the Inspector then undertook site visits before drafting his final report.

The Inspector assessed the DMP to examine whether the preparation of the plan was sound and complied with the duty to co-operate and the relevant legal requirements. The Inspector found that the DMP submitted to the Secretary of State came close to achieving the right balance between the economic, social and environmental roles referred to in the framework (NPPF). Accordingly, he recommended eight main modifications, to ensure the plan was sound and legally compliant.

The Inspector's modifications had been incorporated in the revised DMP, which it was proposed to submit to Full Council for adoption at its meeting on 23 September 2015.

Councillor Chowney proposed an additional recommendation to thank the Inspector, Richard Hollox, for his efforts and to wish him a happy retirement.

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Councillor Chowney moved approval of the recommendations to the report, which was seconded by Councillor Poole.

RESOLVED (by 5 votes for, 0 against with 2 absentions) that:

- 1) Cabinet considered the Inspector's recommendations and proposed main modifications (MM's) to the plan, as attached at appendix A to the Assistant Director for Regeneration and Culture's report;**
- 2) Cabinet recommends to Council the incorporation of the Inspector's 8 main modifications into the DMP;**
- 3) Cabinet considered the main modifications as incorporated in the DMP together with all minor modifications and the policies map attached as Appendices B, Ci and Cii to this report and recommends that Council adopt the Hastings Development Management Plan;**
- 4) Cabinet expresses its appreciation to all those staff responsible for the preparation of the plan and in particular officers from the Planning Policy team, and;**
- 5) Cabinet thank the Inspector, Richard Hollox, for his efforts and wish him a happy retirement**

The reason for this decision was:

In accordance with Section 23 (c) of the Planning and Compulsory Purchase Act 2004 (as amended by Section 122 (3) of the Localism Act 2011 to enable the council to adopt its next key planning document (the Hastings Development Management Plan) as part of the development plan for the borough, as encouraged to do so by government to ensure that a statutory planning framework is put in place at the earliest opportunity to guide investment and growth within Hastings over the plan period to 2028.

14. DEVOLUTION PROSPECTUS FOR THREE COUNTIES SOUTH (3SC)

The Director of Operational Services presented a report to inform members about work being undertaken by East Sussex, West Sussex and Surrey County Councils to develop proposals for a combined authority, within the context of devolution in England.

The government has placed an emphasis upon co-operation between public bodies across local areas, by developing combined authorities across public service providers. East Sussex County Council had led work to develop a devolution prospectus for the three counties around the two complimentary work streams of economic growth and enhanced productivity and public service transformation. The work streams identified in the prospectus incorporated proposals in respect of transport links, digital infrastructure, housing and actions to achieve and retain a highly skilled workforce. The prospectus did not currently include Brighton and Hove.

It was essential for the council to take an active role in ensuring that the new structure and programme paid attention to the particular social and economic conditions in Hastings and similar coastal towns. There was also a need to highlight the importance of sustainable growth and regeneration in areas currently outside the high wage /cost economy of much of the rest of the South East. The Chief Executive of

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East Sussex County Council had sought comments on the draft prospectus by 27 August 2015, to enable submission by 4 September 2015. The comments made by the Leader of the Council to the initial consultation had been appended to the Director of Operational Service's report.

Councillor Chowney moved approval of the recommendations to the report, which was seconded by Councillor Hodges.

RESOLVED (unanimously) that:

- 1) **Cabinet confirms its support for the comments attached as an appendix to the Director of Operational Service' report, and;**
- 2) **The council should work to try and ensure that issues of economic and social inclusion form a significant part in the offer finally made to government around a future combined authority**

The reason for this decision was:

To establish a platform on which the council's participation in the devolution agenda can be based.

15. **MINUTES OF THE MUSEUMS COMMITTEE MEETING HELD ON 13 JULY 2015**

The minutes of the Museums Committee meeting held on 13 July 2015 were submitted.

RESOLVED that the minutes of the Museums Committee meeting held on 13 July 2015 be received

16. **MINUTES OF THE CHARITY COMMITTEE MEETING HELD ON 27 JULY 2015**

The minutes of the Charity Committee meeting held on 27 July 2015 were submitted.

RESOLVED that the minutes of the Charity Committee meeting held on 27 July 2015 be received

(The Chair declared the meeting closed at. 6.31 pm)

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Agenda Item 5



Report to: Cabinet

Date of Meeting: 2 November 2015

Report Title: **Management Response: Overview and Scrutiny Review of the council's role in raising educational achievement in Hastings and educational outcomes for the town's children and young people in an academised context**

Report By: Jane Hartnell
Director of Corporate Services and Governance

Purpose of Report

To provide a management response to recommendations made by the Overview and Scrutiny Review team.

Recommendation(s)

- 1. That Cabinet thank the scrutiny review team for their report**
- 2. That Cabinet approve the recommendations of the Scrutiny Review Team**

Reasons for Recommendations

To acknowledge and respond to the recommendations arising from the work undertaken by the Scrutiny Review Team.

Introduction

1. As part of the 2014/15 overview and scrutiny annual work programme a review was undertaken into the council's role in raising educational achievement in Hastings and educational outcomes for the town's children and young people in an academised context. The review began in October 2014 and concluded in April 2015 and fell within the remit of the Services Scrutiny Committee.
2. The focus for review stemmed from a longstanding interest in educational outcomes for young people in the town, and a recognition that historically these have been much worse than national averages. Members were keen to explore the emergence of academies given that all the secondary and majority of primary schools in the town now have academy status.
3. Members were interested in considering not only how results can be improved, but also in inspiring a shared cultural ethos that informs collective efforts from across the town's educational establishments to improve the life chances of all the town's children and young people.
4. Following a thorough and productive review, a number of recommendations have been agreed by the Overview and Scrutiny Committee:

Recommendation 1 - The review team supports partnership working and recommends the formation of a Task and Finish Group. The group would be asked to bring forward proposals for Local Strategic Partnership (LSP) partners on how a future education partnership might be shaped and work.

Recommendation 2 - Proposals brought forward to the LSP from the Task and Finish Group carefully consider how best to encourage a creative partnership between educational and non-educational partners to improve outcomes in local schools.

Recommendation 3 - The Leader of the Council is asked to report back to Hastings Borough Council's Overview and Scrutiny committees on the outcome of the proposed Task and Finish Group.

Recommendation 4 - O & S to receive an annual report on the work of a future partnership group.

Recommendation 5 - The council continue to work with partners to address the issues identified with regard to key worker accommodation in the town and build on the promotion of Hastings as a place to work and live.

5. The Review team also suggested the following next steps:
 - a. That the Task & Finish Group is set up to investigate options to support closer partnership working. The Task and Finish Group will assess whether this is best achieved by forming a new partnership model, or utilising existing structures.

- b. That HBC and ESCC provide the limited clerical and officer support that the Task & Finish Group will require to arrive at a conclusion on the way forward. Resource implications should form part of the Task & Finish Group's considerations.
- c. That the LSP be invited to discuss both the outcome of this review and the conclusions of the Task & Finish Group.
- d. That the management response report to Cabinet to include an update on the progress of the Task & Finish Group.

Management Response

- 6. This detailed and robust review has produced appropriate recommendations that are all fully supported by the Council's senior officers.
- 7. The proposals for a 'Task and Finish' Group comprising of key senior stakeholders to bring forward proposals on how a future partnership might be shaped, what remit this might have, who might be involved or whether added value can be realised through existing structures will be an extremely helpful outcome.
- 8. It is understood that the key stakeholders identified will need to be a 'coalition of the willing', who come together on their own terms and arrive at conclusions on the appetite for future partnership working and any associated structures or processes.
- 9. Recommendation 2, (which requests the Task and Finish Group to consider how best to encourage a creative partnership between educational and non-educational partners to improve outcomes in local schools and bring forward such proposals to the LSP) is very welcome, as this will serve as an opportunity to shape LSP partnership efforts under the key theme of education.
- 10. The recommendations 3 & 4, regarding reporting back to Scrutiny and production of an annual report on education issues, will clearly be dependent on progress to form an appropriate partnership, and willingness of partners to undertake production of such a report.
- 11. It is suggested that if/when this report is available it is considered by the Local Strategic Partnership at the same time as consideration of the annual education achievement data. Scrutiny Members would of course be able to attend to hear the debate at the LSP and subject to the approval of the LSP Chair could be invited to contribute on this item.
- 12. In terms of recommendation 5, the council is committed to continuing its efforts to work with partners to address the issues of key worker accommodation in the town and to build on the promotion of Hastings as a place to work and live.
- 13. Finally, in terms of the next steps, whilst the council is able to provide the identified 'limited clerical and officer support' to assist the Task and Finish Group, this support will come from the Corporate and Democratic resources that are available for supporting the 2015/16 scrutiny review programme. If the support needs are identified as more significant, this provision will need to be revisited.

14. In conclusion, officers welcome the outcome of review and look forward to making progress in implementing the recommendations.

Task and Finish Group Update

15. It is pleasing to report that shortly before the deadline for this report the meeting of the Task and Finish Group took place and a clear focus for further partnership working has emerged.

16. The Task and Finish Group identified an area of work regarding the recruitment and retention of high quality staff, which was linked to the perception of Hastings as a place to live and work.

17. It was agreed to work towards convening a round table meeting of representatives of local employers from across the sectors of health, education and local authorities, as well as private sector employers including Saga, Hastings Direct and the Chamber of Commerce to consider how to address challenges with the recruitment and retention of staff. The meeting would also focus on opportunities to improve the image of Hastings. A letter would be sent to these partners on behalf of all members of the Task and Finish Group, advising of this proposal and seeking their participation in further work.

18. HBC also agreed to explore funding opportunities for a piece of work to improve the employability of local people via the council's regeneration team as part of this programme of works.

19. Officers are encouraged by these next steps and are keen to see how this work develops, mindful of the challenges of partnership working and capacity issues outlined elsewhere in this report.

Policy Implications

20. The implications of poor educational attainment and the impact this has on the outcomes, poverty and life chances for our town's young people have been explored during the review. The recommendations put forward are a constructive means of channelling partnership efforts to address these issues.

Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	No
Risk Management	No

Environmental Issues	No
Economic/Financial Implications	No
Human Rights Act	No
Organisational Consequences	No
Local People's Views	Yes
Anti-Poverty	Yes

Additional Information

A copy of the final report of the overview and scrutiny review can be found at <http://hastings.moderngov.co.uk/ieListDocuments.aspx?CId=131&MId=1350&Ver=4>

Officer to Contact

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Agenda Item 6



Agenda Item No: 6

Report to: Cabinet

Date of Meeting: 2 November 2015

Report Title: EU Funding Project approval – Climate Active Neighbourhoods (CAN)

Report By: **Andrew Palmer**
Assistant Director Housing and Built Environment

Purpose of Report

To seek approval for delegated authority to be given to the Director of Operational Services and the Deputy Leader of the Council and Housing, Communications and Equalities Portfolio Holder, to enter into a Sub - Partnership Agreement with AmicusHorizon to support the EU Funded CAN project.

Recommendation(s)

1. To give delegated authority to the Director of Operational Services and Deputy Leader of the Council and Housing, Communications and Equalities Portfolio Holder, to sign a sub-partner agreement with AmicusHorizon to deliver the HBC associated activities and outcomes for the CAN (Climate Active Neighbourhoods) EU cooperation project.

Reasons for Recommendations

Hasting Borough Council has led on the development of the project locally which will see a provisional total investment of approximately £845K (Euro 1.183m) to the town. The funding will be used to support various capital and revenue projects in the Ore Valley area. It will help to reduce carbon emissions from properties and improve the housing conditions of residents living in both the social and private dwellings. The initiative will also help alleviate fuel poverty.

AmicusHorizon is the full partner for the project in Hastings, with Energise Sussex Coast and HBC identified as local sub-partners.

Background

1. Climate Active Neighbourhoods is an EU North West Europe Interreg cooperation project that was approved at first stage application in July 2015 and is now being progressed for full application submission by 20th December 2015.
2. The CAN project will enable UK partners to develop new, local approaches to meeting the national challenge of delivering the Carbon Plan, and so support compliance with UK CO₂ emission reduction targets.
3. The CAN project emphasis is the implementation of technologies to improve energy efficiency in the home, encouraging behavioural change to reduce energy consumption and developing a 'bottom up approach' (community development) to building community resilience to climate change.
4. European partners in the CAN project include Climate Alliance (an international city network for climate protection) as lead Partner from Germany, five local authorities (Arnhem - Netherlands, Brest Metropole – NW France, Essen - Germany, Plymouth, Worms - Germany), one regional and one local energy agency (Energy agency Rhineland-Palatinate and Energy agency Liège - Belgium), and a regional regeneration agency (EPAM Seine Aval - France).
5. UK Partners include AmicusHorizon (with Energise Sussex Coast and Hastings Borough Council as sub-partners) and Plymouth City Council (with Plymouth Energy Community, and local RSLs and Housing cooperatives as sub-partners).
6. AmicusHorizon will work with Energise Sussex Coast and HBC to reduce energy consumption and alleviate fuel poverty in public and private sector housing in the wards of Ore, Baird, and Tressell. The area has a combined population of 15,000 residents, with approximately 40% concentrations of social rented housing and a rising private rented sector.
7. AmicusHorizon will use the funding to eco-uplift 100 properties to approximately Energy Performance Certificate C standards which will be required to all social rented sector housing by 2020.
8. Energise Sussex Coast will work with residents to encourage behaviour change, energy efficiency practices and will support, evaluate and develop instruments for monitoring different efficiency measures. The exact sub-partner relationship between AmicusHorizon and Energise Sussex Coast is still to be finalised.
9. HBC role will be to act as sub-partner to Amicus Horizon taking a strategic view of the community involvement and coordinating role. HBC will utilise existing structures of neighbourhood engagement and ensuring linkage of the Energise Sussex Coast and Amicus activities with other similar initiatives within the neighbourhood and the wider town. These include projects such as the BIG Local Programme, work with local community centres, the potential creation of health and wellbeing centres in the area and the 2 Seas Interreg 'SHINE' project if approved.
10. Given the programme rules regarding partner budgets and the number of full partners anticipated in the partnership, the lead partner advised HBC be

contracted as a sub-partner through Amicus Horizon who is a full partner (and has the largest share of the Hastings budget). As a sub-partner HBC remains involved in the partnership, which was the desire of the partnership and the programme and is able to play a strategic role.

11. The provisional budget for the programme across Europe as a whole totals £5.5m (7.3m Euros)
12. Hastings partners intend to submit proposals totalling £845K with a 60% intervention rate. This means Hastings will attract a total of £507K new investment to improve energy efficiency of homes, encourage adaptation of small energy saving technologies, reduce energy consumption and build community resilience to climate change.
13. The project proposal compliments the SHINE (2 Seas Programme) proposal for Central St Leonards. Under this programme, it will allow for improvements in other parts of the town as identified.
14. If approved in autumn 2015, it will be a 3 year project (April 2016 – March 2019).
15. The proposed 3 year budget for each of the Hastings partners are as follows (euros – .714 Exchange Rate):

HBC: Euro 148K (£106K)
AmicusHorizon: Euro 680K (£486K)
Energise Sussex Coast: Euro 354K (£253K)

Total: Euro 1,183,000 (£845K)
16. The proposed total programme budget for Hastings Borough Council is £106K over 3 years (.714 conversion rate), with £64K coming from the EU grant (60%) and the remaining 40% (£42K) from a mix of cash and staff match (£3,600 cash and approximately £39,000 from staff match over 3 years).
17. The funding at HBC will enable the recruitment of a part-time worker, at two days per week, to deliver the specific activities identified below.
18. There is potential for further match funding to expand the project from SSE (national energy company) and Big Local as the interventions are developed.
19. Details of the key activities of Hastings partners are as follows:
 - AmicusHorizon will retrofit 100 poor performing homes (where carbon emissions and fuel bills are high) to an EPC band C and deliver 'smart' technology improvements.
 - Energise Sussex Coast is currently proposing to develop and implement new tools to tackle fuel poverty, through energy demand management measures and mechanisms to finance improved fabric energy efficiency. As examples this includes:

- Recruit and train community energy champions and technicians
 - Establish and run a Community Energy Advice Centre
 - Develop and launch an 'Energy Local' pilot enabling the community to manage their energy demand through smart technology and time of use tariffs (demand side management)
 - Develop and launch a community energy tariffs available to local residents, in Plymouth and Hastings
 - Provide 600 houses provide energy advice and install 500 energy kit and 100 smart meters, real time monitoring system
- HBC will carry out the following activities:
 - Creation of a local 'low carbon' neighbourhood forum / partnership with local community organisations and residents
 - Championing of local partners work and introducing / influencing other local initiatives to consider the climate change agenda and incorporate adaptation measures into their strategies and projects.
 - Working with partners to develop other local initiatives in the neighbourhood and Hastings district as a whole, to increase community awareness and ability to adapt to climate change.

20. Hasting Partners are still finalising the details of the project and the above proposed budgets and activities for all partners are currently subject to change. The final proposal from the Lead Partner (Climate Alliance) will not be confirmed until on 30th November 2015.

Policy implications

- a) Equalities and Community Cohesiveness:
 - a. CAN directly addresses fuel poverty issues.
- b) Environmental issues:
 - a. CAN will directly reduce the CO2 emissions of the area.
- c) Economic/Financial Implications:
 - a. Council spend on this project has been to support the development of the project and monitor its implementation using existing partnership structures and ensure synergies with other programmes/projects.
 - b. Any grant payment to HBC will be in Euros and there is an exchange rate risk (project loss or gain) but the exchange used represents the current position.
 - c. The permanent staff resource assigned across the project term of 3 years is sufficiently small therefore minimising the risks attached to permanent staff reductions over this period.
 - d. There is a potential Euro 30K charge (shared amongst all 10 partners) if the project is not approved. AmicusHorizon may ask HBC to contribute to the cost.
- d) Organisational Consequences:

- a. Provision for a part-time worker has been made in the project to lead on HBC activities.

- e) Poverty Implications:
 - a. CAN will directly help reduce fuel poverty.

Wards Affected

Tressell, Ore, and Baird

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	X
Crime and Fear of Crime (Section 17)	
Risk Management	
Environmental Issues	X
Economic/Financial Implications	X
Human Rights Act	
Organisational Consequences	X
Local People's Views	
Poverty Implications	X

Background Information**Officer to Contact**

Pranesh Datta
Regeneration Manager
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Agenda Item 7



Agenda Item No: 7

Report to: Cabinet

Date of Meeting: 2 November 2015

Report Title: **Treasury Management - Mid Year Report 2015-16**

Report By: Peter Grace
Assistant Director – Financial Services and Revenues

Purpose of Report

This report advises the Cabinet of the Treasury Management activities and performance during the current year. It provides the opportunity to review the Treasury Management Strategy and make appropriate recommendations to Council to take account of any issues or concerns that have arisen since approving it in February 2015.

Recommendation(s)

- 1. Cabinet recommend to Council that the Strategy remains unaltered.**
- 2. To accept the report and note that the investments made are in compliance with the investment strategy and the latest advice provided from the Council's Treasury Management advisers.**

Reasons for Recommendations

The Code of Practice on Treasury Management requires, as a minimum, a mid-year review of Treasury Management Strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved (February 2015). It is a requirement of the Code of Practice that the Mid-year review is considered by Cabinet and full Council.

Introduction

1. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties.
2. The other main part of the treasury management service is the funding of the Council's capital plans. Whilst parts of the Capital programme are financed by grants, contributions or capital receipts, the unfinanced elements will determine the borrowing needs of the Council - essentially the longer term cash flow planning to ensure the Council can fund its capital spending. The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
3. Accordingly treasury management is defined as:

“The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
4. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) has been adopted by this Council and this Council fully complies with its requirements.
5. The primary requirements of the Code are as follows:
 - Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - Receipt by the Full Council of an annual Treasury Management Strategy Statement (including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead), a Mid-year Review Report (as a minimum) and an Annual Report covering activities during the previous year.
 - Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body which in this Council is the Audit Committee.
6. The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the Mid -Year review of treasury management activities, for the financial year 2015/16.

7. This mid-year report covers
 - a) An economic update for the first nine months of 2015/16;
 - b) The Council's treasury position
 - c) A review of the Council's borrowing strategy in 2015/16
 - d) A review of the Council's investment strategy in 2015/16
 - e) A review of compliance with treasury management prudential indicator limits for 2015/16
8. The Committee will need to determine whether there are any issues that require the amendment of the Councils Treasury Management Strategy or Investment Policy and that they therefore wish to draw to the attention of Council. The Audit Committee considered a similar report at their meeting on the 17 September and make no recommendations for any changes to Cabinet.

Economic Update

9. Economists suggest that the UK economy could be facing another short period of deflation on the back of oil prices slipping back below the \$50 per barrel level and sterling continuing to gain in value. That combination will maintain downside inflationary pressures on both food and consumer goods prices. That said, the Bank of England will see these as temporary, externally driven influences and should look through them and monitor the internal inflation levels, which themselves are currently quite subdued.
10. Wage growth has improved but employment has stalled, indicating that improved productivity is underpinning economic recovery. With limited inflationary pressures this scenario, taken on a standalone basis, would not be a cause for the BoE to rush to raise interest rates. US economic activity remained sufficiently solid to point to a bounce in growth in Q2, despite data being more mixed after a healthy performance in May.
11. Retail sales declined in June but consumption growth over the quarter will support the economy, while non-mining, commercial building investment has surged. Analysts were looking for 2.8% annualised growth for the quarter but there may be upside potential.
12. The Eurozone, meanwhile, has not been overly affected by the Greek debt crisis and the greater concern is likely to be the slowing in the labour market recovery.
13. Unemployment rose for the first time in nine months in June and employment intentions have also softened, adding to the questions about the strength of the economy and whether current levels are sustainable. The initial Q2 GDP growth estimate of 0.7% q/q confirmed that the economic recovery picked up, with services and industrial sectors having a positive quarter, though construction output was flat.

