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Cabinet Agenda

Monday, 13 February 2017 at 6.00 pm

Muriel Matters House, Breeds Place, Hastings, East Sussex, TN34 3UY

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

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Report to: Cabinet

Date of Meeting: 13 February 2017

Report Title: Draft Corporate Plan 2017/18 – 2019/20

Report By: Jane Hartnell
Director of Corporate Services and Governance

Purpose of Report

1. To present the feedback from the public consultation on the draft corporate plan and budget for the period 2017/18 - 2019/20 for Members consideration.
2. To present a draft of the corporate plan 2017/18 - 2019/20.

Recommendation(s)

1. That the Cabinet recommends to the Council, that the content of the attached documents form the basis of the Council's corporate plan 2017/18 - 2019/20, subject to the proviso that any significant amendment made to the council's draft budget be reflected in the final corporate plan text.

2. That delegated authority be given to the Director of Corporate Services and Governance, after consultation with the Leader of the Council to make further revisions as is considered necessary to the attached plan prior to publication to reflect decisions made on the council's budget.

3. That all who submitted views as part of the consultation process be thanked for their contributions.

Reasons for Recommendations

The Council needs to approve the corporate plan as it is a statement of Hastings Borough Council's strategic direction to 2020.

Introduction

1. The outcome of the Council's annual strategic and financial planning processes is the attached draft corporate plan for 2017/18 – 2019/20. This confirms the strategic direction for the Council, the associated corporate priorities and key areas for activity and associated measures during this period.

2. The Budget Council on 22nd February will be asked to approve the attached draft of the corporate plan at the same time as the supporting budget. These documents together with the draft budget papers formed the basis of consultation outlined below.

Consultation

3. Specific comments on the draft corporate plan and budget have been sought from: residents via the Council's website, a meeting of the Council's Overview and Scrutiny Committee, the Council's Staff and Management Forum, the Chamber of Commerce, the Youth Council, Hastings Intercultural Organisation and HOPE G, Hastings Community Network, the Seniors Forum, the Disability Forum; Lesbian, Gay, Bisexual and Transgender community representatives, and partnership organisations on the Hastings and St Leonards Local Strategic Partnership.

4. The deadline for receipt of comments on the draft corporate plan and budget was after the publication of this agenda (Midday 10th February). While the majority of consultation meetings have taken place, further submissions of views are expected (Hastings Community Network and the Staff and Management Forum) and will be reported to members at the Cabinet meeting.

5. A summary of the responses received is set out below. The bulk of responses received from consultation with groups did not highlight specific amendments to either the draft corporate plan or budget.

Hastings Youth Council

6. Councillor Forward and Councillor Davies met with the Youth Council on 19 January 2017. The following items were discussed:

   Question: will the council still provide support to Hastings Youth Council?

   Response: The council will continue to provide an officer post to support the work of Hastings Youth Council, there are no plans to reduce funding at this time. The recent work by the Youth Council to attract external sources of funding to support its activities is to be welcomed. The Youth Council is widely recognised in the local community, and members should continue to take every opportunity to promote their activities. Over the next year, Youth Council members may also wish to consider new ways of working, including reducing the number of printed meeting documents, to help them reduce their costs further.

   Question: what does the seasonal closure of public conveniences in Alexandra Park and Rock-a-Nore mean?

Response: The seasonal closures at Rock-a-Nore and Alexandra Park mentioned in the draft budget only apply to public toilets. Rock-a-Nore and Alexandra Park itself will remain open throughout the year. The toilets identified in the draft budget for seasonal closure have been chosen because they are considered to have the least impact on members of the public.

Question: where are the properties which pay the highest band of council tax located?

Response: there are a small number of private properties in the town which pay the highest level of council tax.

Comment: I am concerned about the future of the volunteer programme in the council's parks and open spaces. Due to reductions in the council's funding last year, the ranger service has been reduced and the volunteer service disbanded. Since then, there have been sporadic attempts to re-convene groups of volunteers to work on specific projects, but this has not been very successful. As a result, work which was previously carried out by volunteers is being undertaken by the council's landscape contractor.

Response: as a result of reductions to funding and the loss of key staff, the council was unable to ensure the health and safety requirements for its previous volunteer programme could be met. The council is still keen to work with volunteers on key projects in its parks and open spaces, and the comments about the new arrangements will be referred to the relevant officers. The council always carries out an impact assessment of any changes to services made as part of the budget setting process.

Question: does the lease of space at the Town Hall to East Sussex County Council generate additional income for Hastings Borough Council?

Response: following the transfer of the council's civic and democratic functions from the Town Hall to Muriel Matters House, part of the building was leased to East Sussex County Council for use as a Register Office. This arrangement does generate additional income for the council, and ensures the Town Hall building is well maintained and remains accessible for use by the local community.

Hastings Area Chamber of Commerce

7. Councillor Chowney attended the Chamber meeting on 26 January 2017. The following questions were asked:

Question: In terms of the green energy initiatives and potential income generation is the council looking at community energy schemes such as 'Ethics'?

Response: Yes, the council is scoping a range of options in this area and the council has recently employed a new income generation manager to assist with this and other potential areas for income generation.

Question: Are there any plans to 'Grot-bust' the Carlisle pub?

Response: The council owns the freehold for this building and can take action to ensure its appearance is improved.

Question: In terms of the growing number of camper/caravans around Seaside Road, what can be done to ensure that the road is kept clean and safe?

Response: East Sussex County Council are responsible for the highways. The council does own a patch of land in this area and we are considering introducing parking charges that would deter long staying.

Comment/Question: Cleanliness is also an issue for beach hut owners in this vicinity given the litter that appears to be generated from the camper/caravans…what can be done?

Response: In terms of addressing highway issues these should be flagged with Cllr Carl Maynard at ESCC who has the highways portfolio. If there are environmental health concerns, then HBC Environmental Health team can potentially intervene.

Question: What is the position with alcohol free zones on the seafront?

Response: There have never been alcohol free zones on the seafront. However Police can confiscate alcohol if deemed to cause a nuisance. The use of Public Space Protection Orders will assist in banning alcohol completely in key areas of the town. Work is underway to ensure application of these is legally robust and enforceable. The council is also keen that where these maybe used, particularly among the street drinking community, that there are corresponding opportunities for support and detox.