14. June retail sales were weaker but do not indicate a problem. Consumer confidence remains strong. The housing market recovery appears to be back on track, with the Nationwide price measure rising in July and mortgage approvals picking up from a weak May, helped by a lowering in the average two year fixed mortgage rate.
15. The trade deficit declined to £0.4bn in May because of a sharp decline in volumes of imported goods, while export levels were a touch firmer as sales in non-EU countries expanded strongly. Exporters have, though, cut sterling prices to compensate for sterling gains, with prices down 3.1% y/y in May, but this has not prevented movement in foreign currency prices.
16. Unemployment rose, unexpectedly, with the unemployment rate rising to 5.6%, as employment fell by 67,000 in the three months to May. This is not a serious reversal and annual employment growth is still running at a healthy 0.9%, while employment intentions indicate that robust job growth remains the case. Job vacancies are still close to the recent highs. Wages have been given a lift as labour market slack declines. Average weekly earnings growth improved to 3.2% in May, far in excess of inflation rates.
17. Meanwhile, productivity growth has improved. Analysts expect the UK economy to experience another bout of temporary deflation in the months ahead after CPI slipped to zero in June, largely on a drop in clothing inflation, as summer sales started early this year. Oil prices have fallen, so both diesel and petrol prices have further downside potential, particularly as the latter have not yet reflected the drop in oil price. Fuel could, thus, remain a negative weight on CPI inflation for some time yet. Energy's contribution could pull CPI lower if utility suppliers follow British Gas' lead in cutting prices. In addition, the downturn in Chinese growth has the potential to further depress commodity prices but these will take time to feed through into CPI figures.
18. The strength of sterling, up 6% since the start of the year, will keep a lid on consumer goods import prices, and in the meantime push them lower. As noted, deflation should prove short lived as rising agricultural commodity prices will see food deflation declining as the year runs down, while services inflation will be pushed higher as wage gains impact. This should partly offset the softness in goods inflation, which looks likely to persist.
19. Widespread deflation is not a risk of becoming a widespread or ingrained problem, and household medium term inflation expectations have generally held up, while a number of measures of domestically generated inflation have pushed higher in recent months. Overall, then, economists do not see inflation moving too far from the zero level for the remainder of the year, before gradually increasing back to the 2% target in a couple of years' time.
20. The markets are still looking for the first UK rate rise around June 2016, but there are signals that the MPC is set to become split on the timing of the course of interest rate rises at coming meetings, given more hawkish comments from some members.

21. Interest rate forecasts

	NOW	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
BANK RATE	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.50	1.50	1.75	1.75
3 month LIBID	0.46	0.50	0.60	0.70	0.80	0.90	1.10	1.30	1.40	1.50	1.80	1.90	1.90
6 month LIBID	0.63	0.70	0.80	0.90	1.00	1.10	1.30	1.50	1.60	1.70	2.00	2.10	2.10
12 month LIBID	0.94	1.00	1.10	1.20	1.30	1.40	1.60	1.80	1.90	2.00	2.30	2.40	2.40
5 yr PWLB	2.19	2.30	2.40	2.50	2.60	2.80	2.90	3.00	3.10	3.20	3.30	3.40	3.50
10 yr PWLB	2.77	2.90	3.00	3.20	3.30	3.40	3.50	3.70	3.80	3.90	4.00	4.10	4.20
25 yr PWLB	3.31	3.40	3.60	3.80	3.90	4.00	4.10	4.20	4.30	4.40	4.50	4.60	4.60
50 yr PWLB	3.17	3.40	3.60	3.80	3.90	4.00	4.10	4.20	4.30	4.40	4.50	4.60	4.60

(The Capita Assets Services forecasts above are for PWLB certainty rates.)

The Council's Treasury Position – 31 August 2015

Borrowing

22. The Council's debt and investment position at the 31 August was as follows:

Table 1	30 December 2014 Principal	Rate	Maturity	31 August 2015 Principal	Rate
Debt					
PWLB Loan 1	£7.5m	4.80%	2033	£7.5m	4.80%
PWLB Loan 2	£1.0m	2.02%	2016	£1.0m	2.02%
PWLB Loan 3	£1.0m	1.63%	2018	£1.0m	1.63%
PWLB Loan 4	£2.0m	0.56% (Variable Rate)	2019	£2.0m	0.61% (Variable Rate)
PWLB Loan 5	£0.9m	3.78%	2044	£0.9m	3.78%
PWLB Loan 6	£1.8m	3.78%	2044	£1.8m	3.78%
Total Debt	£14.2m	3.59%		£14.2m	3.59%

23. At the 31 August 2015 the Council had debt amounting to £14.2m (all PWLB debt).

Investments in 2015-16

24. In terms of investments the Council had £28.3m invested in August 2015 with a variety of institutions (this level varies on a daily basis throughout the year).

25. The table below provides a snapshot of where the investments and deposits were placed on one day in August 2015.

Counterparty	Rate/Return (%)	Start Date	End Date	Principal	Term
Barclays	0.6500	Call Account		£2,805,711	Call Account
Nordea Bank	0.5600	01/04/2015	01/10/2015	£5,000,000	Fixed (CD)
Commonwealth Bank of Australia	0.3000	17/08/2015	19/08/2015	£1,000,000	
Standard chartered	0.6700	01/04/2015	01/10/2015	£5,000,000	Fixed (CD)
Lloyds	1.0000	10/04/2015	08/04/2016	£5,000,000	Fixed
National Westminster Bank	0.6000	Call Account		£5,000,021	Call 60
Coventry Building Society	0.6000	14/05/2015	16/11/2015	£2,500,000	
Lloyds LAMS	4.4500	05/01/2012	10/01/2017	£1,000,000	Fixed
Lloyds LAMS	1.9700	26/03/2013	23/03/2018	£1,000,000	Fixed
National Westminster Bank	0.5000	Call Account		£2,509	Call Account
			Total	£28,308,241	

26. The performance for the first 5 months of 2015/16 provided an average return of 0.88 % including the Local Authority Mortgage Scheme (LAMS) and 0.68% excluding LAMS.

27. The total interest receivable for the first 5 months is £93,000 including the Local Authority Mortgage Scheme and £66,000 excluding LAMS.

Borrowing Strategy

28. The Council has £14.2m of PWLB debt, and could potentially borrow up to a level of £18.5m. This figure does not take account of capital spending in 2015/16 which could potentially be funded by new borrowing.

29. The 2015/16 budget included the costs of borrowing £1,925,000. The large schemes in the Capital programme being the construction of a new industrial unit (BD Foods - £700,000) and for a further grant to Amicus Horizon (Phase 2 of the Coastal Space project - £875,000).

30. Whilst the borrowing rates are attractive on a historical basis the difference between the return on investment and the cost of borrowing is significant – the revenue cost falling on the Council taxpayer. There is a case for taking new borrowing before rates increase again and a balanced view will be taken.

31. The Council also keeps under review the potential for making premature debt repayments in order to reduce borrowing costs as well as reducing counterparty risk by reducing investment balances. However, the cost of the early repayment premiums that would be incurred and the increase in risk exposure to significantly higher interest rates for new borrowing, continue to make this option unattractive.

The early repayment cost of the £7.5m PWLB loan, maturing in 2033, would amount to some £2.9m. No debt rescheduling is being contemplated at present

Investment Strategy

32. Priority is given to security and liquidity of investments in order to reduce counterparty risk to the maximum possible extent.
33. The Council has a limit of £5m with any one institution (rated A or above, supported by Government, and given a blue (12month) rating by Capita Asset Services). This generally represents a level of up to 25% of the investment portfolio with any one institution or group at any one time. It is also necessary, at times, to invest sums of this size in order to attract the larger institutions which have the higher credit ratings.
34. The Eurozone problems have led to a number of downgrades to banks' credit ratings, making it increasingly difficult to spread investments across a number of institutions. The Chief Finance Officer has the authority to amend the limits to ensure that monies can be placed with appropriate institutions.
35. The net cost to the Council of borrowing less investment interest and fees will be reviewed as part of the budget setting process. Differences will arise resulting from the timing and loan values in respect of the Amicus Horizon Coastal Space Regeneration project and the factory build..
36. The net interest on the deposits in respect of the LAM scheme for the year will amount to some £27,700 and will be transferred into the mortgage reserve in order to meet potential defaults (none at present).
37. The option for diversification of some of the investments into a property fund will be explored shortly, given the higher returns being achieved in some parts of the Country. Before any recommendations are put before Council, the Audit Committee and Cabinet will need to consider the risk implications. Until such time

Compliance with Treasury Limits

38. During the financial year to date there have been a few occasions where it has not been possible to find institutions to take the Council's money given the strict criteria in place. In these circumstances the Council will place money in its existing call accounts and this can thus result in the investments exceeding general limits. Where such an occasion looks likely to arise the approval of Chief Finance officer is required in compliance with the Council's Treasury Management Practices. The Prudential Indicators have been complied with - reproduced in Appendix 1 for reference.

Financial Implications

39. The Council's 2015/16 budget estimated a 0.7% return on investments. Based on current market conditions this is difficult to achieve given the lower interest rates currently available. However savings from the timing of new borrowing should help to ensure overall budget projections are achieved.

Risk Management

40. The Council spreads its risk on investments by limiting the amount of monies with any one institution or group and limiting the timeframe of the exposure. In determining the level of the investment and period the Council considers formal credit ratings (Fitch) along with its own advisers (Capita Asset Services) ratings advice.
41. The security of the principal sum remains of paramount importance to the Council.

Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

Area(s) Affected

Central Hastings, East Hastings, North St. Leonards, South St. Leonards

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

Officer to Contact

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APPENDIX 1

PRUDENTIAL INDICATOR	2014/15	2015/16	2016/17	2017/18	2018/19
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt -					
borrowing	£20,000	£20,000	£20,000	£20,000	£20,000
other long term liabilities	£10,000	£10,000	£10,000	£10,000	£10,000
TOTAL	£30,000	£30,000	£30,000	£30,000	£30,000
Operational Boundary for external debt -					
borrowing	£20,000	£20,000	£20,000	£20,000	£20,000
other long term liabilities	£10,000	£10,000	£10,000	£10,000	£10,000
TOTAL	£30,000	£30,000	£30,000	£30,000	£30,000
Upper limit for fixed interest rate exposure					
Net principal re fixed rate borrowing / investments OR:-	100 %	100 %	100 %	100 %	100 %
Upper limit for variable rate exposure					
Net principal re variable rate borrowing / investments OR:-	100 %	100 %	100 %	100 %	100 %
Upper limit for total principal sums invested for over 364 days – LAMS Scheme and Coastal Space	£5,620	£5,620	£6,000	£6,000	£6,000
Maturity structure of fixed rate borrowing during 2015/16					
under 12 months			upper limit	lower limit	
12 months and within 24 months			100%	0%	
24 months and within 5 years			100%	0%	
5 years and within 10 years			100%	0%	
10 years and above			100%	0%	

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Agenda Item 8



Report to: Cabinet

Date of Meeting: 2 November 2015

Report Title: Council Tax Support Scheme

Report By: Peter Grace

Assistant Director – Financial Services and Revenues

Purpose of Report

To set out, following public consultation, the proposal for changes to the Council Tax Support Scheme for Hastings in 2016/17.

Recommendation(s)

- 1. To recommend to Full Council that, for Working Age customers, Hastings Borough Council will adopt the Council Tax Support Scheme as set out in the report.**
- 2. To recommend that Hastings Borough Council adopts the proposed Exceptional Hardship Policy as per the report.**
- 3. To authorise the Assistant Director - Financial Services and Revenues to uprate allowances and premiums, as required, when announced by the Government and any relevant changes to the Prescribed Regulations.**

Reasons for Recommendations

The local authority is required to approve a scheme for the provision of council tax support in respect of 2016/17, by 31 January 2016.

Introduction

1. From April 2013, councils have been required to adopt their own local council tax support scheme to replace the national Council Tax Benefit Scheme, which was withdrawn on 31 March 2013. The local scheme rules only applies to Working Age customers.
2. The Council is required to review their scheme each year irrespective of whether it is being amended.
3. The scheme has been developed in collaboration with all East Sussex local authorities and currently the same scheme applies throughout the County.

Current Council Tax Support Scheme

4. The current local scheme, which has been in place since April 2013, introduced the following changes to the national scheme:

Set a minimum weekly award of £5
Removed second adult rebate
Increased non-dependant deductions

5. There are 11,056 people claiming council tax support, of which 6,906 are of working age and 4,150 are pensioners. The amount that will be paid in council tax support for 2015/16 is in the region of £10.6m.

Funding

6. Entitlement to council tax support is applied to council tax accounts as a discount, which has the effect of reducing the council tax base. This adds to the pressures on overall budgets for all precepting authorities.
7. The grant funding for the council tax support scheme is included within the Revenue Support Grant (RSG) and retained Business Rates.
8. For 2013/14, the first year of the council tax support scheme, the Benefits grant which had previously been awarded by the Department for Work and Pensions, was reduced by 10% and transferred to the Department for Communities and Local Government.
9. In 2014 it was announced that the funding for the scheme is protected in the RSG and within the Localisation of Business Rates arrangements, however it is not possible to identify any specific amount of grant funding within these funding streams.
10. It is therefore important to review the existing scheme to strike the right balance between protecting those on low incomes and maintaining essential services.

Changes for 2016/17

11. The five authorities in East Sussex have continued to work together on a county-wide scheme since 2013 and the original scheme has remained unchanged.
12. In light of ongoing financial pressures, all authorities agreed that changes to the scheme for 2016/17 should be considered.
13. Pensioners are still protected so only changes to working age customers can be made.
14. After much discussion, the East Sussex Project group, ie Revenues and Benefits Managers, a representative from East Sussex County Council and a representative Chief Finance Officer, presented a range of options to East Sussex Leaders and Chief Executives for consideration.
15. The following options were agreed to be put out for public consultation:

Require people to pay a minimum amount of their council tax

Reduce the capital limit from £16,000 to £6,000

Assume a minimum level of income for anyone who has been self-employed for at least 12 months

Impact of proposed options

16. The table below sets out the potential savings if the council were to charge all working age benefit customers a minimum percentage of their annual council tax bill:

Authority	Minimum payment	Number of applicants affected (working age only)	Estimated savings from current scheme	Comments
Hastings	10%	6,906	£557,787	System calculation
Hastings	15%	6,906	£842,457	System calculation
Hastings	20%	6,906	£1,135,798	System calculation

17. Of the 6,906 working age customers affected, 4,753 are currently receiving 100% council tax support ie making no contribution to council tax. These customers are in our lowest income households
18. The majority of these customers,(4,319), live in Band A and Band B properties.
19. Therefore, for example, by introducing a 20% minimum payment, these customers would be required to pay around £4.20 and £5.00 per week respectively. For customers in Band C and above, the contribution would be in excess of £5.70 per week.
20. The table overleaf sets out the potential savings if the council were to reduce the capital limit from £16,000 to £6,000:

Authority	Number of applicants affected (working age only)	Estimated savings from current scheme	Comments
Hastings	41	£37,478	System calculation

21. There are minimal savings to be gained.

22. It should also be noted that we are not required to keep records of capital held by customers in receipt of passported welfare benefits eg Income Support, Employment and Support Allowance. As customers in receipt of these benefits are allowed to have capital of up to £16,000, we would need to contact all of these customers to check their capital and withdraw council tax support as necessary. These again are customers who are likely to be currently receiving 100% support. The above table does not include these customers as we have no idea as to how many may be affected.

23. The table below sets out the potential savings if the council were to introduce a minimum income for self-employed customers:

Authority	Number of applicants potentially affected (working age only)	Estimated savings from current scheme	Comments
Hastings	670	£430,000	Manual calculation

24. The minimum income calculation would apply where a business had been running for at least 12 months. In these cases, an assumed income, equivalent to the minimum wage, would be taken into account when calculating council tax support.

Consultation

25. Before making a new scheme, the Council must consult with major preceptors prior to publishing a draft scheme, then consult with such other persons as it considers likely to have an interest in the operation of the scheme, namely council tax payers in the borough.

26. The consultation took place between 27 July 2015 and 21 September 2015 and was web based.

27. A detailed background document (see Appendix 1) preceded the actual questionnaire. This was to ensure that residents completing the questionnaire had all relevant information available to help them understand the council's position and the reasons for making changes to the scheme.

28. Only 93 responses were received and a summary of the responses is attached (Appendix 2).

29. You will note that 94% of the respondents agreed that every working age person should make a minimum payment. The preferred level of payment was 15%.

30. With regards to whether the capital limit should be reduced from £16,000 to £6,000; 50% agreed, with 47.06% disagreeing.

31. On the question of introducing a minimum income floor for self- employed customers, 55.88% said 'YES', with only 26.47% saying 'NO'.
32. Of the other options put forward, an increase in council tax was slightly preferable to using the council's reserves ie 37.93% for increasing council tax against 37.29% for using the council's reserves.

Proposed Scheme for 2016/17

33. Having considered the responses to the consultation, albeit a low response rate, together with the need to make savings and the potential impact on households in the borough, the proposed scheme to be recommended to Full Council for 2016/17 is:-

To continue with the existing scheme with the following addition -

To introduce a minimum income floor for customers who have been self-employed for at least 12 months. In these cases, an assumed minimum income, based on the equivalent of the weekly National Minimum Wage (35 hours), will be applied.

34. This will affect around 670 existing customers and will reduce the costs of the scheme by an estimated £430,000.
35. A link to the draft scheme is attached (Appendix 3).

36. It is also recommended that the Assistant Director - Financial Services and Revenues is authorised to update allowances and premiums, and changes to the Prescribed Regulations, as required, when announced by the Government. These details are normally announced in late December/early January.

Rejected Proposals

37. The proposal to require people on low incomes to make payments towards their council tax has been discounted as this would have an adverse impact on council tax collection rates. Also pursuit of such debts would not be cost-effective.
38. The proposal to reduce the capital limit from £16,000 to £6,000 has also been discounted. There is minimal financial gain from this proposal, and the work involved in collecting the relevant information from 'passported' customers makes it an even less viable proposition.

Exceptional Hardship Policy

39. An Exceptional Hardship Fund (EHF) will be set up to assist applicants for council tax support who are facing exceptional hardship. The fund has been created to provide further assistance where an applicant is in receipt of council tax support, however the level of support does not meet their full council tax liability.
40. A draft policy is attached (Appendix 4) which sets out the criteria and decision making process.
41. The amount of the fund to be agreed as part of the budget setting process.

42. East Sussex County Council has agreed that this will be funded through the collection fund.
43. The fund will help to mitigate the impact of the change to the scheme on our residents.

Impact of Summer Budget 2015

44. In July 2015, the Chancellor of the Exchequer announced a number of welfare measures which will be phased in from April 2016.
45. Some of the changes may impact on the costs of the council tax support scheme for 2016/17 and include the following:-

The removal of the family premium in Housing Benefit

Changes to working tax credits

46. The above changes will reduce household income and may therefore increase the level of council tax support awarded.
47. Unfortunately, due to the timing of the Budget, it was not possible to amend the consultation documents to reflect the changes. To have done so would have delayed the consultation and risked not being able to meet the statutory deadline for agreeing the 2016/17 scheme.
48. When reviewing the scheme for 2017/18, the above changes, with any other additional changes announced, will be considered.

East Sussex Authorities Collaboration

49. Since council tax support was introduced in 2013/14, the five East Sussex authorities, namely Rother District Council, Eastbourne Borough Council, Wealden District Council, Lewes District Council and Hastings Borough Council, have worked closely and adopted the same council tax support.
50. In respect of 2016/17, the scheme being recommended at Hastings differs from that of our neighbouring colleagues.
51. The main difference is that they will be recommending a 20% minimum payment from all working age customers as well as introducing a minimum income floor. Wealden are also recommending that the capital limit is reduced to £6,000.

Equalities and Community Cohesiveness

52. An Equality Impact Assessment has been undertaken, see Appendix 5.

Anti-Poverty

53. The Council has minimised the impact of the proposed change to the scheme by introducing an Exceptional Hardship Fund as detailed in the report.

Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	No
Risk Management	No
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	Yes
Anti-Poverty	Yes

Additional Information

Appendix 1 - Consultation background information
Appendix 2 - Summary of consultation responses
Appendix 3 - Link to draft scheme (to follow)
Appendix 4 - Draft Exceptional Hardship Policy
Appendix 5 - Equality Impact Assessment

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APPENDIX 1

2016/17 Council Tax Reduction Scheme

Background Information to Consultation

Prior to April 2013 Council Tax payers who were on low incomes could apply for Council Tax Benefit (CTB) to help pay their Council Tax. Under this national scheme, Council Tax payers could receive benefit of up to 100% of their Council Tax liability. The Council then received full funding from the Government for all correct Council Tax Benefit awards made.

Changes introduced by the Government abolished the Council Tax Benefit scheme from 1 April 2013 and made local authorities responsible for setting up their own local Council Tax Reduction Schemes (CTRS) for **working age** people. The Government also reduced the amount of funding given to Councils to pay for the schemes in 2013/14. Since 2014/15 the amount of grant received from Government to pay for CTRS can no longer be separately identified from the general grant (Revenue Support Grant) we receive. Therefore any decrease in our general grant means there is less money available to pay for all Council services including CTRS.

The scheme for Pension Age applicants is set by Government and is not affected by any of the options set out in this consultation.

The Council is required to formally adopt a scheme by 31 January each year to commence on 1 April of that year and to consult on any changes to the scheme.

We consulted on our proposals for replacing Council Tax Benefit in late summer and autumn 2012. Councillors agreed the details of our Council Tax Reduction Scheme in January 2013 and the scheme came in to effect from 1 April 2013. For 2014/15 and 2015/16 no changes were proposed and therefore wider public consultation has not been undertaken since the scheme was first introduced. This consultation sets out some proposals for changes to the scheme for 2016/17 and we want your views on these to help us make final decisions.

Decisions about changes to the scheme need to be considered alongside the wider challenges being faced by local authorities.

The expected continued reduction in our general grant suggests that Hastings Borough Council will see an overall funding shortfall from 2016/17 to 2019/20 of up to £4m. The Council needs to consider how it will deal with this and whether the current CTRS should be protected from changes.

Hastings Borough Council collects Council Tax from you but other authorities (“the Precepting Authorities”), namely, East Sussex County Council, Sussex Police and Crime Commissioner and the East Sussex Fire Authority, receive a percentage of the overall Council Tax that we collect. They are called precepting authorities because the money they are allowed to claim is called a precept. In 2015/16, we will keep approximately 14% of the Council Tax that we collect. East Sussex County Council will receive approximately 72%; the Fire Authority approximately 5%, and the Police and Crime Commissioner approximately 9%. The CTRS reduces the amount we collect and so impacts on the Precepting Authorities, as less Council Tax collected means their percentage claimed is less. It therefore follows that reducing the cost of the scheme, and so increasing the amount of Council Tax we collect, will benefit the Precepting Authorities.

For example, if the CTRS cost was reduced by £500,000, Hastings Borough Council would benefit by approximately £70,000, East Sussex County Council by about £360,000, the Fire Authority by about £25,000 and the Police and Crime Commissioner by £45,000 based on the percentages set out in the previous paragraph.

The law says that we must include the Precepting Authorities in an initial consultation about the proposed changes. The proposals set out in this document take account of their views.

Councils across the County have been developing proposals for the 2016/17 scheme which take into account two issues: how to balance the need to provide support against the continued difficult financial environment for local government; and the aim to protect or enhance any work incentives in the current scheme which, as a consequence, help to reduce the burden on the public purse.

The estimated gross cost of the Hastings CTRS for 2015/16 is approximately £10.9m. Hastings Borough Council's share of this cost is around 14% in line with the split of Council Tax with the County Council, Police and Fire Service. The total cost, before government grant, of the CTRS across East Sussex is currently £46m.

As can be seen from the table below, each authority in East Sussex has a difficult financial situation to manage over the next few years and will have to reduce its spending and increase its income.