Seniors Forum

8. Councillor Chowney attended a meeting of the Seniors Forum on 26 January 2017. The following questions were asked:

Question: How does Hastings compare to other authorities in respect of the income it receives from business rates?

Response: there is a high degree of uncertainty in respect of income the council receives from business rates. The government expects all council's do be self-financing from 2021. Council's will no longer receive a revenue support grant from this date, but will be able to retain the business rates they receive. However, a system of tariffs and top ups will be applied to distribute business rate income between authorities. Generally, Hastings has to pay a tariff on the business rate income it receives. The council will also continue to pursue income generation opportunities to help it become self-sufficient.

Question: what can be done to improve transport links to the town?

Response: the council continues to work with a variety of partners, including the local MP, to lobby for improvements to the road and rail connections to Hastings.

Question: £100,000 worth of funding is allocated in the draft budget for the automation of a stage flying system at the White Rock Theatre. Can you provide more information about this?

Response: Councillor Chowney agreed to provide a written response to this question.

Question: what can be done to improve the White Rock area in the future?

Response: the council is considering a number of options to improve the White Rock area, combining new leisure facilities with residential development. A full public consultation will be carried out at an appropriate stage as the plans are developed.

Question: what is being done to maintain higher education provision in the town?

Response: Sussex Coast College Hastings will be providing some degree level courses in partnership with the University of Brighton. The council is also working to secure a long-term higher education provision for the town.

Question: what are the plans for future street cleansing arrangements?

Response: the council is considering a range of options for delivering street cleansing services in the future, including bringing the service back in-house. It is hoped that an in-house option could provide the council with more flexibility about the way it provides the service.

Question: what are the plans for the redevelopment of the former Hastings College site?

Response: the developer now has all the necessary planning permissions in place and intends to develop the site for residential use.

Question: how many council staff will be made redundant as part of this year's budget setting process?

Response: 8.9 full time equivalent (FTE) posts are due to be deleted as part of the budget setting process, with one 1.0FTE new post created (net 7.9FTE loss). Of those posts at risk, 5.7 FTE are vacant. The council continues to explore re-deployment opportunities for these staff, in order to keep the number of compulsory redundancies to a minimum.

Question: there is concern in the local community about the proposed closure of the public conveniences at Harold Place. Would it be possible to introduce a charge in order to maintain this facility?

Response: the building at Harold Place is in need of significant repair, which is likely to create additional costs to the council, if the facilities remain open. A number of alternative public toilets are located nearby, including Priory Meadow and Pelham Place. If the public conveniences at Harold Place are closed, there will need to be new signage installed to direct residents and visitors to the nearest alternative toilets.

Question: what is the total funding allocated for Community Partnership Funding?

Response: the total funding available for Community partnership funding has been reduced in-line with reductions to the council's overall budget. The council has also adopted a new approach to allocating funding, by commissioning specific projects from the community and voluntary sector to meet a number of agreed priorities. The amount of funding allocated for community partnership funding for the next year will be confirmed by email but of course is still subject to final decision by Full Council on the 22nd February.

Question: who owns the road above the Pelham Arcade?

Response: the ownership of the road is still unclear. However, the council is ensuring that the necessary repair works are carried out to the road, in order to ensure that the restoration of the shops on Pelham Arcade can continue.

Question: the Dial-A-Ride service is very valuable service for people who are unable to access other forms of transport. Would the council consider continuing to make a contribution to these costs, particularly as East Sussex County Council have indicated they will continue to fund this service?

Response: the council will look again to see if there is an alternative way of funding the service.

Hope-G

9. Councillor Forward met with HOPE-G on 26 January 2017. The following questions were asked:

Question: why does the council not highlight links to 1066 and the Battle of Hastings more in the promotional materials in produces for the town?

Response: the council is part of the Visit 1066 Country initiative, which promotes a range of events and attractions across the region. Over the past year, a number of cultural events have taken place to mark the 950th Anniversary of the Battle of Hastings. The council is also in the process of developing a new Heritage Strategy to build on the success of these events. The council's Tourism and Marketing team also work to promote Hastings as a great place to visit.

Question: Why were there no events on the pier to celebrate New Year's Eve?

Response: the Hastings Pier Trust is responsible for organising events on the pier.

Comment: the seasonal closures of public toilets in Alexandra Park are likely to have a significant impact on residents, as there is limited provision elsewhere?

Response: the response from the public consultation is likely to determine whether these proposals go ahead, as they achieve comparatively small savings.

Question: could the site of the Harold Place toilets be used for the Albert Memorial Clock, if the existing building was demolished?

Response: the council will consider all possible options for the use of this site.

Question: does the council participate in an apprenticeship scheme?

Response: the council does participate in a government-run apprenticeship scheme and offers opportunities in a range of departments across the organisation.

Question: how much will council tax be increasing by?

Response: Hastings Borough Council's precept of the council tax bill will be increasing by £5 per year.

Budget Overview and Scrutiny Committee

10. A meeting of the council's Overview and Scrutiny Committee was held on 26 January 2017, to consider the draft corporate plan and budget.

11. While no amendments to the draft corporate plan and budget were proposed a number of related issues were discussed and are included in the minutes of the meeting available to view online at: http://hastings.moderngov.co.uk/ieListDocuments.aspx?CId=391&MId=2115&Ver=4

Email

12. A variety of views have been submitted via e mail, as of the 3rd of February these include:

- An email was received commenting that the draft corporate plan does not include enough reference to St Leonards, particularly in terms of street cleaning and town centre development.
  Response: Views noted and draft corporate plan amended.
- 15 emails received objecting to the closure of public conveniences at Harold Place and Ore village:
  - Concerns are raised at the lack of alternative provision in Ore village.
  - The planned closures will disproportionately affect older people and people suffering poor health.
  - Alternative uses are suggested for the building at Harold Place, incorporating a smaller number of public toilets.
  - Alternative funding arrangements are suggested to maintain the public conveniences at Harold Place, including charity donations and introducing a charge to use the toilets.
- An email was received requesting further information regarding the closure times of the public conveniences at Falaise Road and the reduced opening times of the Tourist Information Centre.
  Response: Further details have been provided prompting a subsequent request to consider extending opening times.
- An e mail was received requesting further budgetary detail on proposed toilet closures and contributions to local Fireworks.
  Response: Information provided.