Authority	Estimated required spending reductions			
	2016/17 £'m	2017/18 £'m	2018/19 £'m	Total £'m
Sussex Police and Crime Commissioner	16.8	13.4	13.0	43.2
East Sussex Fire Authority	2.0	0.4	0.6	3.0
Eastbourne Borough Council	0.8	0.6	0.6	2.0
Hastings Borough Council	0.5	1.4	2.0	3.9
Lewes District Council	0.7	0.7	0.7	2.1
Hastings Borough Council	0.4	0.7	0.9	2.0
Wealden District Council	0.5	1.0	1.5	3.0
Totals	21.7	18.2	19.3	59.2
East Sussex County Council	Breakdown not available			90.0
TOTAL ESTIMATED SPENDING REDUCTIONS 2016/17 to 2017/18				149.2

Some of these savings could come from reducing the amount of help provided to residents through the CTRS.

CTRS options being considered

There are three options being considered for the Hastings Borough Council CTRS:

- **Option 1** - A minimum amount that all working age households should pay based on 10%, 15% or 20% of the relevant Council Tax for their property
- **Option 2** - The amount of capital should be restricted to £6,000 instead of the current £16,000
- **Option 3** - An assumed minimum income level for the self-employed to be used when assessing the amount of help to give. Allowance will be made for helping people setting up new businesses in their first year of operation.

These options are described in the questionnaire below. The potential savings from the proposed changes are summarised in the table below:

Description	Number of Hastings residents affected	Estimated saving to Hastings Borough Council	Estimated saving to ESCC, Police and Fire	Estimated total saving
Option 1:				
Option 1a 10% would be the minimum payment required from all working age applicants	7,252	£84,170	£501,580	£585,750
Option 1b 15% would be the minimum payment required from all working age applicants	7,252	£127,100	£757,400	£884,500
Option 1c 20% would be the minimum payment required from all working age applicants	7,252	£171,450	£1,021,550	£1,193,000
Option 2: Capital should be restricted to £6,000	40	£5,750	£34,250	£40,000
Option 3: Set a minimum income floor for self employed	650	£57,480	£342,520	£400,000

In addition, a number of other options for changing the current CTRS have been rejected due to either their impact on vulnerable groups or administrative complexity. These are detailed below:

Council Tax Band Cap

Council Tax Reduction (CTR) would only be awarded up to an agreed level of Council Tax.

Example: If benefit was restricted to a Band B, an applicant living in a Band D property would have their benefit calculated on a Band B rate. This means they would have to pay the difference in council tax between a Band B property and a Band D property as a minimum, this would be around £7 per week. This option has been discounted because it would add a great deal of complexity and a large administrative burden.

Limit Dependants' Allowances

This option would limit the number of dependants included when working out the amount of CTR.

Example: An applicant with 4 children would have their entitlement for CTR assessed as if there were only 2 children in the household. This option was discounted as it would only impact on larger families who are already having their housing benefit restricted by the benefit cap changes.

Inclusion of some benefits as income

Within the current scheme, certain incomes are disregarded in full - for example, Child Benefit, Child Maintenance, Disability Living Allowance and Personal Independence Payments. If these were to be included as income in working out entitlement to support, it would reduce the cost of the scheme. However, it would also mean that people receiving these benefits would receive less support and, because these groups may be potentially vulnerable, this option has been discounted.

Alternatives to reducing the amount of help provided by the CTRS

We have also thought about other ways to make the spending cuts we need to make and maintain the amount of financial support provided by the CTRS which is currently in place. These have not been completely rejected and you are asked about them in the questionnaire.

We have considered:

(i) Increasing the level of Council Tax

To protect the current CTRS could see a rise in the amount of council tax charged by Hastings of between 0.6% and 2%. The Council, though, has already planned its finances on the basis of a potential 1.9% increase in Council Tax and implementing this option would result in an increase of between 2.5% and 3.9% in our charge. In cash terms this would increase the average council tax cost for Hastings' element by between £6.01 and £9.37 per annum. If applied to the whole Council Tax charge, on average this would increase the average annual charge by between £41.83 and £65.26.

Last year the government stated that any increase in council tax above 2% required a referendum. The cost to Hastings BC residents of holding a referendum would be the equivalent of about a 1% increase in council tax.

(ii) Reduce funding available for other Council Services

The Council has to plan how it will save £3.9m over the next three years. If we decide to protect the current CTRS this will mean there is less money available to deliver all the other services provided by the Council. The council is already looking to use its reserves to help fund this shortfall (1.4m).

Maintaining an Exceptional Hardship Fund for residents

The Council is concerned that the implementation of any one of the proposals currently under consideration may lead to hardship for some residents.

If the Council implements the proposals to change the CTRS, we think it will be necessary to protect the most vulnerable households through the provision of an Exceptional Hardship Fund. People would be able to apply for additional help and the Council would assess their applications based on a number of factors including:

- Their household income;
- Their personal circumstances; and
- The level of their essential expenditure.

Each case would be examined on its own merits and any exceptional hardship payment would be paid in addition to any Council Tax Reduction. The Exceptional Hardship Fund would be separate from the Discretionary Housing Payment scheme, which is only available to people on Housing Benefit.

Conclusion

All authorities in East Sussex have to consider where savings will come from in order to meet the impact of the continued reductions in government grants and are therefore proposing some changes to the CTRS.

No final decisions have been made yet and the following questionnaire seeks your views and suggestions to help us design the scheme for 2016/17

APPENDIX 2

QUESTION	RESPONSES			COMMENTS
HASTINGS BC	93			
	YES	NO	DON'T KNOW	
Should current scheme continue?	48.75%	41.25%	10.00%	<i>"Hastings is deprived town and we do not have money to pay council tax"</i>
Should every working age person make a minimum payment?	93.94%	6.06%	0.00%	<i>"Only fair that everyone contributes"</i>
If yes, at what level of minimum payment:				<i>"may be 5%....."</i>
10%	24.24%			
15%	36.36%			
20%	33.33%			
Don't know	6.06%			
Should the capital limit be reduced from £16,000 to £6,000	50.00%	47.06%	2.94%	<i>"If you have savings of £6k you can afford to pay council tax"</i> <i>"Should be encouraging people to have some savings, not penalising them"</i>
Should we introduce a minimum income floor for self-employed?	55.88%	26.47%	17.65%	<i>"definitely"</i> <i>"running a business is difficult enough"</i>
Other options:				
• Increase council tax	37.93%	58.62%	3.45%	<i>"council tax rates are high enough....."</i>
• Savings from other council services	35.59%	54.24%	10.17%	<i>"not all council services are mandatory....."</i>
• Use council's reserves	37.29%	52.54%	10.17%	<i>"are the council's reserves advertised?....."</i>
Should the council maintain an Exceptional Hardship Fund?	63.93%	26.23%	9.84%	<i>"this would be a wise move"</i> <i>"who would foot the bill, other taxpayers?"</i>

APPENDIX 4

Council Tax Reduction Scheme Exceptional Hardship Policy

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2.0	Exceptional Hardship Fund and Equalities.....	3
3.0	Purpose of this policy.....	3
4.0	The Exceptional Hardship Fund Process	4
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8.0	Changes in circumstances.....	6
9.0	Duties of the applicant and the applicant's household.....	6
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DRAFT

1.0 Background

1.1 An Exceptional Hardship Fund (EHF) has been set up by the Council as part of the Council Tax Reduction Scheme to assist applicants for Council Tax Reduction who are facing 'exceptional hardship'. The fund has been created to provide further assistance where an applicant is in receipt of Council Tax Reduction but the level of support being paid by the Council does not meet their full Council Tax liability.

1.2 The EHF will be available to any applicant where their daily award of Council Tax Reduction does not meet 100% of their Council Tax liability (less any appropriate discounts and non dependant deductions).

1.3 The main features of the fund are as follows:

- The operation of the Fund will be at the total discretion of the Council;
- The Fund will be operated by the Revenues and Benefits section on behalf of the Council;
- There is no statutory right to payments from the fund although the Council will consider all applications received;
- Exceptional Hardship Fund payments will only be available from 1st April 2016 and **will not be available for any other debt other than outstanding Council Tax**;
- A pre-requisite to receive a payment from the Fund is that an amount of Council Tax Reduction **must be in payment** for any day that an EHF payment is requested;
- Where an Exceptional Hardship Payment is requested for a previous period, Exceptional Hardship must have been proven to have existed throughout the whole of the period requested;
- Exceptional Hardship Payments are designed as a short-term help to the applicant only and it is expected that payments will be made for a short term only; and
- All applicants will be expected to engage with the Council and undertake the full application process. Failure to do so will inevitably mean that no payment will be made.

2.0 Exceptional Hardship Fund and Equalities

2.1 This policy has been created to ensure that a level of protection and support is available to those applicants most in need. It should be noted that the Exceptional Hardship Fund is intended to help in cases of **extreme** financial hardship and not support a lifestyle or lifestyle choice. Whilst the definition 'Exceptional Hardship' is not defined by this policy, it is accepted that changes to the level of support generally will cause financial hardship and any payment made will be at the total discretion of the Council. Exceptional Hardship should be considered as 'hardship beyond that which would normally be suffered'

3.0 Purpose of this policy

3.1 The purpose of this policy is to specify how the Council will operate the scheme, to detail the application process and indicate a number of factors, which will be considered when deciding if an Exceptional Hardship Fund payment can be made.

3.2 Each case will be treated on its own merits and all applicants will be treated fairly and equally in the accessibility to the Fund and also the decisions made with applications.

4.0 The Exceptional Hardship Fund Process

4.1 As part of the process of applying for additional support from the Exceptional Hardship Fund, all applicants must be willing to undertake **all** of the following:

- a. Make a separate application for assistance;
- b. Provide full details of their income and expenditure;
- c. Accept assistance from either the Council or third parties such as the CAB or similar organisations to enable them to manage their finances more effectively including the termination of non essential expenditure;
- d. Accept potential changes in payment methods and arrangements to assist the applicant;
- e. Assist the Council to minimise liability by ensuring that all discounts, exemptions and reductions are properly granted; and
- f. Maximise their income through the application for other welfare benefits, cancellation of non-essential contracts and outgoings and identifying the most economical tariffs for the supply of utilities and services generally.

4.2 Through the operation of this policy the Council will look to:

- Allow a short period of time for someone to adjust to unforeseen short-term circumstances and to enable them to “bridge the gap” during this time, whilst the applicant seeks alternative solutions;
- Establish long term support to households in managing their finances;
- Assist applicants through personal crises and difficult events that affect their finances;
- Prevent exceptional hardship; and
- Help those applicants who are trying to help themselves financially.

4.3 It cannot be awarded for the following circumstances:

- Where full Council Tax liability is being met by Council Tax Reduction;
- For any other reason, other than to reduce Council Tax liability;
- Where the Council considers that there are unnecessary expenses/debts etc and that the applicant has not taken reasonable steps to reduce these;
- To pay for any overpayment of Council Tax Reduction caused through the failure of the applicant to notify changes in circumstances in a timely manner or where the applicant has failed to act correctly or honestly; or
- To cover previous years Council Tax arrears

5.0 Awarding an Exceptional Hardship Fund Payment

5.1 The Council will decide whether or not to make an Exceptional Hardship Fund award, and how much any award might be.

5.2 When making this decision the Council will consider:

- The shortfall between Council Tax Reduction and Council Tax liability;
- Whether the applicant has engaged with the Exceptional Hardship Payment process;
- The personal circumstances, age and medical circumstances (including ill health and disabilities) of the applicant, their partner any dependants and any other occupants of the applicant’s home;

- The difficulty experienced by the applicant, which prohibits them from being able to meet their Council Tax liability, and the length of time this difficulty will exist;
- Shortfalls due to non-dependant deductions;
- The income and reasonable expenditure of the applicant, their partner and any dependants or other occupants of the applicant's home, whether the income may fall to be disregarded under the Council Tax Reduction scheme;
- Any savings or capital that might be held by the applicant, their partner and any member of their household irrespective of whether the capital may fall to be disregarded under the Council Tax Reduction scheme;
- Other debts outstanding for the applicant and their partner; and
- The exceptional nature of the applicant and/or their family's circumstances that impact on finances.

5.3 The above list is not exhaustive and other relevant factors and special circumstances will be considered.

5.4 An award from the Exceptional Hardship Fund does not guarantee that a further award will be made at a later date, even if the applicant's circumstances have not changed.

5.5 An Exceptional Hardship Fund payment may be less than the difference between the Council Tax liability and the amount of Council Tax Reduction paid. The level of payment may be nil if the authority feels that, in its opinion, the applicant is not suffering 'exceptional hardship' or where the applicant has failed to comply with the Exceptional Hardship process.

6.0 Publicity

6.1 The Council will make a copy of this policy available for inspection and will be published on the Council's website.

7.0 Claiming an Exceptional Hardship Fund payment

7.1 An applicant must make a claim for an Exceptional Hardship Fund award by submitting an application to the Council. The application form can be obtained via the telephone, in person at one of the Council offices and/or via the Council's website.

7.2 Applicants can get assistance with the completion of the form from the Revenues and Benefits Service or Customer Services at the Council.

7.3 The application form must be fully completed and supporting information or evidence provided, as reasonably requested by the Council.

7.4 In most cases the person who claims the Exceptional Hardship Fund award will be the person entitled to Council Tax Reduction. However, a claim can be accepted from someone acting on another's behalf, such as an appointee, if it is considered reasonable.

8.0 Changes in circumstances

8.1 The Council may revise an award from the Exceptional Hardship Fund where the applicant's circumstances have changed which either increases or reduces their Council Tax Reduction entitlement.

9.0 Duties of the applicant and the applicant's household

9.1 A person claiming an Exceptional Hardship Fund payment is required to:

- Provide the Council with such information as it may require to make a decision;
- Tell the Council of any changes in circumstances (e.g. a change in income) that may be relevant to their ongoing claim; and
- Provide the Council with such other information as it may require in connection with their claim.

10.0 The award and duration of an Exceptional Hardship Payment

10.1 Both the amount and the duration of the award are determined at the discretion of the Council, and will be done so on the basis of the evidence supplied and the circumstances of the claim.

10.2 The start date of such a payment and the duration of any payment will be determined by the Council. In any event, the maximum length of the award will not exceed the end of the financial year in which the award is given.

11.0 Award of the Exceptional Hardship Fund payment

11.0 Any Exceptional Hardship Fund payment will be made direct onto the customer's Council Tax account, thereby reducing the amount of Council Tax payable.

12.0 Overpaid Exceptional Hardship Fund Payments

12.1 Overpaid Exceptional Hardship Fund payments will be recovered directly from the applicant's council tax account, thus increasing the amount of council tax due and payable.

13.0 Notification of an award

13.1 The Council will notify the outcome of each application for Exceptional Hardship Fund payments in writing. The notification will include the reason for the decision and advise the applicant of their appeal rights.

14.0 Appeals

14.1 Exceptional Hardship Fund payments are subject to the statutory appeal process. However the authority will look to review any decision where requested by the applicant as detailed in the following paragraphs

14.2 If the applicant is not satisfied with the decision in respect of an application for an Exceptional Hardship Fund payment, a decision to reduce an amount of Exceptional Hardship Fund payment, a decision not to backdate an Exceptional Hardship Fund payment or a decision that there has been an overpayment of an Exceptional Hardship Fund payment, the Council will look at the decision again.

14.3 An officer, other than the original decision maker, will consider the appeal by reviewing the original application and any other additional information and/or representation made, and will make a decision within 14 days of referral or as soon as practicable.

14.4 Where the applicant is still dissatisfied with the outcome of the review they will be able to appeal to the Valuation Tribunal. An appeal to the Valuation Tribunal can be made at any time.

15.0 Fraud

- 15.1 The Council is committed to protect public funds and ensure funds are awarded to the people who are rightfully eligible to them.
- 15.2 An applicant who tries to fraudulently claim an Exceptional Hardship Fund payment by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.
- 15.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

16.0 Complaints

- 16.1 The Council's 'Compliments and Complaints Procedure' (available on the Councils website) will be applied in the event of any complaint received about this policy.

17.0 Policy Review

- 17.1 This policy will be reviewed at least every year and updated as appropriate to ensure it remains fit for purpose. However, the review may take place sooner should there be any significant changes in legislation.

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Appendix 5

EQUALITY IMPACT ASSESSMENT Part 1

Directorate	Corporate Services & Governance - Revenues & Benefits	Assessment carried out by	Jean Saxby
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Area being assessed	Proposed Council Tax Support (CTS) Scheme	Date of Assessment	October 2015	Is this a new or existing service/policy?	Amendment to existing Scheme
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PART 1 – INITIAL ASSESSMENT

<p>1. What is the aim/objective of the area being assessed?</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 49</p>	<p>The Local Government Finance Bill ('the Bill') imposes a duty on council tax billing authorities (Hastings Borough Council) to formulate a CTS scheme by 31st January 2016 and to consult with major precepting authorities and other such persons as it considers likely to have an interest in the scheme. Major precepting authorities in East Sussex are East Sussex County Council, Sussex Police Authority and East Sussex Fire Authority. Other interested parties, for example, are benefit claimants, special interest groups, voluntary organisations and support groups.</p> <p>The Bill specifies that before adopting a scheme, the billing authority must, in the following order:</p> <ol style="list-style-type: none"> a. Consult any major precepting authority b. Publish a draft scheme c. Consult other persons as it considers are likely to have an interest in the operation of the scheme. <p>The existing CTS scheme has been in place since April 2013. No changes have been made since then and the original EIA has not required any updating.</p> <p>A revised scheme is being proposed from April 2016, hence the update to the EIA.</p> <p>This EIA has been produced ahead of the publication and adoption of the revised scheme, by full Council, in December 2015 to ensure that the Council will meet its requirements under the Equality Act 2010.</p>
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<p>2. Who is intended to benefit from it and how?</p>	<p>The revised scheme proposes to introduce a minimum income floor for working age customers who are self-employed. This means that a minimum income, equivalent to the minimum wage x 35 hours, will be applied to the CTS calculation.</p> <p>There are around 670 customers currently in receipt of council tax support who are self-employed. The proposed change will reduce their entitlement to council tax support and in some cases will remove it totally.</p> <p>The results of the consultation showed that 55.88% of respondents agreed that there should be a minimum income floor; 26.47% disagreed and 17.65% said 'Don't know'.</p> <p>The government has said that all CTS schemes need to include consideration of vulnerable groups, but has not been prescriptive about how this should be done or specified who might be considered vulnerable. It is up to each council to decide, however the government draws councils' attention to existing responsibilities under the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996, as well as the public sector duties in section 149 of the Equality Act 2010.</p>
<p>3. If your service uses contractors, do you ensure that they comply with the Council's equal opportunities policy and relevant legislation?</p>	<p>The service uses temporary staff and they are bound by their agencies and the Council's policies and legislation.</p>
<p>4. Do you know who your service users are by age/ race/ disability/gender etc? (This could be obtained from results of recent consultation or surveys, equality monitoring data, demographic and other statistics).</p>	<p>Information is available from a number of sources - East Sussex in Figures (ESIF), the Department for Work and Pensions (DWP), and from the benefits database.</p> <p>Information held on the database is limited to that needed to process a claim for either housing benefit, council tax support or both. The age of claimants and their gender can be obtained, but not their race or details of their disability. For example, it is enough to know that a claimant qualifies for a disability premium in order to award benefit. (Premiums are used in the calculation of benefit).</p> <p>The 2011 Census data is currently being published and provides an overview of the population of Hastings as a whole.</p> <p>There are 42,777 occupied dwellings in Hastings. The total number of benefit claimants is 11,056 of which 6,906 are of working age.</p>

- 4. a)** How are service users views gathered? (This could be through results of recent consultations or surveys, information from groups and agencies directly in touch with particular groups or analysis of complaints)
- b)** How do you use this information?
- c)** Do you publish the results, and where?

The consultation started on 27 July 2015 and ended on 21 September 2015.

A summary of the results, including all comments made by those responding, is information to be considered as part of this policy decision.

The consultation survey (web based) gave:

- Background information and a brief description of the current Council Tax Support scheme and funding arrangements
- A statement that pensioners are protected from the changes and that working age claimants are most likely to be affected
- A summary of our draft scheme
- An introduction and explanation to each question relating specifically to the proposed scheme.
- A range of choices including the respondents own preference if not shown, in relation to specific elements of the proposed scheme.

People could:

- Complete an online survey on the Council's website
- Use the Public Access Points in the Council's offices if they did not otherwise have access to a computer

For the duration of the consultation, a flyer, promoting the consultation, was sent out with all council tax bills and all benefit notification letters.

All visitors to the Community Contact Centre were encouraged to take part.

<p>5. Could the area being assessed have a differential impact on racial groups?</p>		NO	<p>The CTS scheme does not preclude people from receiving support based on their race. Under the scheme, entitlement is solely based on the applicant's income, household composition and liability to pay council tax.</p> <p>The table below shows the breakdown of Hastings residents according to race. This information has been taken from East Sussex in Figures dataset: Ethnic group experimental statistics, 2001-2009 - districts.</p> <table border="1" data-bbox="709 402 1879 716"> <thead> <tr> <th></th> <th colspan="2">Hastings 000s</th> <th>East Sussex</th> <th>England 000s</th> </tr> </thead> <tbody> <tr> <td>All persons</td> <td>85.2</td> <td>100%</td> <td>512.1</td> <td>51,809.7</td> </tr> <tr> <td>All white</td> <td>82.4</td> <td>97.02%</td> <td>479.2</td> <td>45,313.2</td> </tr> <tr> <td>All mixed</td> <td>1.0</td> <td>1.29%</td> <td>7.4</td> <td>956.7</td> </tr> <tr> <td>All Asian or Asian British</td> <td>0.6</td> <td>0.74%</td> <td>11.8</td> <td>3,166.8</td> </tr> <tr> <td>All Black or Black British</td> <td>0.41</td> <td>0.48%</td> <td>8.3</td> <td>1,521.4</td> </tr> <tr> <td>All Chinese or other ethnic group</td> <td>0.39</td> <td>0.47%</td> <td>5.4</td> <td>851.6</td> </tr> </tbody> </table>		Hastings 000s		East Sussex	England 000s	All persons	85.2	100%	512.1	51,809.7	All white	82.4	97.02%	479.2	45,313.2	All mixed	1.0	1.29%	7.4	956.7	All Asian or Asian British	0.6	0.74%	11.8	3,166.8	All Black or Black British	0.41	0.48%	8.3	1,521.4	All Chinese or other ethnic group	0.39	0.47%	5.4	851.6
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<p>Could the area being assessed have a differential impact on people due to their gender?</p>		NO																																				
<p>7. Could the area being assessed have a differential impact on people due to their disability?</p>	YES		<p>The council's CTS Scheme does not change the calculation of entitlement in respect of people claiming disability premiums.</p> <p>The nature of the claimant's disability is not relevant in order to calculate entitlement to CTS but an applicant with a disability related premium in the calculation of CTS <i>may</i> receive more CTS. In these cases, any impact in respect of premiums would be positive. This does not necessarily mean the applicant will receive more support than an applicant whose award does not include a disability premium, as the calculation could include deductions for non-dependant(s) which could reduce entitlement.</p>																																			
<p>8. Could the area being assessed have a differential impact on people due to their sexual orientation?</p>		NO	<p>Again the CTS scheme does not exclude applicants on the basis of their sexual orientation.</p>																																			

<p>9. Could the area being assessed have a differential impact on people due to their age?</p>	<p>YES</p>	<p>11,056 people claim Council Tax Support in Hastings. Of these, 6,906 (62.5%) are of working age. The local CTS scheme only applies to working age applicants.</p> <p>Pensioner applicants are protected under the Prescribed Regulations and pensioners will not receive any less CTS than they would have received under the previous national council tax benefit scheme.</p> <p>The majority of working age applicants will receive less CTS than they would have under the previous national council tax benefit scheme.</p>																																												
<p>10. Could the area being assessed have a differential impact on people due to their religious or other belief?</p>	<p>YES</p>	<p>The Council's CTS scheme does not preclude people from receiving support based on their religious belief. Under the scheme, entitlement is solely based on the applicant's income, household composition and liability to pay council tax.</p> <p>The table below provides a breakdown of religious beliefs by population:</p> <table border="1" data-bbox="709 667 1522 1084"> <thead> <tr> <th></th> <th>Hastings</th> <th>East Sussex</th> <th>England (000)</th> </tr> </thead> <tbody> <tr> <td>All people</td> <td>85,029</td> <td>492,324</td> <td>52,041</td> </tr> <tr> <td>Christian</td> <td>57,298</td> <td>362,420</td> <td>37,338</td> </tr> <tr> <td>Buddhist</td> <td>274</td> <td>1,289</td> <td>144</td> </tr> <tr> <td>Hindu</td> <td>226</td> <td>807</td> <td>552</td> </tr> <tr> <td>Jewish</td> <td>112</td> <td>1,021</td> <td>259</td> </tr> <tr> <td>Muslim</td> <td>635</td> <td>2,984</td> <td>1,546</td> </tr> <tr> <td>Seikh</td> <td>35</td> <td>149</td> <td>329</td> </tr> <tr> <td>Other</td> <td>399</td> <td>2,457</td> <td>150</td> </tr> <tr> <td>No religion</td> <td>18,159</td> <td>81,185</td> <td>7,709</td> </tr> <tr> <td>Not stated</td> <td>7,891</td> <td>40,012</td> <td>4,010</td> </tr> </tbody> </table> <p><i>Data taken from East Sussex in Figures (ESiF) Dataset: Religion in 2001 – parishes</i></p>		Hastings	East Sussex	England (000)	All people	85,029	492,324	52,041	Christian	57,298	362,420	37,338	Buddhist	274	1,289	144	Hindu	226	807	552	Jewish	112	1,021	259	Muslim	635	2,984	1,546	Seikh	35	149	329	Other	399	2,457	150	No religion	18,159	81,185	7,709	Not stated	7,891	40,012	4,010
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<p>11. Could the area being assessed have a differential impact on people due to them having dependants/ caring responsibilities?</p>	<p>YES</p>	<p>Awards of CTS are based on the income and composition of the applicant's household and the amount of council tax that the applicant is liable to pay. Premiums are included in the calculation for each child and if the applicant or their partner has caring responsibilities. The inclusion of a premium does not necessarily mean the applicant will receive more support than an applicant whose award does not include such premiums.</p>																																												

<p>12. Could the area being assessed have a differential impact on people due to them being transgendered or transsexual?</p>		<p>NO</p>	<p>The Council's CTS scheme does not preclude transgendered or transsexual applicants from receiving help towards paying their council tax.</p>
<p>13. Is there any evidence that people from different groups may have different expectations of the areas being assessed?</p>	<p>YES</p>		<p>The Council's CTS scheme applies to two distinct groups: pensioners and those of working age. The scheme for pensioners will be prescribed in law and the Council must award CTS based on that legislation.</p> <p>The scheme for working age applicants is not prescribed in law and the Council devises its own support scheme. In effect, two different schemes operate. Although the calculation of entitlement will be the same, the proposed scheme will preclude some applicants from receiving support.</p>
<p>14. Is the policy likely to affect relations between certain groups, for example because it is seen as favouring a particular group or denying opportunities to another?</p>	<p>YES</p>		<p>For the reasons given above, working age applicants could feel they are being unfairly treated as pensioners are protected.</p> <p>The differentiation is not down to Hastings Borough Council; the protection for pensioners was a Government decision.</p>
<p>15. Is the policy likely to damage relations between any particular groups and the Council?</p>	<p>YES</p>		<p>The Council's CTS scheme for working age applicants is discretionary and is decided by Full Council. The scheme can be reviewed and amended annually however, once decided, it cannot be changed within that year.</p> <p>Council will need to be aware that affected working age applicants, particularly self-employed customers, could feel unfairly treated compared to PAYE earners and pensioners.</p>

16. Could the differential impact identified in 5-12 amount to there being the potential for adverse impact in this strategy/ policy/service/ procedure?	YES		For the reasons given above.	
17. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or any other reason?	YES		<p>As part of its Welfare Reform and Localism agendas, the government has prescribed the support scheme for pensioners and has given discretionary powers to billing authorities to provide financial support to council tax payers.</p> <p>The government is reducing the funding of the support scheme year on year, thus leaving the council with difficult decisions to make.</p> <p>The challenge for the council is to get the balance right between setting a fair affordable CTS scheme and managing an ever reducing budget.</p>	
Page 55 19a. Have all your staff attended an equality awareness training session?	YES		It is Council policy that all staff attend this training.	
19b. Have you set any equality performance indicators or objectives for your service?		NO		
20. Actions arising from Part 1 of the Initial Assessment				
21. Should this Initial Assessment proceed to Part 2?		NO		
22a. As a result of Part 1, is a Full Assessment necessary?		NO (please sign below)	22b. If Yes, on what evidence should this assessment proceed to a Full Assessment?	

23a. Date on which Full Assessment to be started by		23b. Date on which Full Assessment to be completed by	
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Signed (Completing Officer):

Signed (Lead Officer): Jean Saxby

Date: 16 October 2015

Agenda Item 9



Agenda Item No: 9

Report to: Cabinet

Date of Meeting: 2 November 2015

Report Title: Medium Term Financial Strategy and 2015/16 Mid-Year Financial Review

**Report By: Peter Grace
Head of Finance**

Purpose of Report

The council looks to forecast its financial position over the medium term in order to ensure it can align corporate objectives with available resources.

This report highlights variations in costs and income since setting the budget in February 2015 which in turn informs the budget process. The Medium Term Financial Strategy seeks to identify the financial risks that will affect the annual budgets for each of the next 3 years (2016/17 to 2018/19) in order that key priorities can be matched to expected funding.

Recommendation(s)

- 1. Approve the Medium Term Financial Strategy.**

Reasons for Recommendations

The council matches its available resources to its priorities across the medium term.

The report provides the opportunity to assess the council's resources to assist the review of corporate priorities given the continued reductions in funding and the need to continually ensure limited resources are properly aligned to targets.

Introduction

1. The review of the current year's spending against the budget helps to update and inform the budget process for 2016/17 and beyond.
2. Good financial management requires councils to properly plan for the future in order to match longer term ambitions and plans with anticipated resources. At present there are a number of key areas of financial uncertainty which cause problems when seeking to accurately forecast available resources for the years ahead. The Medium Term Financial Strategy seeks to identify these uncertainties, and where possible make an informed view of the likely resource implications. Where there is no clarity as yet, generally, a prudent approach is adopted.
3. The government's autumn statement on 25 November 2015 is expected to provide details of the resources available to local government over the next 4 years. The local government settlement is expected to be released in early December and will provide details of the 2016/17 settlement and hopefully indicative figures for 2017/18. The Council experienced grant funding reductions of over 50% since the last Comprehensive Spending review and may well receive further cuts in excess of 40% over the next 4 years.
4. For financial planning purposes, the assumption in this Medium Term Financial Strategy is for reductions in Settlement Funding Assessments (government funding and retained business rates) of some 12% in each of the next 4 years.

Financial Context

5. The council's 2015/16 net budget of £15.615m is broken down across services as follows:-

Service	Net Budget £
Corporate Resources	2,926,000
Environmental Services	7,816,000
Regeneration	4,691,000
Interest/ Use of Reserves/ Other Grants and Contingency	182,000
Total (Net Council Expenditure)	15,615,000

6. The budget is funded by:-

Funded From	£
Revenue Support Grant	3,657,000
New Homes Bonus – return funding	11,000
New Homes Bonus	1,006,000
Collection Fund Surplus – Council Tax	250,000
Collection Fund Deficit - NNDR	(816,000)
Disabled Facility Grant	666,000
Housing Benefit Administration Grant	800,000
Efficiency Support Grant	102,000
Business Rates	3,022,000
Business Rates (Section 31 Grant)	478,000
Business Rates Pooling	80,000
Council Tax	5,835,000
Reserves	522,000
Total (Net Council Expenditure)	15,615,000

2015/16 - Mid year Review

7. There are a number of “overs and unders” within the accounts that help inform budget planning for 2016/17 and beyond.

Income (2015/16)

8. Development Control income is being estimated by the service to be down by some £50,000 against that budgeted (£270,000). Last year however there was a significant surge in the income in the last quarter of the year which resulted in the budget being significantly exceeded.
9. Property – income is currently higher than original budget estimates (some £79,000 estimated by year end), mainly as a result of lower voids and success at attracting new tenants to the revamped business centres. Some additional costs have however been incurred in preparing assets for disposal.
10. Investment income is around budget. There have been lower borrowing costs than envisaged to date as a result of timing differences on the grant to Amicus Horizon in respect of the Coastal Space initiative.
11. Efficiency Support Grant in the sum of £102,000 has been received in line with the budget estimates.
12. Business rate income remains an area of high volatility and risk. Whilst the level of business rates collected is on target the level of appeals both nationally and locally

is a threat that has materialised and is impacting significantly on the retained income levels. The council is receiving a separate payment from the government following the extension to the Small Business rate relief scheme – which effectively reduced the council's income from business rates. This further complicates the picture. High levels of appeals remain outstanding (currently some £18m out of a total valuation list of £57m) as the Valuation Office is also undertaking the 2017 revaluation

Expenditure (2015/16)

Inflation

13. The council allowed 1.2% for inflation on its main contracts in 2015/16. With some £6m of major outsourced contracts inflation assumptions remain important for budget planning purposes. Inflation in September 2015 (CPI -0.1%, RPI 0.8%) is below the government's 2% target level and is the lowest since July 2009. It looks set to return near to the government's target within two years. This lower than expected increase is estimated to save the Council some £45,000 in 2016/17.

Other Expenditure

14. Staffing shortages and workload issues within services, particularly planning, have led to the outsourcing of some work along with higher temporary staff costs and advertising/agency fees.
15. Corporate Resources are forecasting underspends against the original budget. This includes some £75,000 in respect of legal costs in respect of the Pier claim. The hearing now being set in 2016/17 – a timing issue. The level of redundancy costs falling in 2016/17 is expected to be much lower and there is unlikely to be a call on reserves this year as a result.
16. The fees incurred in bringing land and properties to market can be offset against the sale proceeds. Some of the costs being incurred currently will not be offset within this financial year.
17. The high level of business rating appeals currently going through will impact on the Collection Fund in 2016/17 if the costs are higher than those provided for.
18. Council Tax Support Scheme – lower levels of claims continue to be experienced in 2015/16, which results in higher levels of council tax being collected. The caseload is currently 11,056 and represents a decrease of 3.2% from 31 March 2015. Housing Benefit caseload also continues to decrease, now standing at 10,319 – a decrease of 3.9% from 31 March 2015 (the cost of the claims being funded by government in this instance).
19. The Social lettings scheme is taking off more slowly than anticipated and will not achieve a breakeven point in the originally projected timescale – leading to a deficit in 2015/16.

Capital Expenditure

20. The costs of construction and professional fees have been increasing significantly in the South East over the last year as the economy grows again. The Council is

experiencing this on a number of contracts both in terms of the numbers of suppliers submitting tenders and also in terms of cost. As a result there may well be revisions to the Capital programme as part of the revised budget process or through separate reports to Cabinet.

2015/16 - Summary of Mid Year position

21. In brief, there are many variations within individual budgets, some of which are identified above. Where the under spends will be of a recurring nature these are of particular significance as they will assist in balancing the budget for future years. Non recurring savings can also assist the council in balancing the budget through “one off” injections of cash or through invest to save projects.
22. There are few illusions about the level of budget reductions required to achieve a sustainable budget in the years ahead. As a result services continue to identify opportunities to make in-year savings and investigate other ways of achieving objectives when staff leave the organisation. To achieve the balanced budget in 2016/17, PIER saving targets were set as part of the budget setting process in February 2015 and these will need to be achieved.
23. The major areas of uncertainty include the business Rate appeals, social lettings agency, licensing, development control income and also the outstanding claim in respect of the pier closure (Manolete claim) which is now subject to a hearing in July 2016.
24. The revised budget for 2015/16 is currently being prepared and there will be overs and unders across the whole budget. I am currently expecting that there will be a saving against the existing budget as a result of all the savings made e.g. management restructure and hence the call on the Transition Reserve may be less than originally expected.

Medium Term Financial Strategy

25. The Medium Term Financial Strategy (MTFS) is attached (Appendix A). It does provide indicative budget forecasts for the 3 year period 2016/17 – 2018/19 and these have been produced to reflect the issues raised as part of the review of the MTFS. These are for illustrative purposes at this stage, given the uncertainty surrounding the costs of some of the financial pressures and funding levels and the recognition that further work is required to refine these figures before the budget is finalised on 24 February 2016.
26. Members are recommended to approve the Strategy, which will inform the 2016/17 budget setting process.

Anti Poverty, Equalities and Community Cohesiveness

27. The equalities implications of the annual budget proposals are the subject of an Equalities Impact Assessment. Anti-poverty implications will also be addressed as part of the budget proposals.

Risk Management

28. The key risks are identified in the MTFS other than in respect of the claim against the Council in respect of the Pier - which is subject to a Supreme Court hearing in 2016/17.

Economic/Financial Implications

29. The implications are detailed in the report. The strategy continues to identify reduced funding levels from government for the next few years and the prudent use of reserves over each of the next three years to help the transition to a lower spending. It is proposed that a further review of reserves be included within the budget setting process once the 2016/17 settlement is received and whether this is accompanied by indicative funding levels for the years ahead.

30. The MTFS identifies budget shortfalls in each of the next 3 years, even after the use of significant levels of reserves. The identification of further efficiencies, income generation opportunities and cost reductions remains of critical importance to achieve a balanced budget.

31. The MTFS supports the alignment of corporate priorities with available resources and is intended to set the annual budget process in the context of the requirement for financial planning for the medium term.

Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

Area(s) Affected

Central Hastings, East Hastings, North St. Leonards, South St. Leonards

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	Yes

Background Information

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Medium Term Financial Strategy 2016/17 to 2018/19

Purpose of the Strategy

1. The council manages its finances by matching council priorities to funding across the medium term; this strategy report identifies the risks that the council faces in doing so. The annual budget cycle refines the process for the immediate year ahead and determines the most appropriate use of available resources as well as setting the Council Tax for the borough.
2. The government's deficit reduction programme continues to result in significant and ongoing reductions in funding. The period over which these reductions will last continues to have far reaching effects for the levels of service that the council can continue to provide. The council continues to find itself in a very challenging financial period that is anticipated to extend for at least 4 more years.
3. Local government as a whole has faced more severe reductions than other parts of the public sector and has needed to provide strong discipline and management to put itself in a position to best address these challenges. The Medium Term Financial Strategy (MTFS) is a key document in setting out the council's approach to establishing a financial base to enable the council's policies and priorities to be delivered.

Background

4. Councils are expected to plan their finances over more than a one year period. The longer term planning of finance supports the achievement of priorities in the Corporate Plan and allows more effective planning of services. It encourages councils to predict events in the future and develop strategies to deal with them.
5. The Financial Strategy is the first stage in the annual business planning process. A later stage, the budget process, will examine the financial implications of any revisions to corporate plan objectives and match these to available resources to define a council-wide budget requirement in early 2016. The corporate planning process ensures there is full integration of all key strategies and the policies of the council.
6. The Comprehensive Spending Review (CSR) in October 2010 covered a 4 year period (2011/12 to 2014/15) and overall the local government 'Departmental Expenditure Limit' (DEL) would reduce by 28% over the period. The chancellor's budget in March 2013 announced further reductions in Department Expenditure Limits (DEL) of 1% in 2013/14 and 1% in 2014/15. A further one-year spending review for 2015/16 was announced in June 2013. He reiterated that public spending control is central to the government's commitment to reduce the deficit. The review on the 26 June 2013 (termed Spending Round) identified that the overall cut for local government for 2015/16 was set at 10%.
7. The government's autumn statement on 25 November 2015 is expected to give details of spending plans for the next 4 years and given the scale of the national deficit further

significant cuts need to be anticipated.

8. The chancellor has previously announced that health, schools and development assistance will be protected which means that cuts in DEL will fall disproportionately on the remaining public services including local authorities.
9. This report updates the MTFs taking into consideration known factors and makes broad assumptions on funding for 2016/17 and the years thereafter as well as making assumptions around service and corporate pressures.
10. Announcements in October 2015 surrounding business rates and the retention of 100% of the income by local authorities by the end of the parliament may change the projected figures included within this strategy document as and when details and implications emerge. The Strategy will be updated as necessary.

Local Government Spending Control Totals

11. The overall reduction in Settlement Funding Assessment (Business Rates, Revenue Support Grant and other rolled in grants) for 2016/17, is expected to be some 10%. However the impact is not uniform between upper and lower tier authorities and shire districts/ boroughs such as Hastings can expect a reduction of some 12% in 2016/17 although figures will not be known until the settlement is received from the government in December 2015.

Settlement Funding Assessment	2015-16 (£ million)	2016-17 EST (£ million)	Reduction
England	20,693	18,624	-10.0%
Shire Districts/Boroughs	923	812	-12.0%

12. The government announced in the autumn 2013 statement a safety net mechanism for authorities whose Revenue Spending Power (Business rates and grant income combined with new homes bonus and Council Tax monies) reduced by more than 6.9%. This has subsequently been reduced to 6.4%. Such authorities being eligible to apply for assistance by means of the Efficiency Support Grant regime.
13. The government previously stated that reductions in funding for 2015/16 and 2016/17 would be in line with the reductions of the first two years of the Comprehensive Spending Review - a 26% reduction could therefore be anticipated.
14. For the purposes of financial planning for the years beyond 2016/17, whilst the local government sector as a whole is anticipating cuts of some 10% p.a. this will not fall equally between the tiers of local government and a further 12% cash reduction in funding has therefore been assumed for Hastings in 2017/18 and in each year beyond.
15. It is entirely possible that due to the changes in national insurance contributions in respect of contracted out pension schemes that the grant reductions may be lower in

2016/17 but higher in later years.

Strategic Priorities

16. The council's strategic priorities were reviewed for 2015/16, and whilst remaining valid may be amended for 2016-17 as part of the corporate planning process. These are:-

Economic & physical regeneration: To secure economic & physical regeneration that produces high quality new developments while preserving the best of our heritage, high standards of education and training, road & rail improvements and high-speed broadband, thereby creating economic growth and rewarding jobs, particularly in tourism, creative industries, and high-tech manufacturing & research.

Cultural regeneration: To contribute to the regeneration of the borough through a rich cultural programme that appeals both to local people and visitors, extending, broadening and promoting the borough's cultural activities to establish Hastings as a nationally and internationally recognised centre for arts and culture.

Intervention where it's needed: To make full use of our available powers and sanctions to tackle anti-social behaviour or practices, including poor housing, eyesore properties, unauthorised development, derelict land, fly-tipping and dog fouling.

Creating decent homes: To facilitate the supply of secure, affordable and well-designed homes, through strategic planning policies, planning conditions, regulation of the private rented sector, tackling and eliminating bad landlords, and by working with social housing providers.

An attractive town: To maintain visually interesting, well-maintained, uncluttered, clean and functional urban public spaces, especially along the seafront and in our town centres, integrated with high quality protected green spaces accessible to all

A greener town: To promote practices that minimise our carbon footprint through our policies and our own operations, protect and enhance biodiversity, and limit damaging consequences of human intervention on the natural environment.

Transforming the way we work – To maximise the benefits provided by new technology, to take opportunities for smarter 'One Team' working and continue our drive to be more Customer First focused and efficient in the design and delivery of services.

17. The council's corporate plan continues to remain ambitious when set against the background of reductions in annual grant settlements. The council has a very good track record of achieving its objectives and improving performance, and continues to be well placed to deliver the programme in 2016/17 following the setting effectively of a

two year budget in February 2015. Significantly reduced resources will however inevitably impact on service delivery in the years ahead.

Key Principles of the Medium Term Financial Strategy (MTFS)

18. The Financial Strategy is robust in that it integrates the financial and policy planning procedures of the council. That robustness is built upon a foundation of key principles:

(i) Ensure the continued alignment of the council's available resources to its priorities

All key decisions of the Council relate to the corporate plan. Priorities are determined and reviewed in the light of any changes to the Plan.

(ii) Maintain a sustainable revenue budget

This means meeting recurring expenditure from recurring resources. Conversely non recurring resources such as reserves and balances can generally be used to meet non recurring expenditure providing sufficient reserves and balances exist.

Whilst the principle remains sound the council has consciously been strengthening its reserves in the last few years, knowing that these will be required to ease the transition to a lower spending council and to meet key corporate priorities. The council now requires the use of these reserves to achieve balanced budgets over the next few years.

(iii) Adequate Provisions are made to meet all outstanding liabilities.

(iv) Continue to identify and make efficiency savings

Each year there is a thorough examination of the council's "base budgets" to identify efficiency savings and to ensure existing spend is still a council priority (Priority Income and Efficiency Reviews – PIER)

(v) Review relevant fees and charges comprehensively and identify Income generating areas as a means of generating additional funding for re-investment in priority services.

(vi) Capital receipts and reserves will primarily be available for new investment of a non-recurring nature thereby minimising the overall financial risk.

Resources will be allocated to invest in the council's assets to ensure they support the delivery of corporate and service priorities.

Resources will be made available to finance invest to save schemes to help modernise and improve services and generate efficiencies in the medium term.

(vii) Ensure sufficient reserves are maintained.

Some reserves, having been built up in the last few years, are specifically identified to ease the transition to a lower spending council and to meet key corporate priorities.

(viii) Ensure value for money is achieved in the delivery of all services and that the council seeks continuous improvement of all services.

It should be noted that the annual governance report produced by the council's external auditors in September 2015 gives a very positive opinion on the council's provision of value for money services.

(ix) Maintain affordable increases in Council Tax whilst accepting that such an objective is linked to the amount of annual Government grant, inflation and new legislative requirements.