Petitions

13. An online petition has been started on change.org, objecting to the proposed closure of public conveniences in Ore village and Harold Place. As of 3 February 2017, the petition has 1,105 supporters. However, because of the criteria applied by change.org to sign the petition, it has not been possible to confirm how many of

these signatories live, work or study in the Borough, as required by the council's constitution.

14. A second petition has been launched on the e-petitions site hosted by East Sussex County Council calling for the public toilets in Hastings and St Leonards to remain open. As of 3 February 2017, the petition had one signature.

Letters

15. Two letters have been received to date objecting to the planned closure of Ore village public conveniences.

Social Media

16. A range of views have been submitted via the council's social media channels including:

- Facebook comment received requesting a shuttle bus service between St Leonards, Hastings town centre and the old town, to support local businesses.
- Facebook comments received objecting to the proposed increase in Hastings Borough Council's precept of council tax.
- Tweet received raising concern that the increase in council tax may disproportionately impact vulnerable people
- Comments received in support of the proposed increase in Hastings Borough Council's precept of council tax as a way of maintaining services.
- Comments received objecting to the planned closure of public toilets.

Equalities

17. The assessment of equality impacts accompanying the budget proposals for 2017/18 is included with the budget 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

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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)	Yes
Risk Management	Yes
Environmental Issues	Yes
Economic/Financial Implications	Yes
Human Rights Act	Yes
Organisational Consequences	Yes

Local People's Views	Yes
Anti-Poverty	Yes

Additional Information

http://www.hastings.gov.uk/my_council/consultations/draf_corp_plan/

Officer to Contact

Officer Name Mark Horan
Officer Email Address mhoran@hastings.gov.uk
Officer Telephone Number 01424 451485

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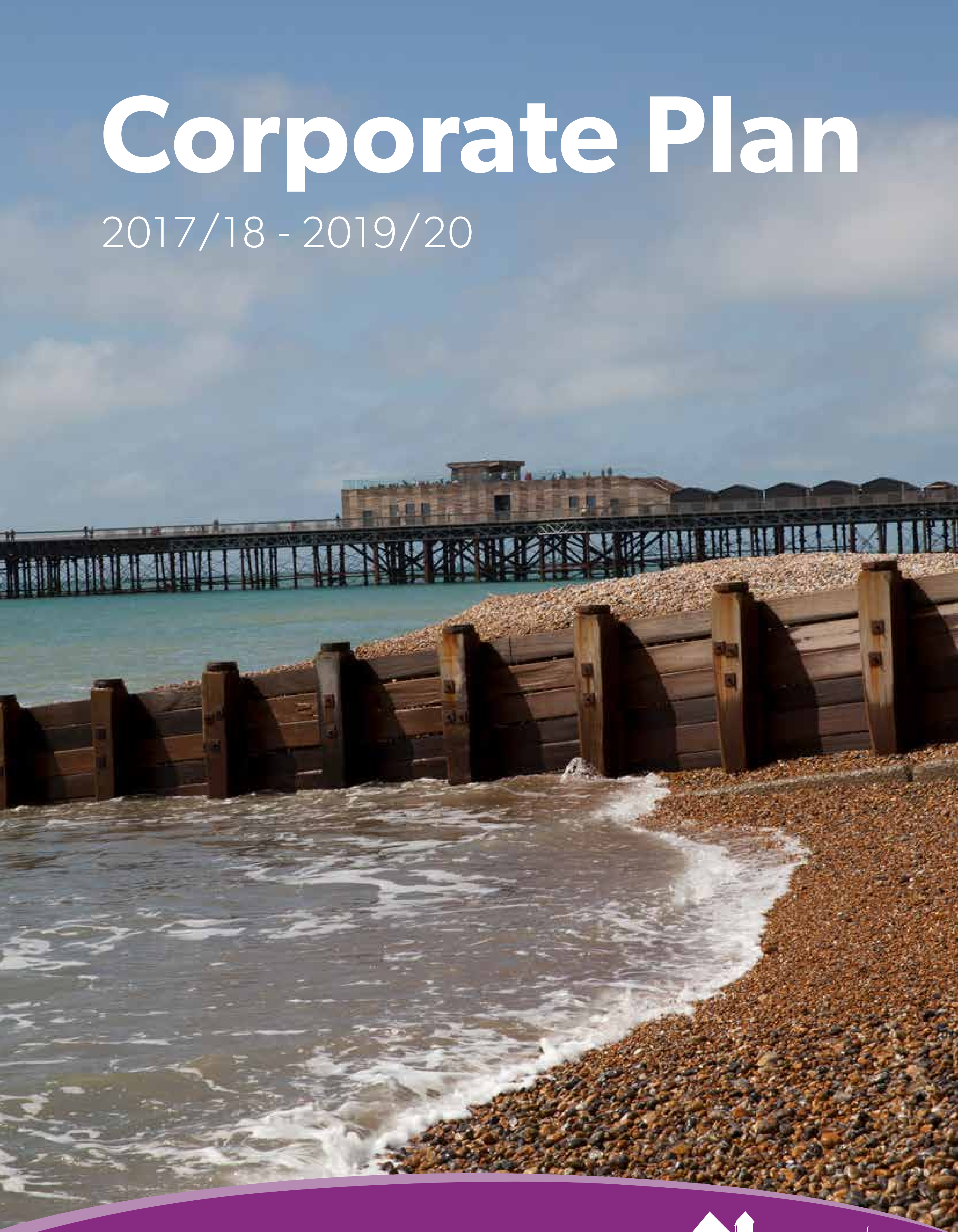
Corporate Plan

2017/18 - 2019/20



Hastings Borough Council

www.hastings.gov.uk

Executive Summary

Introduction by Councillor Kim Forward, Deputy Leader of the Council

The Corporate Plan is very important because it sets out our vision, mission, values and priorities for Hastings and St Leonards which aim to benefit all the people who live here. I hope that the refreshed layout of the plan which shows our key activities, how we aim to overcome the challenges we face and how we will measure our progress is easy for people to understand. This plan demonstrates our commitment to turning our vision for the borough into a reality.