(x) Recognise the importance of partners in delivering cost effective solutions for services.

FINANCIAL CONTEXT - The National Economic Climate

19. Economists suggest that the UK economy could be facing another short period of deflation on the back of oil prices slipping and a relatively strong pound. That combination will maintain downside inflationary pressures on both food and consumer goods prices. That said, the Bank of England will see these as temporary, externally driven influences and both the bank of England and the Monetary Policy Committee (MPC) expect inflation to increase in the new year.
20. The Office for National Statistics announced on the 14 October that the UK jobless rate had reached a seven year low, with unemployment falling to 5.4% between June and August. However, this news was slightly overshadowed by the moderate slowdown in average earnings excluding bonuses, which contracted to 2.8% from their previous level of 2.9%. Average earnings are a key aspect of the MPC's discussions on controlling Bank Rate, in that higher earnings have the potential to drive inflation. For this reason, the possibility of a rate hike seems to be drifting further away, with gilt yields falling consequently. Despite this slowdown in earnings, a decrease in unemployment would suggest that the UK labour market is withstanding the effects of an easing in global growth, with an employment increase of 140,000 over May to August pushing the employment rate to a record high level of 73.6%. Further, temporary deflation is helping some Britons experience the highest growth in their real incomes since the financial crisis.
21. Retail sales declined in the early summer but consumption growth supports the economy, while non-mining, commercial building investment surged. Analysts were looking for 2.8% annualised growth for the quarter but there may be upside potential.
22. The Eurozone, meanwhile, has not been overly affected by the Greek debt crisis and the greater concern is likely to be the slowing in the labour market recovery.

23. Retail sales do not indicate a problem. Consumer confidence remains strong. The housing market recovery appears to be back on track, with the Halifax and Nationwide price measures rising in August and mortgage approvals picking up. The average rise across the UK being 5.2% in the year to August.
24. Analysts expect the UK economy to experience another bout of temporary deflation in the months ahead after CPI slipped to zero in June and to -0.1% in September as oil prices have fallen. In addition, the downturn in Chinese growth has the potential to further depress commodity prices but these will take time to feed through into CPI figures.
25. The strength of sterling will keep a lid on consumer goods import prices, and in the meantime push them lower. As noted, deflation should prove short lived as rising agricultural commodity prices will see food deflation declining as the year runs down, while services inflation will be pushed higher as wage gains impact. This should partly offset the softness in goods inflation, which looks likely to persist. Overall, economists do not see inflation moving too far from the zero level for the remainder of the year, before gradually increasing back to the 2% target in a couple of years' time.
26. The markets are still looking for the first UK rate rise around June 2016, but there are signals that the MPC is set to become split on the timing of the course of interest rate rises at coming meetings, given more hawkish comments from some members.
27. Economic forecasting remains difficult with so many external influences weighing on the UK. Whilst the economy has been showing good signs of recovery it remains exposed to vulnerabilities in a number of key areas – particularly China, developing countries and some countries in Europe.
28. In determining the Medium Term Financial Strategy the impact of the economic climate on the council has to be considered. As a result it is considered that no general allowance can be made for any uplift in the council's income streams other than for inflation, although individual income streams will be reviewed.

Risks and Opportunities

29. There are numerous financial risks facing the council over the next four years, including:-
 - External funding in terms of the annual grant settlement for 2016/17 and beyond
 - Business Rates Retention Scheme – the new funding regime that was introduced on 1 April 2013 whereby councils retain an element of business rates and any growth (or reduction) – this has increased volatility and risks for council funding. The local retention of business rates presents real risks to the authority should rate income decrease, but likewise provides the council with an incentive to increase the business rate base and the level of business rates being collected.
 - Business Rate Appeals – This is one risk that has materialised and one that is proving particularly costly at present and remains difficult to estimate. The council has been picking up the cost of revised rating determinations that stretched back

as far as 2005. The government stated that they were looking to conclude the majority of these appeals by July 2015 – they achieved 94% in respect of the appeals outstanding in 2013. However in the spring of 2015 the Council received many more appeals (£16m by rateable value) making the total outstanding some £21m at the end of the last financial year. The majority of these remain outstanding at the time of writing. The appeals provision within the Council's accounts amounted to over £2.5m at 31 March 2015.

- Localisation of Council Tax – funding for Council Tax Support having been reduced by 10% and councils are now maintaining their own schemes
- Security of income streams
- Increased demand for public services - homelessness
- Delays in achieving capital receipts
- Delivery of the identified PIER savings.
- Pension Fund Performance and changes to the national scheme – including National Insurance implications.
- Housing Benefits – Universal Credit and the impact on Housing Benefit Administration grant
- There are opportunities for joint working, shared services and joint procurement that have proven to be successful in reducing costs to date e.g. Waste and Street Cleansing contract, Grounds Maintenance contract, Building Control service.
- The prospects for all centrally funded organisations have become one of decreasing resources. The government's borrowing requirement has increased and significant public spending cuts are being made. Further reductions in benefit funding by the government may also have wider ramifications for Hastings e.g. effects on homelessness, inward migration.
- The Council has commenced some significant housing initiatives e.g. social lettings scheme, Selective Licensing scheme. Each of these have financial repercussions if business plan objectives are not achieved.

External Funding

30. The Settlement Funding Assessment (SFA) consists of two main elements,
 - (i) Revenue Support Grant (RSG)
 - (ii) Retained Business Rates
31. Retained business rates are based on the baseline outlined in the 2013/14 local government settlement. The council has experienced, and continues to experience high levels of rating appeals many of which have gone back to 2005 and have thus resulted

in large payments to businesses. Despite the level of appeals the Council is expecting to achieve growth in retained business rates for 2015/16 and 2016/17.

Council Tax and Business Rates

32. The current funding gap in the MTFs assumes an increase in Council Tax of 1.9% in 2016/17. In determining the actual level of Council Tax for 2016/17 the council will need to take into consideration the government's referendum principles which for 2015/16 were based on the requirement to hold a referendum for increases above 2%. Each 1% increase now yields approximately £55,000.
33. The Council did not take up the government's Council Tax Freeze Grant offer last year, and raised Council Tax by 1.9%. It is not known whether the government will make a similar offer (of an equivalent 1% for 2016/17). The freezing of Council Tax has had, and continues to have, a significant and cumulative impact on the council's budget and is simply not sustainable for the council in the long term.
34. The 2016/17 budget projection assumes a further contribution of £164,000 from the Council's Collection Fund in respect of Council Tax due to a good collection record. However this is more than offset by a deficit in business rates income caused by the high level of successful rating appeals. An estimated deficit of £208,000 has been included in the strategy but this figure could be amended significantly before the year end.

Settlement Funding Assessment

35. The council retains an element of the business rates and also receives Revenue Support Grant, which now has Council Tax Freeze grant, Homelessness and Council Tax Reduction Support monies rolled into it. The government has until now control the total monies available to local government by controlling the level of Revenue Support Grant provided each year.
36. The estimated cash decreases in the Settlement Funding Assessment make stark reading and are shown below. The actual figures for 2016/17 and indicative figures for 2017/18, and maybe beyond, should be released in the local government settlement in December.

Year	Settlement Funding Assessment (£ 000's)	Cash Decrease (£ 000's)	Percentage Change (Annual)	Percentage Change (Cumulative)
2014/15	£8,331			
2015/16	£7,193	-£1,138	-13.60%	-13.60%
2016/17 (Est)	£6,330	-£863	-12.00%	-24.02%
2017/18 (Est)	£5,570	-£760	-12.00%	-33.14%
2018/19(Est)	£4,902	-£668	-12.00%	-41.16%

37. The table below summarises the grant funding position since 2010/11 and for the next three years. For comparative purposes the figures exclude specific grants such as Benefit Administration grant, Homelessness grant, and Council Tax Freeze grant.

	2010/11 £m	2015/16 £m	2016/17 (Est) £m	2017/18 (Est) £m	2018/19 (Est) £m
Area Based Grant	3.6				
Formula Grant	9.1				
NDR/ Revenue Support Grant (excluding estimate of rolled in grants)		5.2	4.3	3.6	2.9
New Homes Bonus		1.0	1.1	1.1	1.1
Transition Funding	0.0	0.0	0.0	0.0	0.0
Efficiency Support Grant		0.1	0.0	0.0	0.0
Total	12.7	6.3	5.4	4.7	4.0
Cumulative Cash Reduction		-6.4	-7.3	-8.0	-8.7
Cumulative % Reduction		-50%	-58%	-63%	-69%

38. The above table assumes that £102,000 of Efficiency Support Grant received in 2015/16 will not be built into the base of the 2016/17 settlement.

Revenue Spending Power & Efficiency Support Grant

39. In 2010/11 the government introduced the concept of “Revenue Spending Power” (RSP) which is the sum of:
- Council Tax requirement
 - Specific Government Grants e.g. New Homes Bonus
 - Settlement Funding Assessment (Business Rates and Revenue Support Grant)
40. Last year’s Autumn Statement also identified that for 2015/16 and beyond, any council will be able to apply for Efficiency Support Grant if their RSP falls by more than 6.4%. In 2015/16 the Council has received a sum of £102,000. No such grant is anticipated for 2016/17 unless the settlement is significantly worse than the estimates contained within this strategy.

Business Rate Retention Scheme

41. The new system introduced in 2013/14 means that the council retains a proportion of any additional business rate income (above inflation) collected in the borough. The business rate, itself, is set by the government with regard to the change in the Retail Prices Index. The proportion retained in Hastings is 40% (9% is payable to ESCC, 1% to the Fire and Rescue Authority and 50% to the Government).
42. In order to project business rate income account is taken of planning approvals for new commercial buildings and for change of use to residential and an allowance is made for the likely reductions due to successful appeals against rateable values. Businesses see no difference in the way the tax is set. Rate setting powers remain under the control of central government and the revaluation process remains the same.
43. Under the scheme 50% of business rates is localised through a system of top-ups and tariffs that fix an amount to be paid by high yield authorities and distributed to low yield authorities – this amount being increased annually by inflation (RPI). Local authorities retain a proportion of all business rate growth or conversely experience a reduction in resources if the business rate base declines.
44. The 50% central government share is distributed through the formula grant process – thus enabling the government to control the overall amount received by local authorities. Where there is disproportionate growth this will be used to provide a safety net for those authorities experiencing little or negative growth and allow the treasury to top slice business rates income. A reset mechanism will be in place with the first reset in 2020 and periods of 10 years between resets thereafter. The system, the calculations required, accounting treatments, and particularly the budgeting requirements are not straightforward.
45. The changes increase the level of instability in the forecast of resources and the interaction with economic growth or decline will increase the associated risks. A decline

in an industry within the borough could result in both a decrease in the business rate base and an increase in demand for Council Tax support – both increasing council costs.

46. Assumptions are made on national, regional and local growth as well as valuation appeals and collection rates.
47. The government after determining the business rates baseline levels included small business rate relief within its own budget proposals. This effectively reduced councils' income. The government is reimbursing authorities for this lost income which is estimated to amount to some £650,000 for Hastings in 2015/16.
48. There remains uncertainty as to the government's proposals for 2016/17 and beyond. If all the reliefs were to end the Council would need to recover relatively small sums from many more small businesses. This could reduce the collection overall collection rate and increase administration costs – as well as the adverse impact on small businesses.
49. The level of instability and risk within the business rates area requires careful assessment when determining the overall level of council reserves. This will be undertaken as part of the annual budget and closedown processes.

Income and additional costs

50. The council has limited reserves and remains reliant upon income streams and investment returns to balance the budget. Given the welfare changes and low wage settlements there are continuing implications for a number of the council's income streams in the medium term. Rental streams from shops are under considerable pressure e.g. Priory Meadow and reduced rental income can be anticipated for some years ahead.
51. Development Control income increased considerably in 2014/15 but is currently projected by the service to be below the budget forecast. Income from Land Charges has however increased.
52. Given that income streams remain at risk, fees and charges have been kept under careful review and are considered annually against the background of council priorities, local economy and people's ability to pay. In general the policy has been to increase by inflation. Car parking charges were set in February 2015 for a 24 month period (increases were applicable from 1 April 2015).

Income Generation

53. The Council has a number of key income streams besides Council Tax and Non domestic rates. These include for example car parking, rents from land and industrial estates and shopping centres, cemetery, cliff railways, planning, licensing, lettings and land charges.
54. Given the significant funding reductions in the years ahead and the freedoms available for competent councils, the Council will be looking to increase the income it can generate through from its own resources e.g. property and services, and is also

exploring new areas such as housing companies. Each and every opportunity will, like now, need to be supported by a careful evaluation of the opportunities and associated risks.

Investment and Borrowing

55. The low levels of interest received on balances looks set to continue for at least the next 6 months. Base rates are not expected to increase in 2015 from their current level of 0.5%. There have been suggestions of an increase in the late spring of 2016 whilst others are indicating June 2016. Assumptions, given the restricted counterparties list and short investment periods, are for investment returns of around 0.7% again in 2016/17. The Treasury Management Strategy will continue to advocate a policy of keeping the respective levels of debt and investment under review.
56. The council has additional borrowing requirements in 2015/16 to finance the Coastal Space housing initiative being carried out in partnership with Amicus Horizon and also in respect of new industrial premises and other capital schemes.

Inflation

57. This has not been a major issue over the last couple of years. Inflation in August 2015 was 1.1% (Retail Price Index) whilst the government's preferred measure CPI (Consumer Price Index) was 0%.
58. The new waste and street cleansing contract is linked to CPI. The council allowed 1.2% for CPI inflation in 2015/16, and 2% for those linked to RPI, but only increased budgets where contracts with inflation clauses were present i.e. a freeze again for all other service expenditure areas. The same approach is being taken for 2016/17 and 2017/18.
59. Inflation, according to the Bank of England August 2015 inflation report is expected to start increasing again and be at or around the 2% target in the next two years. Based upon these projections, general inflation is being estimated at 1% in 2016/17 and 2% beyond for the purposes of this strategy.

Public Sector Pay Settlement

60. A pay offer of 2.2% (plus a lump sum payment for some grades) was made last year. This commenced in January 2015 and applies until 31 March 2016 i.e. a two year offer. The figures in the strategy assume a 1% increase for 2016/17 and beyond. In addition there are contractual increments (equivalent of around ½%).
61. The salaries budget together with national insurance and pension costs amounts to some £12m – each 1% therefore equating to around £120,000 p.a.

Localisation of Council Tax Support & Benefit Administration Grant

62. In 2013/14 the government paid an upfront grant in respect of Council Tax Support, leaving the council to fund any “in year” increase in demand. In 2014/15 the Council Tax Support Grant was rolled into the Settlement Funding Assessment and thus effectively decreases in line with the annual reductions in grant funding. The council determined that the Council Tax Support Scheme would remain the same for 2015/16.
63. Over the last 12 months a review of the scheme has been undertaken in conjunction with the other East Sussex Councils. Options have been explored and a report will shortly be considered by full Council. A decision has to be made before the 31 January on whether to amend the scheme for 2016/17. In practical terms the decision needs to be taken earlier in order that the Council Taxbase can be calculated. For the purposes of this strategy it is assumed that no amendments to the scheme are taking place.
64. In terms of Universal Credit the programme of transfer was originally expected to commence in October 2013 in respect of new claims with existing claims being completed by 2017/18. The first transfer actually took place in April 2015 but has had little impact on the service to date. Details of the full programme and the levels of work that will remain with the council are still unclear. The impact of all of this on the Council Tax and Housing Benefit administration grant receivable in the years ahead (£800,124 receivable in 2015/16) remains an uncertainty.
65. The costs cannot be properly budgeted for as yet – and are thus not included within the strategy. The government have previously stated however that TUPE will not apply and thus the council would be responsible for any redundancy costs – should these arise.
66. The Benefit Administration Grant continues to be reduced on an annual basis. Further reductions of 7% p.a. have been included for budget planning purposes for 2016/17 and subsequent years.

Investment in Council Assets

67. In protecting the economic vitality of the town, it remains important to maintain the council’s commercial estate in order to maximise occupancy rate and to support the local economy as far as possible. In doing so the council will be in a position to take advantage of any sustained upturn in the economy in the future.
68. The council has committed to invest in its industrial units, with a new industrial unit at Castleham within the Capital programme, and other potential investments under review. The costs of major construction works has been rising rapidly due to the economic upturn. Some further calls on the Council’s resources are therefore likely to arise in the short term.
69. The council’s Renewals and Repairs Fund is reviewed on a regular basis in order to ensure sufficient resources are available to fund necessary works. Planned maintenance is normally cheaper in the long term than reactive maintenance.

Delays in Receiving Capital Receipts

70. The council's original land disposal programme for this financial year is estimated to produce capital receipts amounting to £482,000 in 2015/16, £530,000 in 2016/17, and £2,770,000 in 2017/18.
71. The programme is being reviewed as part of the budget. Currently the programme is on track.
72. Capital receipts will continue to be received in the period of the strategy, but given the state of the property market careful timing of any asset sales is required.
73. It remains imperative that the council maximises its capital receipts. Failure to do so may necessitate curtailment of the already very limited capital programme or result in the council having to borrow.

Priority Income and Efficiency Reviews (PIER) Process

74. The consideration of budget options by lead members and officers enables a detailed examination of service performance and priorities, cost pressures, and the scope for achieving efficiency savings and additional income.

The objectives of the process are as follows:-

- To provide services with an opportunity to submit proposals for the business plan. The proposals include all unavoidable growth and savings amounts.
 - To allow service delivery proposals to be measured against the corporate plan objectives.
 - To provide a mechanism for challenging service proposals in an informed, robust and constructive fashion.
 - The revenue estimates and the capital programme are closely linked. As such service bids for capital funding are considered at the same stage.
75. In addition to the annual PIER process the council continues to have a programme of areas to review e.g. service reviews, and business re-engineering process reviews in order that efficiencies continue to be achieved, monitored and potential new areas identified.
 76. The scale of the budget savings required to balance the budget on a sustainable basis for 2017/18 and beyond is large. As such the PIER process will be enhanced with a series of ground up reviews by lead members and officers – initially on a trial basis and commencing in this financial year. The time between the identification and the achievement of savings, as well as income generation, can be significant and the council will need to be prepared to continue to use a proportion of its reserves to balance the budget and also potentially for future invest to save initiatives.

Pension Fund Contributions

77. The council's contributions to the pension fund managed by East Sussex County Council are determined every three years following an actuarial valuation. A new valuation was undertaken in 2013 with revised contribution rates becoming payable from April 2014.

The rates payable by the council consist of the primary contribution rate plus 1% for future early retirements/redundancies (these are percentages of salaries of staff in the pension scheme), namely:

2014/2015 - 20.6% +1% + lump sum of £144,000

2015/2016 - 20.6% +1% + lump sum of £194,300

2016/2017 - 20.6% +1% + lump sum of £248,800

78. It should be noted however that the level of redundancies, early retirements, and transfer of services can significantly affect the valuation, and this will remain a risk to the council in 2017/18 and beyond. A small increase in the Council's contributions has been included for 2017/18.

National Insurance Contributions

79. As part of the Budget on 20 March 2013, the chancellor announced that changes to the single-tier state pension will be brought forward one year to 2016/17. The changes will mean increased National Insurance (NI) contributions for contracted out employees and higher NI contributions for employers. This has been estimated to cost local government employers £1 billion nationally.
80. Based on the current number of contracted out employees, the initial cost estimate for the council is potentially up to £270,000 p.a. The Chancellor stated that "public sector employers will have to absorb the burden, as is always the case with tax changes" before adding that "any spending review in the next parliament will, of course, take the £3.3 billion cost into account". It remains to be seen how transparently these costs are acknowledged, or whether they would simply be absorbed into overall RSG changes and therefore be unidentifiable. As a new burden government funding could reasonably be expected, however there is no indication to date that they will fund this and hence the initial estimate has been included in the funding estimates – thus increasing the shortfall.

Staffing, Information Technology and Property

81. In order to deliver its priorities the council not only requires financial resources but also good quality staff, IT, and property. There is only a finite resource available to deliver priorities whether directly by the council or in partnership with others. Service planning is important to ensure that there is sufficient capacity to deliver the annual plan.
82. A number of staff within the council are employed on temporary or fixed term contracts to match the temporary funding streams received. Where such funding streams may

end it is necessary to identify exit strategies in order to meet any redundancy costs or to mainstream successful initiatives.

83. The council’s capacity to respond to change, and lead on new initiatives is dependent upon the strengths and abilities of the workforce. The council has a clear strategy for workforce development and sufficient funding will be retained within the budget to fully finance the training and development programme.

Grants

84. The council receives a number of revenue grants each year e.g. New Homes Bonus, but has also been very successful in attracting numerous “one off” type grants in the last couple of years e.g. Future Cities, and Active Women Programme, European funding. The council will continue to look to attract such funding in the years ahead.

New Homes Bonus

85. This grant regime commenced in April 2011. This is a grant that rewards the building of new houses and for bringing long term empty properties back into use. The bonus is payable for a period of 6 years. The sums receivable :-

Year	In Year	Prior Years	Total Receivable
	£	£	£
2011/12	194,710		
2012/13	189,838	194,710	384,548
2013/14	119,097	384,548	503,645
2014/15	382,670	503,645	886,315
2015/16	119,542	886,315	1,005,857
2016/17 Est	300,000	1,005,857	1,305,857

86. Councils are using the bonus in different ways, either to help balance budgets, strengthen reserves, or for one off activities that do not add to ongoing spending commitments. Hastings is using the monies received to help achieve a balanced budget.
87. The New Homes Bonus has been an important part of the government’s effort to use funding to incentivise growth. The grant is currently funded by top-slicing the general formula grant and there are already real concerns over the re-distributional effects which can disadvantage deprived areas of the country with lower house prices or in areas where developers are less likely to want to build or where land is expensive to develop.
88. It has been estimated that a further £300,000 will be received in 2016/17 (in addition to the £1,005,000). In future years the actual income being dependent upon the level of new income against the income achieved 6 years earlier. The estimate for 2017/18 has therefore been decreased by £100,000 from 2016/17 levels.
89. There is a real risk that this grant regime could be ended, particularly if all business rates are returned to Councils.

Indicative Base Budget Position for 2016/17 to 2018/19 and Assumptions

90. An Indicative budget forecast for the 3 year period 2016/17 – 2018/19 has been produced (Appendix 1) to reflect the issues raised as part of the review of the MTFs. This is indicative given the uncertainty surrounding the costs of some of the financial pressures and funding levels and the recognition that further work is required to refine these figures before the budget is finalised in February 2016.

Summary of Financial Position

	2015/16 (£000's)	2016/17 (£000's)	2017/18 (£000's)	2018/19 (£000's)
Expenditure	15,615	15,526	15,908	16,187
Funding	(15,093)	(15,408)	(14,618)	(13,945)
Funding Shortfall	522	118	1,290	2,242
Use of Reserves	(522)	(118)	(950)	(950)
Estimated Shortfall	0	0	340	1,292

91. The table above shows deficits of £118,000 in 2016/17, £1.3m in 2017/18 and £2.2m in 2018/19, before the use of reserves. The above figures assume PIER savings that have already been identified will be achieved or alternative savings to at least the same amount will be achieved.

Council Tax

92. The government has awarded grants from 2011/12 onwards if the council freezes Council Tax. For 2015/16 the government announced a similar scheme equivalent to a 1% increase in Council Tax and this was to be rolled into the Settlement Funding Assessment. Such freezes are not sustainable for the Council and the Council determined a 1.9% increase to apply for 2015/16. A Band D Council Tax payer pays £240.33 in 2015/16 in respect of the Hastings demand.

93. The council has a record of lower than average tax increases.

Year	Hastings BC Tax Increase	National Average Increase	Hastings BC Council Tax Band D (£)
2004/05	4.5%	5.9%	196.44
2005/06	3.8%	4.1%	203.86
2006/07	2.4%	4.5%	208.75
2007/08	3.5%	4.2%	216.06
2008/09	3.5%	3.9%	223.62
2009/10	3.5%	3.0%	231.45
2010/11	1.9%	1.8%	235.85
2011/12	0%	0%	235.85
2012/13	0%	0.3%	235.85
2013/14	0%	0.8%	235.85
2014/15	0%	0.9%	235.85
2015/16	1.9%	1.1%	240.33

94. In considering any Council Tax increase in 2016/17 because of the fact that the council taxbase has decreased (due to the Council Tax Support Scheme and the government now paying grants to individual councils) 1% on the Council Tax will equate to around £55,000. In 2015/16 the freeze grant payable was still based on the 2012/13 taxbase i.e. some £70,000.

95. For 2015/16 the government announced that should a council wish to increase Council Tax by more than 2% it will be required to hold a referendum (in 2012/13 the threshold was 3.5% and in 2013/14 and 2014/15 it was 2%). At the time of writing the percentage for 2016/17 is not yet known.

96. As previously stated the MTFs includes the assumption of a 1.9% increase in Council Tax for 2016/17.

CAPITAL

97. Resources for major capital projects remain scarce. For projects to be considered schemes need to meet the following criteria:-

(a) Contribute towards achieving the council's corporate priorities and one or more of the following,

(b) be of a major social, physical or economic regeneration nature,

(c) meet the objective of sustainable development,

(d) lever in other sources of finance such as partnership/lottery funding or provide a financial return for the council,

(e) is an "invest to save" scheme and reduces ongoing revenue costs to assist the revenue budget.

98. The council's capital programme for 2015/16 and the next 2 years, as approved in February 2015, amounts to some £5.2m (£3.3m net of grants and contributions). The capital programme will be considered as part of the budget process and decisions taken in the light of available resources.
99. Incremental impact on Band D Council Tax: In determining the affordability of new capital proposals the council is required to consider the incremental impact on the Council Tax for future years. The impact is expressed in Band D equivalent amounts on the Council Tax. The purpose is to give the council the opportunity to consider options for capital proposals and to highlight the potential future financial burden of capital investment decisions. Some capital investments will generate efficiency savings which go part way to mitigating the revenue implications.
100. For the purposes of planning the council uses 9% as the cost of capital (4% capital repayment and 5% in respect of long term interest). If an asset has a shorter life (than 25years) then the capital repayment percentage (4%) must increase e.g. percentage becomes 10% for an asset with a 10 year life.
101. Whilst the capital programme is significantly reduced over the forthcoming years, opportunities are still being sought for funding.
102. There is a need to maintain assets to avoid higher maintenance costs and declining assets. This is vital where the council's commercial estate is involved if rental streams are to be maintained and industry is to be attracted to the area - and also given the increase in competition for tenants. The council maintains a Renewal and Repair Reserve for significant items of programmed work. Where major works or alterations are required these will be included within the capital programme.

Minimum Revenue Provision (MRP)

103. Local authorities are required each year to set aside some of their revenues as provision for debt repayment. Unlike depreciation which is reversed out of the accounts, this provision has a direct impact on the Council Tax requirement. The provision is in respect of capital expenditure that is financed by borrowing or credit arrangements e.g. leases. For example, an asset that cost £100,000 and has a 10 year life, and that was financed by borrowing, would necessitate putting aside £10,000 in each year (£100,000 divided by 10) to repay the debt.
104. The council is required to make a "Prudent Provision" which basically ensures that revenue monies are set aside to repay the debt over the useful life of the asset acquired. Should the existing financing assumptions alter, and additional borrowing is required, there will be a direct and additional pressure on the revenue budget.
105. The MRP is expected to increase in 2016/17 as a result of additional borrowing in 2014/15 and 2015/16.

Reserves

106. The strategic reasons for holding reserves are:-
- (a) A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing
 - (b) A contingency to cushion the impact of unexpected events or emergencies
 - (c) A means of building up funds to meet known or potential liabilities. Such reserves are referred to as Earmarked reserves.
 - (d) To assist in the transition to a lower spending council in the years ahead.
 - (e) To provide the council with some resources in future years to meet corporate objectives particularly in the areas of economic development and community safety.
107. It should be noted that capital receipts can generally only be used for capital purposes. Reserves and movements thereof will be reviewed as part of the budget process.
108. For the purposes of the strategy reserves at 31 March 2016 are estimated to consist of:-

General Reserves	Estimated Balance at 31.3.2016 £'000s
Revenue Reserves	6,541
Capital Reserve (Revenue monies)	803
Total	7,343

Earmarked Reserves	Estimated Balance at 31.3.2016 £'000s
Renewals and Repairs Reserve	1,349
Insurance & Risk Management Reserve	334
IT Reserve	156
On-Street Car Parking Surplus Reserve	20
S106 Reserve	576
VAT Reserve (incl. Senior and Youth support & Capital contributions)	225
Government Grant Reserve	534
Land Charges Claim	140
Monuments in Perpetuity	41
Ore Valley	245
Mortgage Reserve (LAMS)	124
Invest to Save and Efficiency Reserve	0
Resilience and Stability Reserve	600
Transition Reserve	1,793
Redundancy Reserve	427
Community Safety Reserve	350
Economic Development Reserve	445
Other reserves	
Total	£7,386

109. The Council's earmarked reserves are reviewed at least twice a year for adequacy. If at any time the adequacy is in doubt the Chief Finance Officer is required to report on the reasons, and the action, if any, which he considers appropriate.
110. The protection of key services remains of crucial importance to the council and the Transition Reserve, Economic Development Reserve and Community Safety Reserve has provided the council with the opportunity to protect some key services and activities into the future e.g. the ability to attract new employers to the town remains a key priority. The strategy identifies the use of these reserves in 2016/17 and beyond.
111. The budget report will advise further on the minimum level of reserves to be maintained. Given the future grant losses, the need to transform services on a continuing basis until 2019 and potentially beyond, and the need to cope with unexpected events or claims the minimum level of reserves retained was increased to £4.5m. The claim from Manolete partners in respect of the pier and restricted access is an example of the need to retain adequate reserves.
112. At 31 March 2016 General and Capital Reserves will amount to an estimated £7.3m, of which some is already committed for the empty homes strategy and the cultural regeneration in 2016/17. The balance and use of the reserves will be considered further as part of the budget process and be determined in light of the 2016/17

settlement and four year spending review.

Budget 2016/17 and beyond

113. On the basis of the government's July budget, the council can expect double digit funding cuts for the next four years.
114. To help ensure that the council can continue to deliver key services over the next three years and continue the process of transformation to a lower spending council, the use of specific reserves established e.g. Transition Reserve will occur.
115. In February 2015 the Council effectively set a balanced budget for both 2015/16 and 2016/17 albeit subject to the achievement of a number of savings and a management reorganisation and after allowing for partial use of the Transition Reserve.
116. To achieve a balanced budget in 2016/17 (without using reserves) further savings of £118,000 need to be identified.
117. To achieve a balanced budget in 2017/18 (without using reserves) savings of £1,290,000 need to be identified. This figure reduces to £340,000 after allowing for part use of the Community Safety Reserve (£100,000), part use of the Economic Development Reserve (£100,000), and a further £750,000 from the Transition Reserve.
118. To achieve a balanced budget in 2018/19 (without using reserves) savings of £2,242,000 need to be identified. This figure reduces to £1,292,000 after allowing for part use of the Community Safety Reserve (£100,000), part use of the Economic Development Reserve (£100,000), and a further £750,000 from the Transition Reserve.
119. These figures do need to be treated with some caution given that there are more uncertainties than ever in the budgeting process. The volatility in income streams has increased in respect of the business rate retention scheme.
120. The Reserves policy, to be determined as part of the budget process, will continue to take account of these risks, and will also need to take into account the ability of the council to address the indicative funding gaps within the timescales identified. For the purposes of financial planning the use of £118,000 of reserves for 2016/17, £950,000 for 2017/18 and £950,000 for 2018/19 has been included within the strategy which would still leave the council with sufficient reserves to meet significant and unexpected expenditure items.
121. A key determinant of the gap is however the funding settlement in December 2015, this will determine the level of grant receivable in 2016/17 and provide an indication for the years ahead. Future business rate income remains uncertain particularly given the level of outstanding rating appeals, bad debt provisions and small business rate relief.
122. In view of the reduced resources available in 2016/17 and beyond the council will need to continue to review the level of service it can provide and transform the way it

delivers those services.

Risk Management

123. Numerous risks are highlighted in this strategy, and further comment is made below. To balance the budget the council continues to seek efficiency savings, review the capital programme, review fees and charges, look for income generation opportunities and potentially identify further cuts in services and staff numbers. It will need to further prioritise its objectives and identify where it will need to make savings to balance the budget in the years ahead.
124. Given the long term uncertainty in funding streams the council needs to take every opportunity to strengthen reserves, whilst using them to continue to transform itself to a lower spending council. The council also needs to ensure that it continues to invest in its people, its IT services and its commercial assets. The council continually seeks to identify further opportunities for collaborative working, plus identify, investigate and implement efficiencies, identify income generation opportunities and ensure that potential savings are monitored and achieved.
125. The council maintains risk registers for corporate risks and for individual services. These continue to be updated and reviewed on a regular basis and steps are taken to mitigate the risks wherever possible and practical. The transition to a lower spending council, by joint working, and reduced staffing levels also poses additional risks.
126. Key financial risks to the council in future years include:-
 - i. Government funding, including the New Homes Bonus grant
 - ii. Business Rate Retention scheme – volatility thereof, and level of appeals
 - iii. Council Tax Support Scheme and Council Tax collection rates
 - iv. Income Streams – preservation and particularly enhancement
 - v. Joint working/ shared services. The council is looking at further joint and partnership working
 - vi. Staffing / Knowledge management. The loss of key staff through early retirement or redundancy.
 - vii. Welfare Changes (Universal Credit and Council Tax Support Scheme).

The Council Tax Support Scheme was introduced from April 2013 accompanied by government funding reductions of 10%. Whilst the council mitigated much of the impact on those claiming benefits it may not be able to do so to the same degree in the future following further reductions in government support. There remains the additional risk of increased benefit payments being made in the year – the financing risk now falling on the council. To help protect the council a Resilience and Stability Reserve was established for 2013/14 onwards to help

meet any unavoidable additional costs that arise in the year. It remains too early to tell whether there will be a call on the reserve this year.

viii. Restructuring Costs

In order to make savings of the magnitude required, the council will need to reconsider what services it can provide and to what level. Further restructuring is inevitable if a sustainable budget is to be achieved in the years ahead. Voluntary and/or compulsory redundancies have large financial consequences for the authority, both in terms of direct payments but also generally on the pension fund - in addition to the effect on the capacity of the organisation and knowledge management implications. The council established a redundancy reserve which will continue to assist in transforming the council to a lower spending organisation in the years ahead.

ix. Treasury Management – investment security and level of returns.

x. The Economy

The economic and financial instability in the world continues to be major risk.

xi. Income generation and risks arising from new initiatives e.g. social lettings agency, licensing schemes, new factory units.

127. The council has a statutory duty to set a balanced revenue budget each year and this strategy seeks to highlight the major issues (in advance) in order to do so.

Equalities and Community Cohesiveness

128. The equalities implications of the budget proposals are the subject of an Equalities Impact Assessment.

Consultation

127. The 2016/17 budget proposals will be consulted upon from the middle of January 2016 and will be considered by Cabinet on the 15 February 2016 and determined by full Council on 24 February 2016.

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Revenue Budget Forward Plan		Appendix 1				
Ref		2015-16	2016-17	2017-18	2018-19	
		£000's	£000's	£000's	£000's	
		Budget	Projection	Projection	Projection	
1	Net Service Expenditure	15,433	15,665	15,900	16,138	
2	Pension Fund - Employers Contribution Increase		50	100	100	
3	Election Costs (bi-annually)		70	0	70	
4	Aquila House		(5)	(10)	(10)	
5	IT - add back one year reduction for reprofiling		34	34	34	
6	Profile of R&R spend		(232)	(232)	(232)	
7	Profile of 950th anniversary spend		60	20	20	
8	Add back govt grant reserve funded items		(95)	(95)	(95)	
9	add back on street car parking - use of reserves		(13)	(33)	(33)	
10	Town Hall - additional letting income		(58)	(58)	(58)	
11	PIER savings - various		(164)	(164)	(164)	
12	PIER -Digital by Design		(235)	(235)	(235)	
13	PIER -Grounds Maintenance		(100)	(100)	(100)	
14	PIER -Management restructure		(100)	(100)	(100)	
15	Local Development Framework		(96)	(96)	(96)	
16	Fees and Charges		(30)	(60)	(90)	
17	National Insurance (Pensions)		270	270	270	
18	PIER -Revenues team- Benefit Administration Grant		(70)	(140)	(140)	
19	Invest to Save -profile		(664)	(664)	(664)	
20	Pebsham Landfill Site income		50	75	75	
21	Government Grant Funded items		0	0	0	
22	Contingency Provision	400	400	400	400	
23	Interest Payments (net of earnings)	170	181	181	181	
24	Contributions to Capital from grant and reserves	636	737	737	737	
25	Minimum Revenue Provision	514	583	587	587	
26	Contribution to Reserves	936	860	860	860	
27	Net Use of Earmarked Reserves	(2,474)	(1,572)	(1,269)	(1,269)	
28	Net Council Expenditure	15,615	15,526	15,908	16,187	
29	Taxbase	24,281	24,736	24,785	24,835	
30	Council Tax - estimated Band D	1.90%	240.33	244.90	249.55	249.55
31	From Collection Fund - Council Tax	(5,835)	(6,058)	(6,185)	(6,198)	
32	From Collection Fund - Business Rates	(3,022)	(3,053)	(3,083)	(3,114)	
33	Revenue Support Grant	(3,658)	(2,795)	(2,035)	(1,367)	
34	Council Tax Freeze Grant	0	0	0	0	
35	Efficiency Support Grant	(102)	0	0	0	
36	New Homes Bonus	(1,006)	(1,306)	(1,206)	(1,206)	
37	New Homes bonus return funding	(11)				
38	Disabled Facilities Grant	(666)	(767)	(767)	(767)	
39	Housing Benefit Admin Grant	(800)	(744)	(692)	(644)	
40	NNDR (Surplus) / Deficit	816	208	0	0	
41	NNDR Pooling	(80)	(80)	0	0	
42	Business Rates Section 31 Grant	(479)	(650)	(650)	(650)	
43	Council Tax Surplus	(250)	(164)	0	0	
44	Contribution To General Fund	(15,093)	(15,408)	(14,618)	(13,945)	
45	Funding Shortfall / (surplus)	522	118	1,290	2,242	
46	Use of General Reserve	Carry forward	(93)			
47	Use of General Reserve	Tfr to / (from)	0			
48	Use of Transition Reserve		(429)	(118)	(750)	(750)
49	Use of Community Safety Reserve		0	0	(100)	(100)
50	Use of Economic Development Reserve		0	0	(100)	(100)
51	Net Funding Shortfall / (Surplus)		(0)	0	340	1,292

Key Assumptions

- (1) General Inflation has been assumed of 1% for 2016/17 and beyond – but only applied to contracts. Wage inflation: 1% assumed for 2016/17 and beyond plus ½% p.a. representing contractual increments.
- (2) Pension fund cost increases – as per three yearly revaluation, plus an additional £50,000 p.a. for 17/18 and beyond.
- (3) Local elections – the costs are budgeted for in 2016/17 (these occur every two years).
- (4) Full year cost of Aquila House leases expected in 2016/17, and some additional income receivable.

Lines (5) to (9) - Reprofitting of expenditure between years – funded from reserves

- (10) Additional income from letting the town hall and recharge of costs. Some income is already built into the base budget.

Lines (11) to (14) – Priority Income and Efficiency Review savings achieved or to be achieved.

- (15) Profiling of expenditure
- (16) A general 1% increase in fees and charges, matching inflationary increases incurred, is identified for the purposes of this strategy – except in respect of car parking income and some statutory fees.
- (17) Additional National Insurance burden
- (18) Priority Income and Efficiency Review savings achieved or to be achieved.
- (19) No further contributions for invest to save initiatives beyond 2016/17
- (20) Revised income profile on Pebsham Landfill site.
- (23) Investment interest at 0.7% in 2016/17
- (29) Recalculation of the taxbase. Assumes no downturn in the economy or increases in the amounts paid out in respect of the Council Tax Support scheme.
- (30) A Council Tax increase of 1.9% for 2016/17 and for each of the following 2 years has been included for the purposes of this Strategy.
- (33) Revenue Support Grant - this forms part of the Settlement Funding Assessment. The actual figures for 2016/17 and possibly indicative figures for 2017/18 will be released in early December 2015.
- (34) Council Tax Freeze Grant: The £174,000 from 2011/12 was funded for the four years of the CSR 2010. The £174,000 in respect of 2012/13 was funded for one year only and therefore ceased for 2013/14. The 2013/14 grant of £70,012 was rolled into the Business Rates/ Revenue Support Grant baseline funding for 2014/15 and beyond. No

grant receivable for 2015/16 and none assumed for 2016/17 as the assumption is made of a 1.9% increase.

- (35) Efficiency Support Grant – a further £102,000 has been received in 2015/16. Based on current support levels the Council is not expected to qualify in 2016/17.
- (36) New Homes Bonus – additional sums are expected in 2016/17, but may decline thereafter depending upon the future of the government's scheme.
- (38) Disabled Facility Grant – the figures are estimates of government grant funding.
- (39) Housing Benefit Administration Grant. The council suffers annual reductions in the support of this service of £70,000. For budget planning purposes a decrease of 7% has been assumed for the next 3 years in line with previous government announcements.
- (40) Deficit on the collection fund in respect of business rates due mainly to prior year appeals and reimbursements. This is the Council's share.
- (42) The government extended a number of rate reliefs e.g. the small business rate relief scheme to 31 March 2016. This results in the loss of business rate income to the council. The government reimburses the monies by way of a one off grant (termed section 31 monies). The amount and timing of the payment remain uncertain for 2016/17 and beyond.
- (43) Surplus on the Collection fund in respect of Council Tax collection, mainly due to good collection and reductions in Council Tax Support being paid. This is the Council's share.
- (48) Transition Reserve – The council has been prudent over the last few years and has taken the opportunity to strengthen reserves whenever possible to help ease the transition to a lower spending council in the years ahead. The council agreed to strengthen this reserve from the General and Capital Reserves in the sum of £1.5m and use the Transition Reserve to support the budget in future years.
- (49) Community Safety Reserve – established as part of the 2011/12 budget from Transition Grant (£350,000). The use of this reserve in 2017/18 is proposed in order to continue provision of services and activities in this area.
- (50) Economic Development Reserve – established as part of the 2011/12 budget making process from Transition Grant (£400,000) specifically earmarked for job creation activity. The use of this reserve in 2017/18 is proposed in order to continue the provision of services and activities in this area.
- (51) Funding Gap: the predicted deficits in 2016/17, 2017/18 and 2018/19 are £118,000, £1,290,000 and £2,242,000 respectively. After allowing for use of the Transition Reserve over three years, the savings required amount to a balanced budget in 2016/17, £340,000 in 2017/18 and £1,292,000 in 2018/19.

Agenda Item 10



Report to: Cabinet

Date of Meeting: 2 November 2015

Report Title: Former Bathing Pool Site at West Marina

Report By: Peter Grace
Assistant Director - Financial Services & Revenues

Purpose of Report

To seek approval to progress with marketing of the Former Bathing Pool site at West Marina

Recommendation(s)

- 1. That Cabinet agrees to add the site to the Land and Property Disposal Programme for disposal in 2017/18; and**
- 2. That Cabinet agrees to Agents being appointed to market the site.**

Reasons for Recommendations

This is the last large vacant waterfront site in Hastings and it has long been an objective of the Council to see it regenerated. The site is not included in the disposal programme, and would ultimately be disposed of in part or potentially as a whole. The timescale for any disposal is not yet clear but estimated to commence in 2017/18.

This report is simply looking for authority to market the site. Any disposal, and method of disposal i.e. in whole or in part, would ultimately be made by Cabinet.

Introduction

1. The former Bathing Pool site has remained empty for over 30 years since the West Marina swimming pool and subsequent holiday camp closed down.
2. Since that time there have been many studies carried out on bringing the site forward for development but all have concluded it was not viable.
3. The land remains within the Council's ownership and there is now the opportunity to develop the site.

The Site

4. As consultants have stated:-

An excellent site at the end of the waterfront promenade, however its considerable distance from the town centre puts it at a disadvantage. London road and warrior square are approximately 1.5km away (20 minute walk). Hastings old town is some 3km away, so any prosperity in the town centres is a long way from the site, making it very much the far end of the seafront conurbation. It is a quiet area with a transitional character which is reinforced by the surrounding land uses and character of Bulverhythe seafront – Territorial Army, Sea Scouts, fishing boats.

In terms of sustainability credentials it is hard to better, being less than 3 minutes walk from West St Leonards railway station, a minute walk from the shops, post office, Bo Peep pub and buses on the Bexhill Road (A259) and with a national cycle path running along the seafront.

5. Any development will need to address the potential sea defence and flooding issues given the exposed position. The costs of changing this part of the seafront could be prohibitive and as such the developable area is generally that part north of the cycle path. The different levels across the site will result in different development opportunities and solutions. Given that much of the site is generally higher than housing sites along seaside Road there is a reasonable chance of achieving agreement to residential development on the site.
6. There are On-Site service Constraints

Approximately 50% of the site is undevelopable for conventional building development because of underground constraints or sea defence issues, with the Eastern part being relatively unconstrained, and even here there is a back filled swimming pool beneath the surface. These issues and constraints need to be fully investigated before any land sale or joint venture can be agreed since they may affect the potential financial return on developing the site.

The constraints are numerous and complex. The principal one is the large surface water holding tank in the centre of the site which does not allow any development over it but does allow open space to be sited above it. It is surrounded by culverts, access vents and chambers in a complicated arrangement which is best left well

alone. The western part of the site is constrained by a variety of services and their exact location and identity is not clear.