Our vision for Hastings and St.Leonards...

Hastings will be recognised as an international centre of excellence for cultural and scientific creativity, supported by the highest quality educational establishments to provide first-class career opportunities to its citizens. Rewarding jobs with a decent wage, good standards of healthcare and warm, comfortable, affordable homes will be available to all. It will be a town that welcomes visitors and new residents wherever they are from, where diversity, individuality and eccentricity are celebrated, and the individual needs of all are recognised and met. The best of our historic built and natural environment will be preserved, while embracing new developments that excite and enrich our town's appearance. It will be a green town, where industries, structures and practices that help to reduce our carbon footprint are strongly promoted, creating the best possible quality of life for all our workers and citizens, who are enabled and encouraged to accept opportunity as their birth-right. Hastings will be famous not just for its history, but for its vision and achievements, a place to be admired throughout the world, to which every visitor would seek to return.

Our Mission

Hastings Borough Council is committed to improving the quality of life and well-being of all of its residents. We recognise our duty to be responsive to the needs of all who live and work in our borough and to do so in a way which respects cultural identity, providing equality of opportunity and equality of access to the means to live a healthy, fulfilling life. We will work in partnership with other bodies, whether statutory, public, private, voluntary or community to achieve this, whilst promoting our borough in an active and positive manner.

Our Values

- We believe that equality of opportunity is paramount, and that services to local people should be provided in a way that addresses their needs and reasonable expectations, regardless of their gender, social class, race, religion, disability, age, culture, sexuality or philosophical beliefs, in as far as such beliefs do not oppress others.
- We believe that the council should uphold a culture of co-operation, openness, fairness and transparency in all it does, enabling local people to hold us to account and other agencies to work with us.
- We believe that all local people (including employees of the council) should be entitled to a high standard of education and decent jobs that pay a living wage, where they are treated with dignity, respect and fairness.
- We believe that all local people have a right to a safe, secure, affordable home in an environment that enhances their health, quality of life and access to lifelong learning.
- We believe that the economic regeneration of Hastings should narrow the gap between the most deprived communities and those of the rest of the town, as well as between Hastings and the rest of the South East, and that poorer people should not be excluded from the new opportunities that arise.

Our Priorities

- Economic and physical regeneration
- Cultural regeneration
- Intervention where it's needed
- Creating decent homes
- An attractive town
- A greener town
- Transforming the way we work

About Hastings and St.Leonards

Little wonder people are rediscovering Hastings. It is a splendid place, with that sort of beautiful oddness that characterises the best of the British seaside.
(The Guardian)

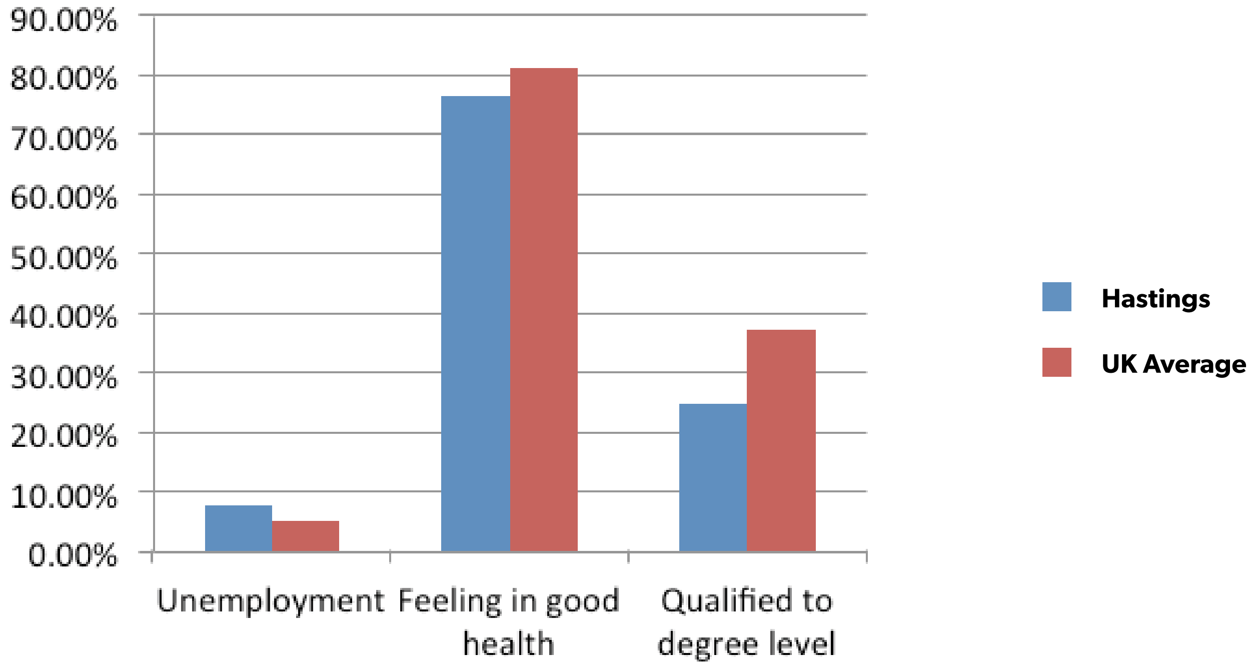
Hastings is well known as an exciting place to live and visit. With a fascinating history stretching back to the famous battle in 1066, to its thriving arts scene and packed calendar of events.

Over the past year, a series of events to mark the 950th anniversary of the Battle of Hastings have shown that Hastings remains an imaginative, diverse and creative town, and one which its residents are rightly proud of.

Many parts of the town that used to be run-down have also been transformed, notably the renovation of Hastings Pier and the redevelopment of the former White Rock Baths to form a new BMX and skate park.

However, challenges remain if all of the town's 91,000 residents are going to benefit from the new opportunities available in our town. In 2015, Hastings was ranked as the 20th most deprived area of England in the indices of deprivation. The chart on page 5 shows how Hastings compares with the rest of the UK on a number of key indicators.

Extensive work has been undertaken to understand why some parts of the town consistently appear amongst the most deprived in the country.



The council continues to work with a variety of partner agencies to tackle issues such as unemployment, educational attainment and healthcare. In August 2016, the local Clinical Commissioning Group, in partnership with the council, announced a programme for the coming year to continue to address health inequalities in the most deprived areas of the borough.

You'll find an overview of the projects coming up this year later in the plan.

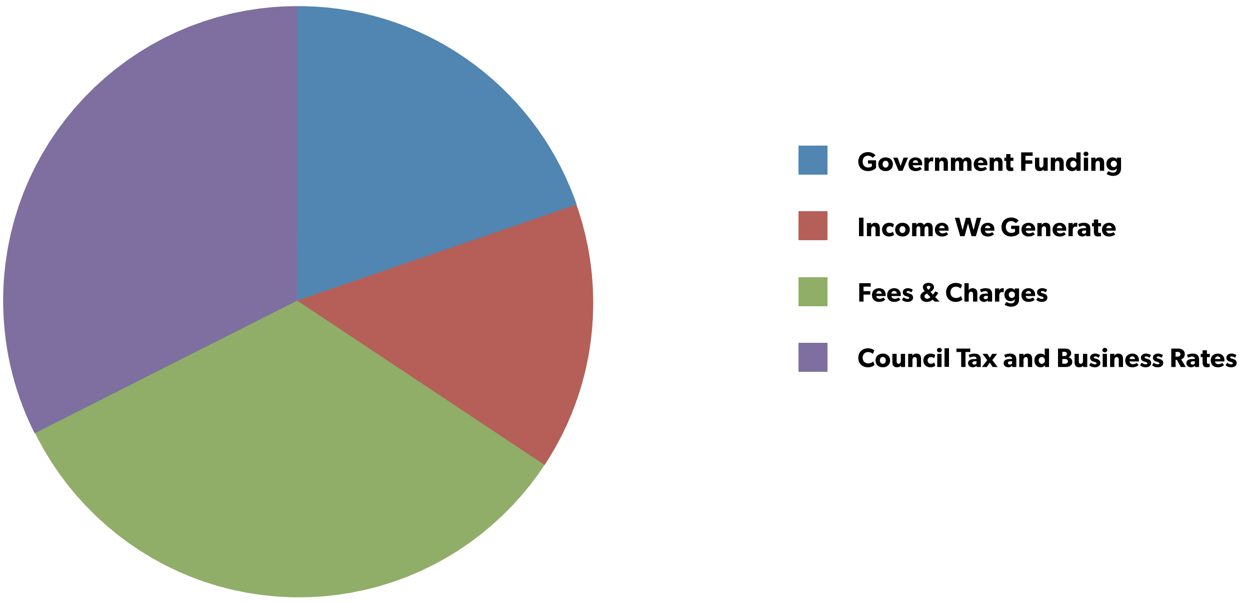
> *It's a big year for Hastings. Not only is it the 950th anniversary of the Norman Conquest, with events and exhibitions to mark the occasion, but its pier has finally reopened after a £14 million redevelopment.*
> **(The Times)**

The Council

The council is made up of 32 elected members, serving 16 wards across Hastings and St.Leonards. The elected members set the council's policies, which are then carried out by council officers. In February 2017, the council has around 320 members of staff.

The council continues to look at the services it provides to see if they could be made even more efficient. So far, this includes redesigning our website Hastings Online and creating the My.Hastings portal so that more things can be done online. We've also moved our democratic and civic functions to our refurbished seafront offices, bringing most of our services together. Part of the Town Hall has become a Register Office for East Sussex County Council.

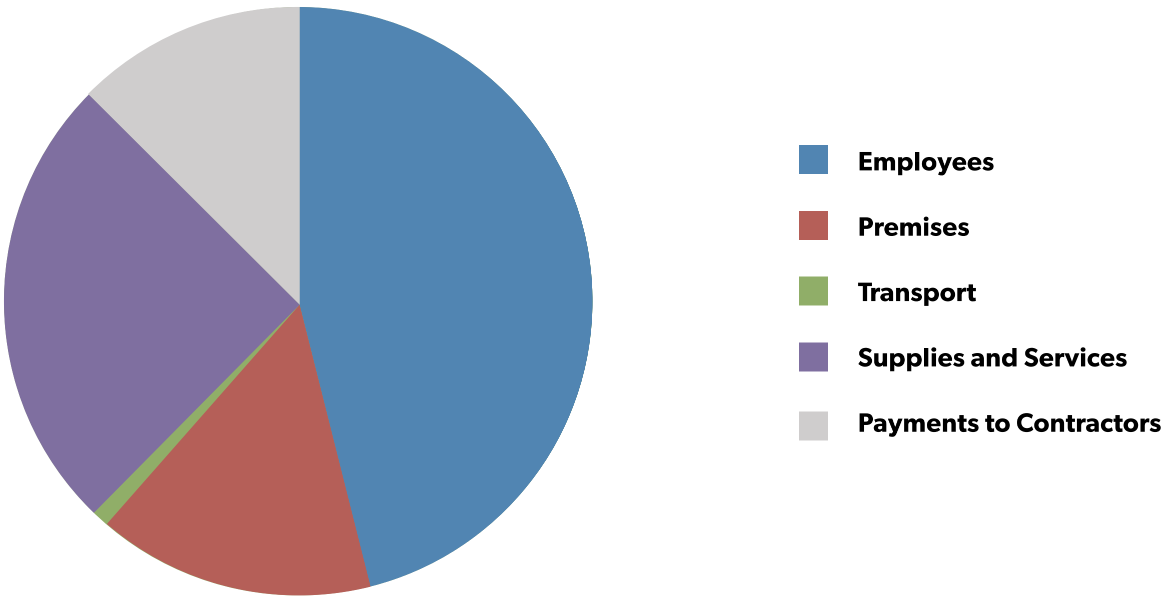
OUR FUNDING



This Corporate Plan

The corporate plan tells you what we will be doing over the next year and beyond. It also tells you why we're doing it, what challenges we might face and how we plan to overcome them.