Feasibility

7. In 2014 the Council sought proposals from consultants for advising on options for bringing the site forward for development.
8. The submissions were appraised and Carter Jonas LLP was appointed. They are one of the UK's largest firms of property consultants and operate from offices in central London and key regional centres.
9. The work they were instructed to undertake included the following:
 - a. An initial strategy workshop.
 - b. Site investigations and obtaining engineer's advice.
 - c. Produce a masterplan of two scheme variations.
 - d. A market review of the schemes.
 - e. Financial appraisals of the schemes.
 - f. Issuing a masterplan report.
10. The masterplan report was issued to the Council in June and the findings were:
 - a. Now is a good time to bring the site to market, as the current political and funding environments are stable and supportive of development.
 - b. The best way of bringing the site to market is likely to be a straight sale of land (rather than a joint venture) but this can be considered further once market testing has been carried out.
 - c. Two scheme design options have been produced and financially appraised and are considered to be viable.

Council's Vision & Planning

11. The intention is to make this area an even more desirable place to live and visit, as well as helping to make the local economy more sustainable.
12. The site is allocated for a mixed use (residential and commercial) in the recently adopted Development Management Plan. There remains a critical need for housing within the Borough.
13. The development of the site sits comfortably with the Council's seafront strategy and with the wider review of the White Rock area.
14. Carter Jonas have suggested a development concept for the site but recommend producing a development brief to form part of the marketing materials. It is possible

that potential purchasers may require greater certainty on planning and it may be necessary for the Council to seek an outline planning consent.

15. The development concept they put forward was based on four key elements:

- A central square over the undevelopable waste water reservoir and adjacent services
- the retained seafront walkway/cycleway rethought and enclosed by timber buildings focused around a potential artists' colony and display space
- an informal and somewhat eclectic village of vertical timber town houses in the west;
- A more formal residential development in the east relating to the form and scale of the conservation area.

16. The design concept that the consultants have put forward was built on the vertical/horizontal aesthetics of Hastings Old Town fishermen's huts. The design concept builds in the use of shingle rather than more formal approaches.

17. The development brief will form a key part of the marketing materials. At this time the Council needs to keep an open mind on what may or may not be achievable on the site. It may be that developers may have views and funding opportunities for other developments on the site e.g. inclusion of a quality hotel. At this stage there is no requirement for the Council to restrict the ideas that may come forward within the boundaries set out within a development brief. Whilst it

Proposals for Marketing

18. Carter Jonas advise that potential purchasers will require some level of due diligence to be undertaken in order for them to form their bids. This would include site surveys such as pollution and contamination, services trace, topographical and flooding. These surveys although costly will help take out some of the uncertainties on the site and help developers assess what could go on the site and where.

19. On completion of the pre marketing preparation, including a development brief, it is proposed to take forward the marketing in two stages as follows:

- a. Marketing Stage 1 (Expression of Interest)
- b. Marketing Stage 2 (Informal Tender)

Local Peoples Views

20. Consultation with the community can only realistically take place on a meaningful basis when there is a development proposal put forward.

21. Carter Jonas would be engaged to assist in this consultation exercise.

22. A full report to members would then follow.

Maintaining Control of What is Built and When

23. The Council will need to ensure that any development proposal that it wishes to accept will be developed within an acceptable timeframe, that it will be built to the quality and to the standard and design that the Council had ultimately accepted, and that the Council is able to ensure that there is sufficient resource to complete the building out of the whole site. It is not known whether developers will put in proposals to build out the whole or just parts of the site.
24. The potential for a joint venture has been considered and the Council is currently advised that the costs would be prohibitive for a scheme of this size.
25. The Council will maintain the necessary control to ensure that we get the development that is appropriate for the site.
26. The Council will be able to determine whether it wishes to proceed with a sale and include conditions on the sale following consultation e.g. requirements to complete the construction within a set timescale.

Financial Implications

27. The Council agreed a sum of £40,000 in its 2015/16 budget to take the project forward. The total costs incurred to date in producing the masterplan report amount to £12,650 – a balance of £27,350 remaining.
28. The Council has also made a successful application to East Sussex County Council's Catalysing Stalled Sites (CaSS) fund for a £30,000 contribution towards the costs that will be incurred in developing the site.
29. The estimated costs for the next stage of surveys required for due diligence e.g. pollution and contamination, services trace and legal review, flooding, plus agents fees, is £60,000.
30. Thereafter, if surveys are positive and there are no showstoppers, costs will be incurred for Pre market preparation, Marketing Stage 1 (expressions of interest), Marketing Stage 2 (Informal tender), Evaluation and Completion. The costs of these next four stages are estimated at some £52,500. These costs to include an Environmental Impact Assessment screening report and the development brief.
31. In the event that a joint venture/development agreement route is taken, this would trigger European procurement rules and would incur significant additional fees including an estimated £50,000 of property consultancy fees in addition to specialist legal costs. The timescale would be extended significantly too. This route is not being proposed.
32. The costs of taking the site to the market are not insignificant if the Council is to “de risk” the sale as far as possible and thus maximise the value. The best estimate of likely fees (paragraphs 14 to 16 above) amount to £125,150 of which £30,000 would come from ESCC.

In summary the costs are:

	Cost Estimate (£)
Masterplan report	12,650
Surveys – due diligence	60,000
Pre-market preparation, Marketing Stage 1 (expressions of interest), marketing Stage 2 (Informal tender), Evaluation and Completion, Environmental Impact Assessment, Development Brief	52,500
Total	125,150

33. If outline planning consent is required then this would also incur additional costs estimated in the region of £30,000 plus costs of environmental and transport studies potentially which may also be significant. The Council would need to fund these sums until such time as the sale receipts are received.
34. The estimated net sale proceeds to the Council range from £1.7m to £4.8m. A significant proportion of this may be required to fund facilities in the central area e.g. play facilities. A further significant element could be required to develop the western area of the site if developers were only interested in the eastern end of the site. It is however premature to speculate on what developers may propose.
35. As stated elsewhere in the report the £30,000 ESCC money will be repayable to ESCC if the site is sold within 3 years.
36. The site may be developed in stages in which case some of the site could potentially be retained by the Council and developed using the proceeds from earlier stages. This very much depends upon the results of the marketing exercise and developer proposals received, and would be subject to further reports to cabinet.

Risk Management

37. Whilst the Council can undertake surveys to de-risk the site and hence maximise proceeds, there remains the risk that developers may not be forthcoming. As such the Council's outlay will remain at risk for some time.
38. The surveys undertaken, albeit costly, will however be of use for any future development/site disposal.
39. The use of ESCC monies helps reduce the financial risk should the scheme not proceed. If it does proceed the Council will need to repay the £30,000 to ESCC but will have the sale proceeds to finance this. The ESCC monies would then, no doubt, be used for other stalled sites within the county.
40. A steering group of lead members and officers will continue to oversee the marketing of the site and consideration of the development proposals.

Conclusion

41. The initial feasibility study shows that the site is potentially viable to develop.
42. In order to bring the site forward for development it is recommended that the site be added to the Council's land and property disposal programme and that Carter Jonas are appointed to market the site and manage the sale process.
43. At this stage of the process it is not known how developers will view the site and whether it will be developed as a whole or in lots. If it is the latter, and is purely speculation at present, the Council will need to ensure that there are sufficient receipts from the early phases to develop the later stages. There is also the potential for the Council to develop and maintain an income stream from some future developments on the site. This would need to be assessed following the receipt of proposals from potential developers through an informal tendering process.

Wards Affected

West St. Leonards

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	Yes
Anti-Poverty	No

Additional Information

None

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Agenda Item 11



Report to: Cabinet

Date of Meeting: 2 November 2015

Report Title: Hastings and Rother Community Led Local Development (CLLD) bid

Report By: Monica Adams-Acton
Assistant Director, Regeneration and Culture

Purpose of Report

- To brief members on the opportunity to apply for funding through the UK Community Led Local Development programme.
- To seek delegated authority to proceed with the multi-stage CLLD application process and, if successful, implementation of a CLLD programme targeting the most disadvantaged areas in Hastings and Bexhill.

Recommendation(s)

1. That authority be delegated to the Director of Operations, in consultation with the Lead Member for Regeneration, to:
 - Agree final submission for stage 1 and stage 2 CLLD applications.
 - Enter into negotiations and agreements with funding bodies and delivery partners.
2. That the Council serves as accountable body for a CLLD programme across the Hastings and Rother area.
3. That up to £20,000 of Council staff resources be committed as in-kind matched funding to enable draw-down of CLLD grant to support the development of a second stage bid.

Reasons for Recommendations

The CLLD programme provides an opportunity to secure funding for measures to link people in deprived communities to jobs, skills development and entrepreneurial activity. There is a very short timescale in which to submit a preliminary application which must include commitments that would then form part of later staged bids.

Based on the 2010 IMD results (on which CLLD is based) Hastings is the 20th most deprived town in the UK. Across Bexhill and Hastings, 24 wards are within the 20% most deprived in the UK. However there are areas of opportunity and business growth, and CLLD funding could help ensure that people in the most deprived communities are linked to these opportunities.

Background

1. Appendix 1 to this report provides a detailed background of the CLLD programme and the outcome of the local partnership work to date. It also sets out some of the indicative priorities and activities that could be delivered through a local CLLD approach.
2. The national CLLD programme has been subject to prolonged delays. The South East LEP first called, at very short notice, for expressions of interest in December 2013, and Hastings Borough Council was one of the few local authorities that submitted an expression of interest within the deadline. There was a subsequent second call which elicited interest from other areas.
3. The application process was initially expected to be early in 2014, but was only announced on 30th September this year. The accompanying guidance and criteria for bidding has altered substantially from the guidance issued in 2013.
4. Fundamental requisites of a successful CLLD application include:
 - a. The establishment of a Local Action Group, comprising local public, private and civil society representatives, who will bring forward and fund projects identified through a CLLD Strategy. In conjunction with the Accountable Body who will act as the applicant for the implementation stage, this group will also be accountable for the financial performance and delivery of the projects.
 - b. The development of a CLLD Strategy evidencing the specific and unique needs of the proposed CLLD area that can only be addressed through targeted interventions and that cannot be addressed through mainstream provision.
5. Council officers have consulted a range of organisations to identify likely priorities for a CLLD application. These include: Amicus Horizon, Department of Work and Pensions, East Sussex County Council, Education Futures Trust, Fellowship of St Nicholas, Hastings and Rother Clinical Commissioning Group (CCG), Hastings Intercultural Organisation, Hastings Mosque, Hastings Voluntary Action (HVA), Rother District Council, Rother Voluntary Action (RVA), Sea Change Sussex, and Sussex Coast College Hastings,
6. A small working group has been set up to develop the next stage of the process, and includes Amicus Horizon, CCG, HVA, RVA, Rother Council and Hastings Borough Council.
7. CLLD is a multi-stage process, and a flow chart is appended to show the various stages. A deadline of 24th November has been set for submission of an expression of interest which, if successful would release a grant of up to £20,000 for the development work that would be required in the later stages. The grant must be matched.
8. According to the latest guidance, preliminary expressions of interest will be assessed by the end of January 2016 and funding agreements completed in February 2016.

CLLD Investment Priorities

9. There are two funding streams (and two managing authorities), with differing but complementary investment priorities:

<p style="text-align: center;">European Regional Development Fund</p> <p style="text-align: center;">Managing authority: Dept of Communities and Local Government</p>	<p style="text-align: center;">European Social Fund</p> <p style="text-align: center;">Managing authority: Dept of Work and Pensions</p>
<ul style="list-style-type: none"> • Building capacity within communities as a foundation for economic growth in deprived areas. • Tailored business support activity, mentoring, coaching, information, advice and guidance. • Small equipment grants. • Provision of small scale community hub facilities to support Small and Medium Enterprises. • Support to embed and apply innovation in a local context that builds on community assets in pursuit of jobs and growth. 	<ul style="list-style-type: none"> • Embedding access to opportunities for growth for all areas and groups. • Addressing persistent levels of unemployment, economic inactivity and poverty, particularly in urban areas • Promotion of entrepreneurship and access to local services and amenities.

Indicative CLLD programme value for Hastings-Bexhill

10. The minimum total budget for a CLLD programme is €3m (approx £2.3m). Programme match funding requirement is 50% (with the balance coming from ERDF and ESF).
11. The current indicative proposal for Hastings and Bexhill is:

ERDF + ESF grant	£4,205,000 (60% ERDF, 40%ESF)
Match contribution	£3,364,000 (public/private)
Total indicative budget	£7,569,000

Policy Implications:

12. Equalities and Community Cohesiveness: a successful CLLD bid will directly address issues of inequality and cohesion.
13. Economic/Financial: CLLD is likely to be highly competitive and there is a risk that cost of the staff time spent on developing the bid (and contributing the matched requirement to draw down the £20,000 development grant) would not result in CLLD funding for Hastings. A successful bid, however, has the potential to draw down up to £4.2m European funding (ESF and ERDF) to address economic exclusion in Hastings and Bexhill, which far outweighs this risk.
14. Local people's views: a fundamental principle of CLLD is that it delivers targeted solutions to issues that have been identified by the local community as barriers to economic inclusion and growth. The delivery of the solutions will be based within and led by the community.
15. Anti-poverty: if the CLLD bid is successful, the programme will target the most deprived communities in Hastings. There will be a range of specific measures focused on helping people gain employable skills and jobs, and will support local entrepreneurs.

Wards Affected

ALL

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	x
Crime and Fear of Crime (Section 17)	
Risk Management	
Environmental Issues	
Economic/Financial Implications	x
Human Rights Act	
Organisational Consequences	
Local People's Views	x
Anti-Poverty	x

Additional Information

CLLD Call document:

https://assets.digital.cabinet-office.gov.uk/media/560b9cac40f0b6036d000017/South_East_CLLD_OC30R15L0218.pdf

Appendix 1 CLLD Background paper

Appendix 2 CLLD Flow Chart

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What is Community - Led Local Development (CLLD)?

1. Community-Led Local Development (CLLD) is one of the European Structural Fund investment priorities under the Promoting Social Inclusion and Combatting Poverty Thematic Objective. Initially modelled on the LEADER programme, it is a tool aimed at sub-regional levels (areas with between 10,000-150,000 populations). CLLD programmes will be based on a partnership of public, private and civil society sectors coming together to form a Local Action Group (LAG) that will develop and drive the delivery of a Local Development Strategy (LDS) for a period of five years.
2. The main principles behind the programme are that:
 - CLLD is community-led, by local action groups composed of representatives of local public and private socio-economic interests;
 - CLLD will be carried out through integrated and multi-sectoral area-based local development strategies, designed to take into consideration local needs and potential;
 - CLLD will mobilise and involve local communities and organisations to contribute to achieving the Europe 2020 Strategy goals of smart, sustainable and inclusive growth, fostering territorial cohesion and reaching specific policy objectives;
 - CLLD seeks to develop a single methodology, which will allow for connected and integrated use of all relevant funds not simply those from CLLD programmes to deliver local development strategies.
3. The emphasis is on co-production – with the people who were previously passive beneficiaries of a ‘policy’ becoming active partners and drivers of its development.’ However while holistic in approach, the programme will be required to deliver on getting people into jobs, or at least nearer to the jobs market and on creating jobs and economic growth.
4. Funding for CLLD will come from Local Enterprise Partnerships’ funding allocations from the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The budget available for this within the South East LEP area is £9.991m. Bidding for CLLD funding is a competitive process.

Hastings and Rother CLLD

5. Hastings Borough Council, working closely with Hastings Voluntary Action, Rother District Council, Rother Voluntary Action and other local organisations have been working together to identify likely priorities for a local CLLD programme. The programme will focus on the most disadvantaged communities within Hastings and Bexhill particularly Central St Leonards and Gensing in Hastings and Sidley in Bexhill. This work began in late 2013 and an initial expression of interest was submitted to the South East LEP in January 2014, which was subsequently included in the South East LEP’s European Structural Investment Framework Strategy.
6. This CLLD will target the most deprived wards and SOA’s in Hastings and Bexhill with a total population of 76324. (see map-tabled)
7. It will capitalise on strong existing relationships with developers of housing and employment spaces, Social housing providers (Amicus Horizon), the University of Brighton, Colleges, Schools, voluntary and community organisations, the clinical commissioning group, and those working in the cultural economy to develop and deliver a robust suite of activities with the aim of connecting opportunities to those in greatest need. There is considerable experience amongst partners in operating this kind of structure through both Hastings FLAG and LEADER.

Indicative Match and Budget

8. The minimum total budget for each CLLD Programme is 3m euros (c £2.3m), with the programme match funded at programme level at 50% (with remaining 50% coming from the ERDF + ESF grant).

The current proposal for Hastings and Bexhill CLLD programme is:

- ERDF + ESF grant £4,205,000 [ratio of ERDF (60%), ESF (40%)]
- Match contribution £3,364,000 [public/private] (ESF requires 50% match; ERDF 40%)
- Total indicative budget £7,569,000

The opportunity and need for a Hastings and Rother CLLD

9. Hastings and Bexhill are at a pivotal point in their regeneration. Within the area, key programmes of regeneration are well advanced and this proposal aligns with the long-term activity of Sea Change Sussex which has developed much of the physical infrastructure to transform the area's investment potential, providing business support services and improvement of local education. Developments such as Hastings Pier, White Rock Baths and investment on our seafront from Coastal Communities Funding are having positive effects in boosting the visitor economy and creating more jobs.
10. Strategically, HBC places strong emphasis on the role of arts and cultural in the ongoing regeneration of the town. This is articulated in our current Corporate Plan, our joint Six Point Plan and in our Cultural Regeneration Strategy. We are working with regional partners, in particular East Sussex County Council and Rother District Council to ensure that investment in the creative sector is applied strategically to strengthen the visitor economy across 1066 Country (the tourism area covering Hastings, Rother District and parts of Wealden District), while addressing issues of job creation and social cohesion, and using these as driving components of arts provision in schools and colleges. ROOT1066 will mark the 950th anniversary as a national cultural event, facilitate long-term international partnerships and launch a new phase of culture-led regeneration for the area.
11. The above regeneration activities are all happening now and during 2016, and their legacy will be capitalised on by the CLLD programme which is due to commence spring 2017.
12. Other development sites which will come online during the proposed CLLD timescale (2017-2022) will also add opportunities for locally led development to this programme. These sites will have a strong cultural focus, and will build upon the micro business landscape of the area, linking into proposed programmes run by key partners within the LAG.
13. With these developments in mind our task is now to ensure that the opportunities presented are open to all and that our drive for better jobs and business opportunity is matched by our commitment to social inclusion and the types of support which will ensure that regeneration is truly a process which impacts positively on the whole community.
14. With gentrification evident in some areas, further development of our primary, secondary and tertiary education provision, growth of employment spaces and provision of further mainstream and structural funds, there is danger of a widening gap within the most deprived wards and with their more prosperous surroundings. Individuals within these most deprived areas are unable to access more traditional funding schemes, to begin working towards employment/enterprise.
15. This CLLD's main aim is to prevent the gap from widening and work towards closing it. It will give individuals the skills and opportunities to gain employment, the tools and ongoing support needed to start and maintain their own enterprises; and on the pathway to being able to access more traditional avenues of support (and will then articulate with the wider East Sussex/LEP initiatives

and ESIF programmes such as Business East Sussex and Skills East Sussex, BBO/ DWP ESF and ERDF calls).

16. It is also envisioned that CLLD will go some way to counter the negative impact of the continued levels of deprivation outlined below.

17. Hastings and NE Bexhill were granted Assisted Area status in July 2014, in recognition of market failure.

18. Additional statistics:

- Despite traditional programme investment over many years Hastings remains the most disadvantaged district in South East England. Hastings has shown the lowest median income in the South East of £18,876 per year and the lowest amount of people in some form of work with only 31,200 people (Business Register and Employment Survey (BRES) October 2014).
- Hastings has also shown the largest number of people unemployed in an East Sussex town of 1,346 (Office for National Statistics/NOMIS, July 2015).
- The prospect of getting a job in Hastings is also the lowest in south England with only 0.65 jobs available per person of working age (NOMIS/Office for National Statistics). Unemployed numbers are concentrated in the most deprived wards in Hastings and in Sidley in Bexhill.
- Hastings has the largest number of people in the south east, 19,956, with long-term health problems or disability (2013, Office for National Statistics (ONS), KS301). The proposed next stage of welfare cuts of up to £30pw to the sick and disabled could have a huge impact in increasing the levels of poverty and economic disparity.
- This geographical area also has the highest percentage of young people in the county living in poverty with 26.7% compared to England of 18.6%.
- The largest number of young people living in poverty is in Central St Leonard's - 40.9% and Baird 39.6% (HM Revenue & Customs, Children in Children in Low-Income Families Local Measure statistics).

These figures have a far wider economic impact and currently negatively affect inward investment, the visitor economy and attracting students from outside the area to study here.

Potential Activities and Outputs

19. As previously outlined this CLLD will work with the most disadvantaged neighbourhoods and will link communities to skills and opportunities, working thematically as well as in neighbourhoods to support enterprise, create jobs and get people on the path to paid employment:

Theme	Activity	Outcomes
Communities	Work with St Leonards/Gensing and Sidley to address priority needs, and promote economic growth and community activities that link people to opportunities and skills; Work with the local BME communities to support and develop businesses and to link people into training, and support in the wider economy.	More local entrepreneurs will set up viable businesses and help others to do the same, making the most of digital technology.
Skills and opportunities	Employability: Work with adults from disadvantaged communities who are not in work but not necessarily on benefit (including those over 50) to help them develop their potential. Within this broad priority we are looking at how to support the most disadvantaged, possibly through individual support linked with a nominal budget and menu of training and activities Enterprise and Innovation: Work with local entrepreneurs on how to turn ideas into viable businesses and support entrepreneurs (including social entrepreneurs) in disadvantaged communities	Social enterprises will expand, creating jobs and opportunities for volunteering and work experience. People who are not working, including older people, will get support to
Cultural Regeneration	Developing basic skills , in particular entrepreneurial skills, through engagement in arts and cultural activity.	

	<p>Building on the tradition of festivals in the area to provide opportunities and entry points for people in the target communities.</p> <p>Building the more engaged creative practitioners and businesses in St Leonards and more widely, with those less engaged to raise aspiration</p>	<p>get into training and paid work.</p> <p>Local people will benefit from opportunities in new developments along the link road and seafront and from the expanding cultural and creative sector and visitor economy.</p>
Digital by Choice	<p>Enable people from disadvantaged communities and businesses to access and make effective use of digital technology.</p>	
Brokerage of opportunities	<p>Assisting local people to get work in new developments such as the housing construction in North Sidley and industrial sites on the new link road between Hastings and Bexhill.</p>	

20. Next Steps

Stage 1: Preparatory Stage

- Call for the preparatory stage opened on 30 September. The application for preliminary funding needs to be made by 24th November. This will unlock up to £40,000 of funding (50% match) to support the on-going bid development, including the development of a strategy.
- A Local Action Group (LAG) – a partnership of the community, business and public sector will be established. The LAG will lead on the development of the bid and implementation.
- An accountable body will be identified (likely to be HBC).