HOW WE SPEND OUR FUNDING



1 - the council also receives a grant from the government which it has to administer as housing benefit payments

CONTENTS

Cleaner and Safer

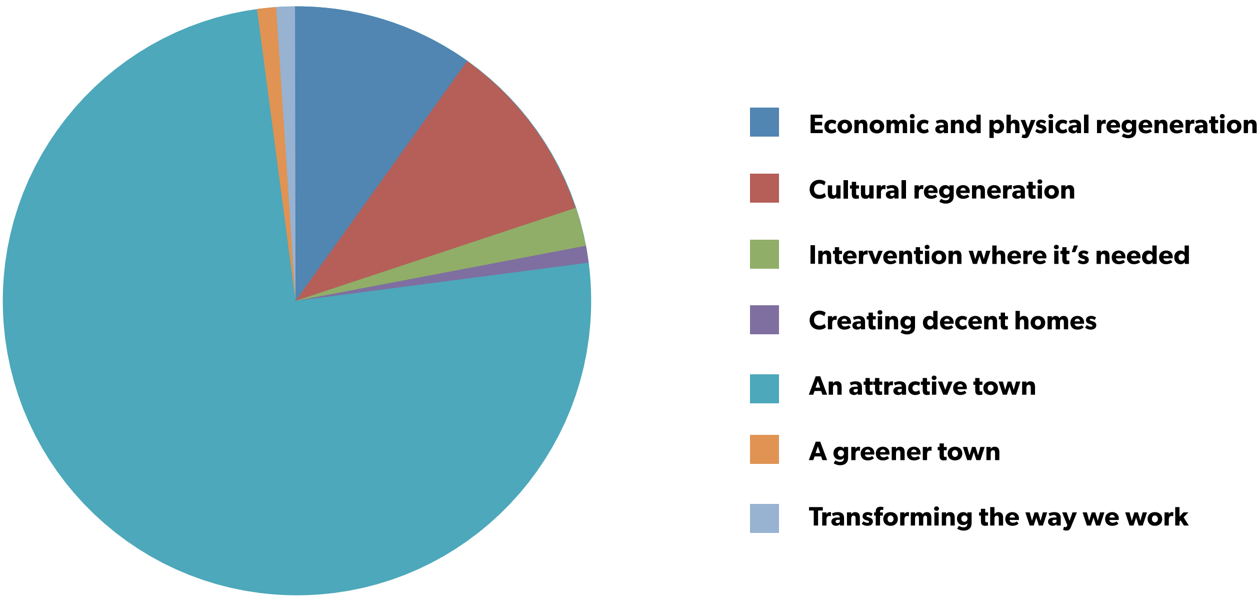
What we want for Hastings by 2019:

The green spaces and public areas of the town need to be safe, well maintained and clean so they can be enjoyed by residents and visitors.

Food businesses need to maintain good standards of hygiene and safety so that residents and visitors enjoy visiting them, and they prosper.

Why are we doing it?

Cleaner Safer activity contributes to our following corporate priorities:



What will we be doing?

- Improving the cleanliness of the town, working closely with our waste, street cleansing and grounds maintenance contractors.
- Supporting community safety and working with the Safer Hastings and Rother Community Safety Partnership.
- Delivering fair and proportionate enforcement services in relation to off street parking, enviro-crime, and environmental health.

What challenges could we face?

- Littering making the town less attractive.
- Ensuring falls in recycling levels nationally don't follow suit in Hastings.
- Businesses may cut corners and compromise health and hygiene standards.
- Holding down crime rates as resources to tackle crime reduce.

How can we overcome these challenges?

Raising public awareness of the negative impact of littering, and where appropriate taking a robust approach to enforcement. Raising public awareness about recycling. Continuing successful multi-agency partnership working on community safety issues.

How will we know if it's working?

Meeting housing needs and delivering support

What we want for Hastings by 2019:

We want people to be able to access the right housing for their needs and aspirations and to help them sustain their homes when they are in need of support. The government will be continuing to reform the way in which people access housing and benefits over the next year. We will need to implement these changes in a way which help protects vulnerable people.

We will ensure the supply of new housing supports economic growth and satisfies local needs and that private sector housing is licensed appropriately.

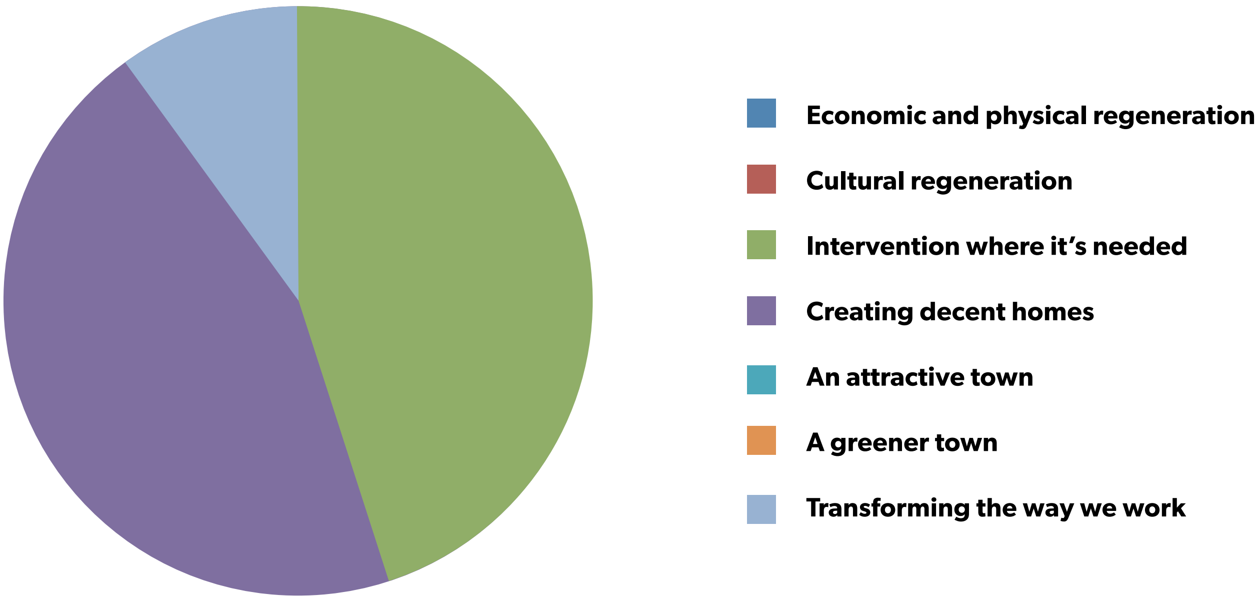
We want everyone in the town to enjoy warm, safe and secure housing.

Why are we doing it?

The continued regeneration of the town depends upon creating the right environment for business to flourish and for jobs and incomes to be further created. Housing and employment growth need to be mutually supportive of the councils regeneration plans.

We also need to ensure that the vulnerable and those less able to compete in the housing and employment markets are not left behind.

Housing and Benefit activity contributes to our following corporate priorities:



What will we be doing?

- Supporting local people during the transition to Universal Credit and other welfare changes
- Look to support as far as possible those affected by welfare changes.
- Maintaining and further developing our approach to improving standards in housing through licencing and proactive enforcement activity.
- Releasing land for residential development that caters for a range of housing needs.
- Continuing our innovative approach to housing regeneration through the Coastal Space Programme, grot busting and empty homes programmes.
- Extending our housing offer through the new housing company.
- Working with developers and Housing associations to improve the supply of new affordable homes.

What challenges could we face?

- Difficult to find appropriate accommodation and increasing homelessness.
- Ensuring we can cope with increasing demand on housing services.
- Developing viable proposals for intervention in the housing market.

How can we overcome these challenges?

Continue to work with both private and affordable housing providers to extend opportunities for development.

Investing in and developing a housing company.

Work closely with other agencies and partners, including the Department of Work and Pension (DWP), so that changes affecting the most vulnerable households are minimised.

Ensure our staff are trained to provide the best advice possible.

How will we know if it's working?

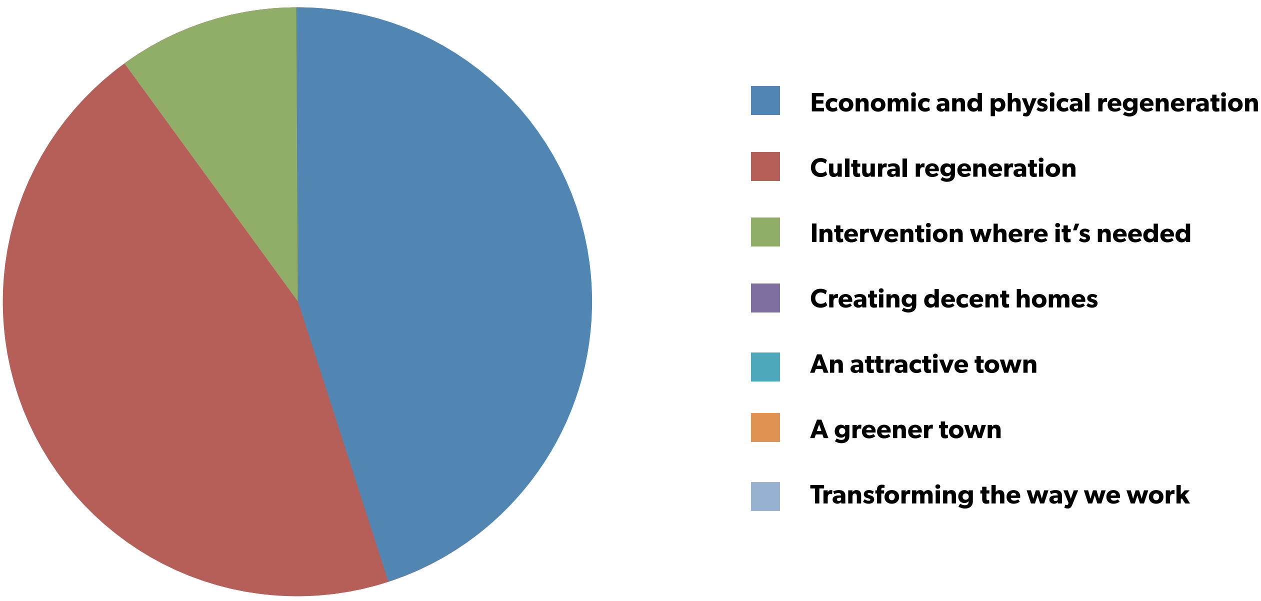
Driving Economic Growth

What we want for Hastings by 2019:

We want to continue our economic growth and focus on how our regeneration can be as inclusive as possible. Economic prosperity and inclusion are key determinants of health and social cohesion. We want to create the conditions where as many people as possible can enjoy these benefits and we will deliver this through inclusive means, ensuring culture and leisure deliver both social and economic benefits.

Why are we doing it?

Economic growth underpins improvements to health, crime, housing and social cohesion.



What will we be doing?

- Working with regional and County partnerships to attract investment into the area including improved rail links and support to business.
- Building on the opening of The Source, Hastings Pier and our widely recognised cultural programme we will promote Hastings as an exciting place to live, visit, work and invest.
- Continue to support Higher Education provision in the town and the development of provision to succeed the University of Brighton.
- Taking forward the development of a Town Centre and White Rock Action Plan to lay the basis and spread the benefits of regeneration along and adjacent to the seafront.
- Subject to funding will deliver schemes to help some of the most excluded communities in the Borough into economic activity and training.
- Seek to enhance sports and leisure activity through new contracts for our facilities and encouraging others to invest in new provision.
- Maximise the level of occupancy of the council's business premises and support the provision of new employment space by Sea Change or ourselves as appropriate.
- Work with the Town Centre Management Committee and its successor 'Love Hastings' to deliver an enhanced and more sustainable town centre.

What challenges could we face?

- Continuing to improve our image internally and externally as a great place to live, visit, work and invest.
- Brexit will mean a change in how funds for economic growth are distributed.
- Maintaining our recovery in the face of changes Brexit will bring – keeping foreign language schools here for example – may require focused work in key economic sectors.
- Ensuring regional economic partnerships genuinely support investment in Hastings and coastal areas rather than just on the M25 belt.
- A wider downturn means the fall in unemployment slows or we don't create a mix of jobs that offers a sustainable future.
- Ensuring empty buildings are put to good use.

How will we overcome these challenges?

We're continuing to explore all the opportunities we can to develop the town and improve the life-chances of local people.

We will continue to work in partnership with local and regional bodies to build on the local employment base and secure new investment in the town.

How will we know if it's working?