Stage 2: Application stage

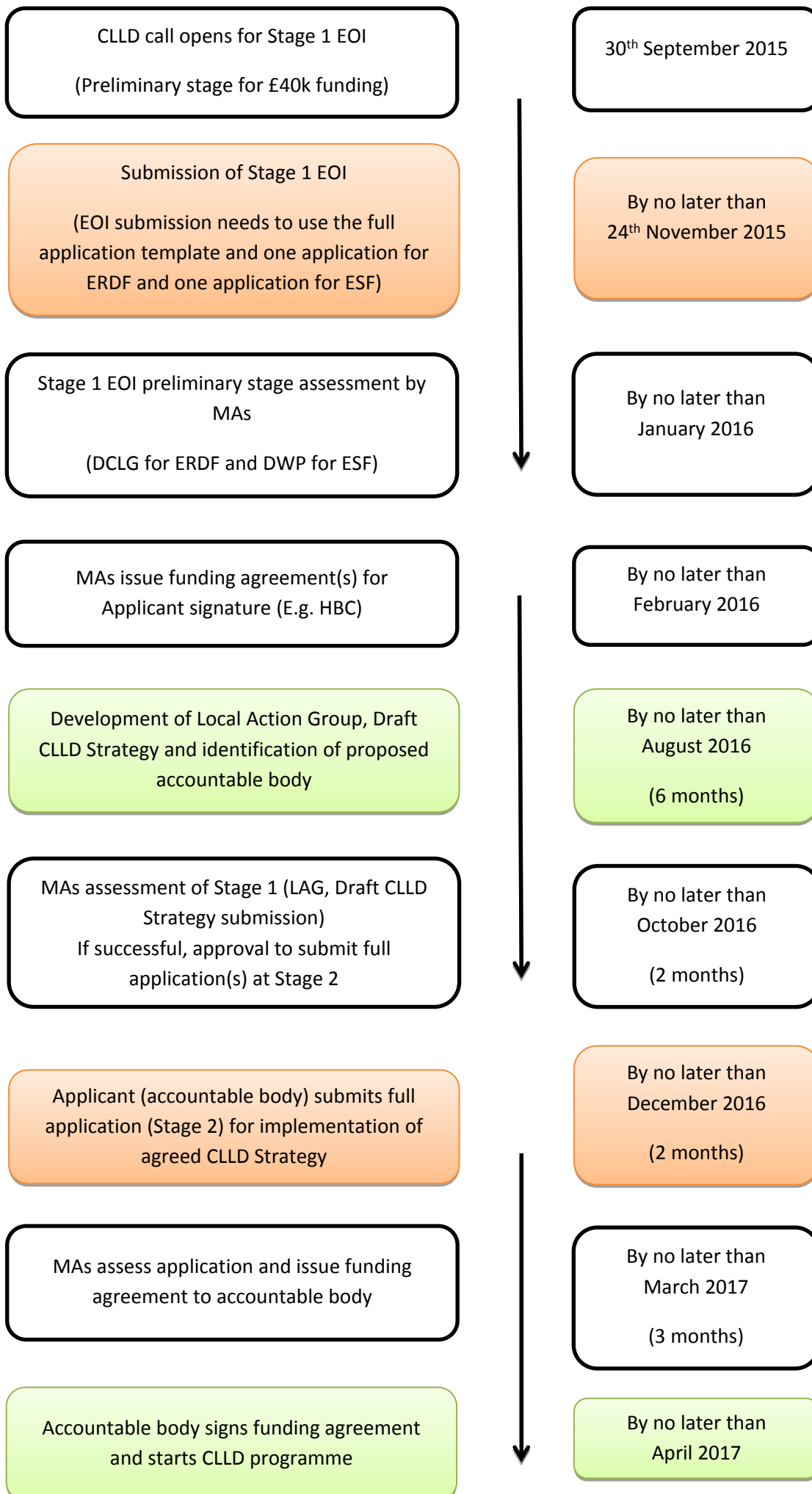
- The LAG will have up to six months from March to end of August 2016 to develop and submit a draft strategy; local residents, community and voluntary organisations and businesses will be involved in this process. This will be a competitive process with successful bids being notified by end of October 2016..

Stage 3: Implementation stage

- Full applications will need to be submitted by end of December 2016 for both ESF and ERDF detailing how the strategy will be implemented.
- The LAG will need to identify at least 50% match funding to support the full ESF application and 40% for the ERDF application.
- Upon successful approval of the full application, the implementation and roll-out of the strategy would begin early spring 2017 for a period of 5 years.

Stage 2 of the process will be accessed competitively against other partnerships across the UK and within the SELEP region. It is anticipated bids within SELEP will include Thurrock, Folkestone, Dover, and Ramsgate as well as Hastings/Bexhill. It is unlikely the funding available will be sufficient to fund this programme in all places and therefore a real level of competition is likely to exist.

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28 SEPTEMBER 2015

Present: Councillors Hodges (Chair), Forward, Cartwright. Also in attendance Mr Chris May, the Protector

6. **APOLOGIES FOR ABSENCE**

None.

7. **DECLARATIONS OF INTEREST**

None.

8. **MINUTES OF THE MEETING HELD 27 JULY 2015**

RESOLVED – that the minutes of the meeting held on 27 July 2015 be approved and signed by the Chair as a correct record.

9. **ADDITIONAL URGENT ITEMS (IF ANY)**

None.

10. **FORESHORE TRUST GRANTS PROGRAMME**

The Assistant Director Regeneration and Culture presented a report to introduce the recommendations of the Grant Advisory Panel (GAP) in respect of projects to be funded the Foreshore Trust Small Grants Programme 2015/16.

The purpose of the small grants programme is to support organisations delivering a range of activities for local people that address the Charity's objectives and priorities.

The Chair, Andrew Colquhoun, of GAP presented the panel's recommendations to the committee. The small grants programme had been advertised from June 2015 in a variety of web pages and printed publications, and a total of 36 applications for funding had been received. Each grant application had been assessed against the Foreshore Trust's objectives and scored by two members of the GAP, and then jointly reviewed by a meeting of the full panel. The GAP recommended approving seventeen grant applications for the 2015/16 programme, totalling £53,315. Each of the successful applications will be subject to monitoring of take up and impact of the project, in line with the Foreshore Trust's equalities policy.

Members of the committee thanked the GAP for their efforts in assessing the applications for funding.

Councillor Hodges proposed approval of the recommendations, as set out in the resolution below, seconded by Councillor Cartwright.

RESOLVED (unanimously) that:
Charity Committee accepts the Small Grants recommendations of the GAP as set out in Appendix 1 of the report.

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The reason for this decision was:

The Grant Advisory Panel has appraised the merits of the applications received for Small Grant support and has made a number of recommendations for grant awards that can be funded from the 2015 – 16 budgets. These were assessed with detailed discussion on each application at two GAP meetings held during July 2015.

11. **FORESHORE TRUST - ANNUAL REPORT AND FINAL ACCOUNTS 2014/15**

The Assistant Director - Financial Services and Revenues presented a report which sought approval of the 2014/15 Annual Report and Financial Accounts.

A surplus of £251,000 had been achieved in 2014/15, which was in line with projections. The report identified key areas of income and expenditure for the Trust over the previous financial year. The main programme reserve was £688,172.

The council had received an unqualified opinion on the accounts from its external auditors. The Charity Committee, on behalf of the council as Trustee, was required to approve the annual report and financial accounts by 30 September 2015.

Councillor Cartwright proposed approval of the recommendations to the report, seconded by Councillor Forward.

RESOLVED (unanimously) that:

That the Annual Report and Financial Accounts for 2014/15 are approved.

The reason for this decision was:

The Council has the responsibility for the proper management of the financial affairs of the Trust.

The Council as Trustee, through the Charity Committee, is required to approve the annual report and accounts by the 30 September each year.

12. **FORESHORE TRUST - FINANCIAL REPORT**

The Assistant Director - Financial Services and Revenues presented the finance report to the committee. The report outlined the financial position of the Trust in 2015/16.

In March 2015, the Trust had agreed its budget for 2015/16, with an estimated surplus of £248,000. The Trust's income and expenditure for 2015/16 remained in line with the budget projections. Expenditure for the potential kiosk and landscaping/fountain works had been excluded from the business plan until there is more certainty of the Trust's financial position. It was noted that levels of the latest month's car parking income will be included in the report for the next meeting on 14 December 2015.

Councillor Forward proposed approval of the recommendations as set out in the Assistant Director – Financial Services & Revenues to the report, seconded by Councillor Cartwright.

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RESOLVED (unanimously) that:
The current financial position for 2015/16 be agreed.

The reason for this decision was:

The Council has the responsibility for the proper management of the financial affairs of the Trust. In doing so it complies with Accounting Codes of Practice and the high standards required for the accounting of Public money.

A surplus in line with budget expectations is anticipated for 2015/16 in respect of ongoing operations.

13. FUTURE MANAGEMENT OPTIONS FOR THE STADE FACILITIES

The Assistant Director Regeneration and Culture presented a report which sought to advise the Charity Committee on the current position and future options regarding management arrangements for the Stade Hall, Classroom on the Coast and the Stade Open Space (Stade Facilities).

The Facilities have served as successful venues for a large number and wide range of community based activities over the years. European funding through the Fisheries Local Action Group (FLAG) programme which, in recent years, has supported a number of events and Facilities administration and promotion comes to an end in October. The report identified a number of interim measures and arrangements for the Stade facilities until more permanent options can be investigated and agreed, and these include administration of the Stade Facilities by the Council on behalf of the Foreshore Trust; reinstigation of regular meetings of the Management Advisory Group; continuation of some traditional events, and investigation of activities that will enable the Facilities to be self-sustaining over the longer term. DEFRA have confirmed there will be a Flag II programme which will be clarified in Autumn this year.

Councillor Cartwright proposed approval of recommendation 1 to the report, seconded by Councillor Forward.

Councillor Forward proposed approval of recommendation 2 to the report, seconded by Councillor Cartwright.

RESOLVED (unanimously) that:

- 1. That the Charity Committee approves the interim measures set out in section 20 of this report.**
- 2. That a further report setting out options be brought to the Charity Committee in time for implementation in 2016-17.**

The reason for this decision was:

The external funding for promotion and management of these facilities will cease in October, and there is a need to put in place alternative arrangements to ensure that these facilities can continued to be used for the benefit of the general public.

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14. POWER TO BORROW

The Chief Legal Officer presented a report which sought approval to provide the Hastings and St. Leonards Foreshore Charitable Trust with an express power to borrow.

The Charity Commission have advised the Charity Committee that the Trust would benefit from the express power, and that they would need to formally agree the recommendation to the report. Once agreed, the minute will be sent to the Charity Commission to consider giving their written consent to implement Clause 5(4) of the Charity Commissions model Trust Deed, which provides a power to borrow.

The committee will receive a further update from the Chief Legal Officer concerning the time frame and how the change will be implemented as soon as this information is provided by the Commission.

Councillor Cartwright sought clarification on S124 and S126 of the Charities Act 2011 as referred to in the report. The Chief Legal Officer confirmed she would respond directly to him.

Councillor Cartwright proposed approval of the recommendations to the report, seconded by Councillor Forward.

RESOLVED (unanimously) that:

Charity Committee confirm that they adopt the wording contained in Clause 5(4) of the Charity Commission's model Trust Deed that being "to borrow money and to charge the whole or any part of the property belonging to the Charity as security for repayment of the money borrowed. The Trustees must comply as appropriate with Sections 124-126 of the Charities Act 2011 if they wish to mortgage land owned by the Charity".

The reason for this decision was:

The Hastings and St Leonards Foreshore Charity Trust would benefit from having an express power to borrow money.

15. MINUTES OF THE COASTAL USERS GROUP HELD ON 8 SEPTEMBER 2015

The extract of Foreshore Trust items from the minutes of the Coastal Users Group meeting held on 8 September 2015 were submitted.

RESOLVED (unanimously) that the minutes of the meeting of the Coastal Users Group held on 8 September 2015 be received and noted

16. NOTIFICATION OF ANY ADDITIONAL URGENT ITEMS

None.

(The Chair declared the meeting closed at. 6.36 pm)

14 SEPTEMBER 2015

Present: Councillors Poole (Chair), Hodges (Vice-Chair), Charlesworth, Sinden, Street and Webb (as the duly appointed substitute for Councillor Howard)

Museum Association Representatives: Mr Adams, Mrs Purdey, Mrs Barrett, Mr Peak and Mr Palfrey-Martin

10. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Charman, Edwards and Howard and noted for Alison Hawkins.

The Chair reminded Councillor Charlesworth there was a conservative position on the committee which was vacant.

The Chair updated the committee on the status of the Old Town Hall Museum. Since the closure of the building, contractors had commenced works on improving the appearance on the outside of the building, inside the building structural works will be required. Since the Museum had closed, she advised that several local groups and interested parties had expressed an interest in using the Old Town Hall.

11. MINUTES OF THE MEETING HELD 13 JULY 2015

RESOLVED – that the minutes of the meeting held on 13 July 2015 be approved and signed by the Chair as a true record subject to removing the words ‘Vice-Chair’ from Councillor Howard and adding to Councillor Hodges, under members present; and under item 1, Apologies For Absence, replace the word ‘Councillor’ with ‘Mrs’ Erica Barrett.

Mrs Purdey corrected minute, No. 5, Curators Report, she asked that 1 member of the committee inspect the store with the curator every couple of months to ensure that all items are thoroughly checked for mould as there had been concern that mould had been missed on some items.

12. DECLARATIONS OF INTEREST

Councillors made no declarations of interest at this meeting.

13. NOTIFICATION OF ANY ADDITIONAL URGENT ITEMS

None.

14. CURATOR'S REPORT

Cathy Walling, Museum Curator, presented a report to provide an update on issues arising from previous meetings and confirmation of Curator's actions.

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1. The main store has been emptied of items and works have started on interior cleaning and redecorating. Staff and volunteers continue to clean objects that have been removed from the store. The environmental heating system to monitor the store environment will be upgraded, readings transmitted to a computer for inspection, and the conditions inside the store regularly checked by staff. The Preventive Conservation Officer for SE Museums Development Programme has visited and will be presenting a further conservation training day for volunteers and staff. The oil paintings have been moved to the Keep providing more space. Councillor Sinden asked if there was anything that had been recovered which was beyond repair. The Curator confirmed that nothing has yet been identified as damaged.

2. Permission has been given for several image reproduction requests:-

- a) Images of Hastings Pier for a book to be written by Steve Peak for the Pier Charity
- b) Moss's 'Rescue at Hastings' for a self-published family history by Sarah Harris.

1. Filming of a documentary on the Piltdown Man for French and German TV will commence in late September at the museum. Councillor Charlesworth asked if a copy of the film could be provided with subtitles. In addition, she suggested that the film be screened at the museum to encourage visitors.

2. The Hawaiian Feather Cloak has been received by the De Young Museum of Fine Arts in San Francisco for their exhibition on 'Royal Hawaiian Featherwork – Naa hulu Ali'i'. The exhibition will finish on 28 February 2016 before it is transferred to Hawaii and returned in May 2016. The cloak has been well received and publicised in a full double page spread of their exhibition catalogue.

RESOLVED – that the Committee accepts the report and are satisfied with the comments in the report.

15. RESILIENCE PROJECT UPDATE

Cathy Walling, Museum Curator, presented a report to update members on the progress of the ACE-funded Resilience Project.

The Curator confirmed that the consultants had been appointed to carry out work to the Arts Council England funded Museum Resilience Project, this includes the newly appointed Spatial Designer from Adam Richards Architects for the later phase of the project.

The start-up meeting has taken place to discuss the scope of the project and consultant briefs have been confirmed. Timetables and evaluation plans have been drafted. The Museum Review and Creative Consultancy will take place between August and October 2015 and the Spatial Design Consultancy will take place between September and January 2016.

Visitors will now receive an activity sheet and event or visitor questionnaire produced by Culture Shift, asking questions about their experience to determine what they liked and didn't like. Audience engagement events for users and non-users have been

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arranged to take place at the Museum, Priory Meadow, in October. Councillor Webb recommended holding an audience engagement event at Kings Road, St. Leonards.

The final report will be produced in January/February 2016, with a presentation to stakeholders in March 2016. The Museums Committee will receive an interim report at its meeting on 30 November 2015. The curator suggested that subject to approval, she would arrange for the consultant to visit and speak to the committee regarding the project.

RESOLVED – that the Committee accepts the report and are satisfied with the comments in the report.

16. LOCAL HISTORY DISPLAYS

Cathy Walling, Museum Curator, presented a report to update members on plans for the display of local history material moved from Old Town Hall Museum.

Since the closure of the Old Town Hall Museum, the objects have been moved and packed away and put into storage at the Corporate Archive. Items have been put into displays, including the ships' figureheads in the Long Gallery, the cases will be added to in October. Items relating to Waterloo were in the Lower Walkway. The Upper Walkway has had a display of collections from the 16th and 17th centuries. The local history material for the WWI exhibition is in the Upper Walkway. Public access to archives and collections has continued in the Long Gallery on Wednesdays.

An exhibition will take place next year in June 2016 to celebrate 950th Anniversary of the Battle of Hastings; it will tell the story since 1066 in 66 objects. The exhibition will follow a chronological framework whereby visitors can explore local and national events and individual stories.

Final sections of objects and stories to be included will be made by voting through public consultation and voting via social media and attending talks and pop up exhibitions in the museum. 20th century stories could include Tressell, Mods & Rockers, Grey Owl etc. The curator suggested that the Museum AGM could be part of the presentation giving Members of the Association an opportunity to vote.

A final case will be provided for the people's gallery for objects which tell community histories and hopes for the future.

The Logie Baird collection will be moved to new displays so that the current Baird gallery can be redisplayed to present the early history of the town from Prehistory through Romans to Saxons.

Mrs Barrett queried the position of the life size tapestries which had been on display at Tesco's, Hollington. Councillor Street, said they were in a poor state, but there are two tapestries in the Town Hall.

Councillor Hodges asked if it was possible to get the Hastings Embroidery panels returned to go on display in the Old Town Hall Museum. Councillor Poole, suggested that it would depend on what happens to Old Town Hall Museum.

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RESOLVED – that the Committee accepts the report and are satisfied with the comments in the report.

17. **MUSEUM ATTENDANCE FIGURES**

Cathy Walling, Museum Curator, presented a report to inform members of figures for attendances, educational activities and use of the Museum's website for quarter 1 of 2015-16. Figures for April to June 2014 were submitted for comparison.

It was noted that the attendance figures for Hastings Museum and Art Gallery had increased by 839 when compared with the previous year. Similarly, numbers of pupils in organised groups had increased by 65. Participants in non-education provider sessions reached 758. The total number of visits combined for Quarter 1 was 11926.

The number of website visits had increased significantly by 4,708. At the time of the meeting, the number of followers on Facebook had increased to 681 and Twitter to 721.

The number of weddings and civil ceremonies had increased by 3 compared to quarter 4 last year. At the time of the meeting, a total of 17 ceremonies had been made for 2015-16 and 13 booked for 2016-17.

The Wedding Fair proved extremely popular with over 1,000 people attending on 13 September 2015.

A total of 190 people visited the opening of the Tod Hanson installation in the Durbar Hall for the Coastal Currents Festival. Figures were slightly lower than expected.

Councillor Street asked for an update on the new website. The Curator confirmed that they had uploaded the collections and photos, but were waiting for IT to enable the website. Members requested this not be delayed any further. Councillor Hodges said there were elements of the website which were not up to date.

Mr Palfrey-Martin, congratulated the curator on the Facebook and Twitter entries which he shared with others. The entries he said created interest and encouraging footfall into the museum.

RESOLVED - that the Committee accepts the report and are satisfied with the comments in the report.

18. **MUSEUM EVENTS AND ACTIVITIES**

Cathy Walling, Museum Curator, presented a report to inform Members of forthcoming events and educational activities at the Hastings Museum and Art Gallery during July to September 2015, for Quarter 3, 2015-16.

These included:-

Exhibitions

To July 2016: 'All at Sea'. Maritime paintings from the Museum collection.

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10 September to 4 October: 'Geo', Floor installation in Durbar Hall by Tod Hanson, for Coastal Currents Festival.

19 September to January 2016: 'Out of the Doll's House: Women in the First World War.' Includes work created by members of Hastings Women's Voice.

Events

2 October to 4 December: Weekly Local History lectures by Edward Preston.

9 October: Seckou Keita with Gwyneth Glyn, kora music for AfriKaBa

11 October: 'Voice and Piano' Concert with Mathew Craven and Judith Buckley. Museum Association event.

16 October: 'Sidney Little and Hollington Council Housing', illustrated talk by Andre Palfrey-Martin.

17 October: 'Untold Stories: Life Story workshop celebrating UK Older People Day & Black History Month.

24 October: 'Map of Me'. Spoken word performance about migration, developed by Papertale.

27 October: 'Medieval Mayhem'. Family Activity Day.

14 November: 'Out of the Doll's House'. Talk by Ann Kramer.

27 November: 'Roll over the Atlantic', one-man show by poet John Agard.

6 December: Museum Association AGM.

12 December: Carol Concert with the Occasional Singers. Museum Association event.

The Curator confirmed there were fewer exhibitions during quarter 3 because the exhibition gallery is being used as temporary storage for the items from the store

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Mr Palfrey-Martin congratulated the Curator on the current exhibition in the Long Gallery which he said was a fantastic event and had increased footfall into the museum.

RESOLVED - that the Committee accepts the report and are satisfied with the comments in the report.

19. MUSEUM ACQUISITIONS

Cathy Walling, Museum Curator, presented a report informing members of eighteen items acquired by the Museum in the last quarter and the names of donors. The items included: -

1. Raft 2012, reduction woodcut with hand painting, by Tom Hammick. Donor: Julian & Sophie Ansell
2. Photographic slides, photographs, certificates and other documents relating to Hastings Sea Cadets and Freemasons. Donor: Mrs J Jempson
3. Photograph of Hastings and Alf Torgeir Lommerud-Olsen, stationed in Hastings in WWII. Donor: Mrs R Tanner
4. Photograph of 5th Battalion Royal Sussex, 1933. Donor: Mr D Mendenhall
5. Grey Owl programme and news cuttings. Donor: Mrs J Bradley
6. Painting of Romney Marsh by Ruth Streatfeild (sister of author Noel). Donor: Mrs C Bell
7. Beaded purse, 1920s? Belonged to Mary Eliza Duke, wife of last governor of Bengal. Donor: Mrs A Duke.

The Curator informed the committee that item 7, the beaded purse was of no relevance to Hastings, so should not be accepted into the collection.

RESOLVED - that the Committee accepts the report and are satisfied with the comments in the report and that item 7 be declined.

20. ADDITIONAL URGENT ITEMS (IF ANY)

None.

(The Chair declared the meeting closed at. 3.27 pm)