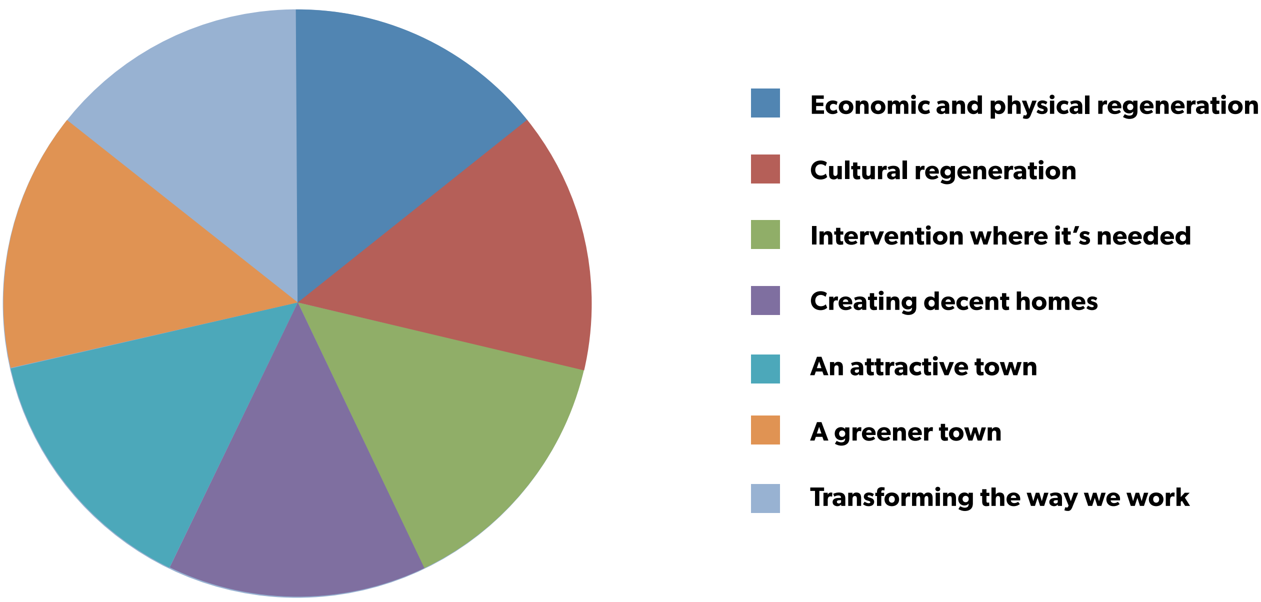
Providing great services

What we want for Hastings by 2019:

We are facing a massive funding gap in a few years and need to determine how we will meet our priorities. We need to plan ahead for the new ways we will be working and delivering our services. We need to make sure that the work the council does is properly planned and we have enough funding to do it well. Our staff and councillors need to have the right skills and tools for the job and be ready to take on new challenges.

Why are we doing it?

Effective corporate planning contributes to our following corporate priorities:



What will we be doing?

- Reviewing all our services and activities and consider the best ways of delivering these in future.
- Finishing our transformation programme to make sure our processes and systems are as efficient as possible and our services are designed to be delivered online.
- Striving to continuously improve our performance and customer care.
- Working with partnerships to get the best for local people.

What challenges could we face?

- Competing pressures on our resources.
- Time and financial restrictions.
- Uncertainty about future funding and responsibilities of local government.

How can we overcome these challenges?

Lobbying Government to ensure they understand the needs of towns like Hastings. Looking at new innovative ways of delivering services and learning from those who have tried them already. Make sure that everyone understands why the way we work needs to be reviewed and how the council will deliver services in the future. Making sure we have the skills and resources to meet our commitments. Keeping our customers informed and increasing online transactions.

How will we know if it's working?

The outcome of our strategic planning activity will be our Corporate Plan and Budget for 2018/19 onwards

Income Generation

What we want for Hastings by 2019:

We want a council that is financially strong enough to continue to deliver the services and regeneration our town needs in the face of public expenditure reductions. We want to develop goods and services which will both create new benefits for residents and income for the council. To do this we need to change radically to create an increasingly enterprising culture in our organisation.

What will we be doing?

We will develop the financial, staffing and other policies that will enable us to put a more commercial approach at the centre of everything we do. At the heart of this will be a new Income Generation Strategy that will influence our planning and thinking for the future.

We will be bringing forward proposals for

- Housing investment – having set up a housing company
- Generating energy low carbon initiatives and involvement in the energy market.
- Expanding seafront assets, like beach huts and glamping.
- Purchasing commercial property where this is profitable and economically beneficial.
- Using our Parks and Open Spaces for new events that generate income and add to our cultural and community life.
- Collecting our council tax and business rates efficiently.
- Reviewing fees and charges.

What challenges could we face?

- We need to change what we do relatively quickly, which is a huge challenge for staff who are already fully committed to existing work.
- Changing the culture and image of what a council is to one which fits a future where commercial thinking and digital communications are seen as the new standard.
- Balancing opportunity and risk to make sure we protect both the taxes paid by residents and businesses whilst creating new income.
- There is insufficient income generated to enable the council's future to be sustainable.

How can we overcome these challenges?

The council already has experience of generating its own income, and this knowledge will be developed further and shared across the organisation. Each project will be investigated thoroughly before any investment is made.

We will listen to the ideas of residents, staff and partners to ensure opportunities are not missed and this will be a key focus for senior management.

How will we know if it's working?

How will we know if it's working?

Key Performance Indicators

We will be developing the indicators we use to measure our progress over the next couple of months, but these might include...

Cleaner and Safer

- Less litter, dog fouling, detritus, graffiti and flyposting
- % of household waste sent for recycling doesn't drop
- % of food establishments which meet food hygiene law doesn't drop
- Fewer failed bin collections
- Green flag status retained for our key parks and open spaces

Meeting housing needs and delivering support

- 1500 homelessness cases prevented and no more than 60% of homeless applications received resulting in a duty to rehouse
- 200 more private sector homes meeting the required standard
- 75 affordable homes created
- 70 empty properties bought back into use
- 50 neglected buildings improved
- 200 new homes built
- New housing benefits claims processed faster
- Changes to housing benefit claims processed faster
- Council Tax reduction claims processed faster
- Changes to Council Tax reduction claims processed faster

Driving economic growth

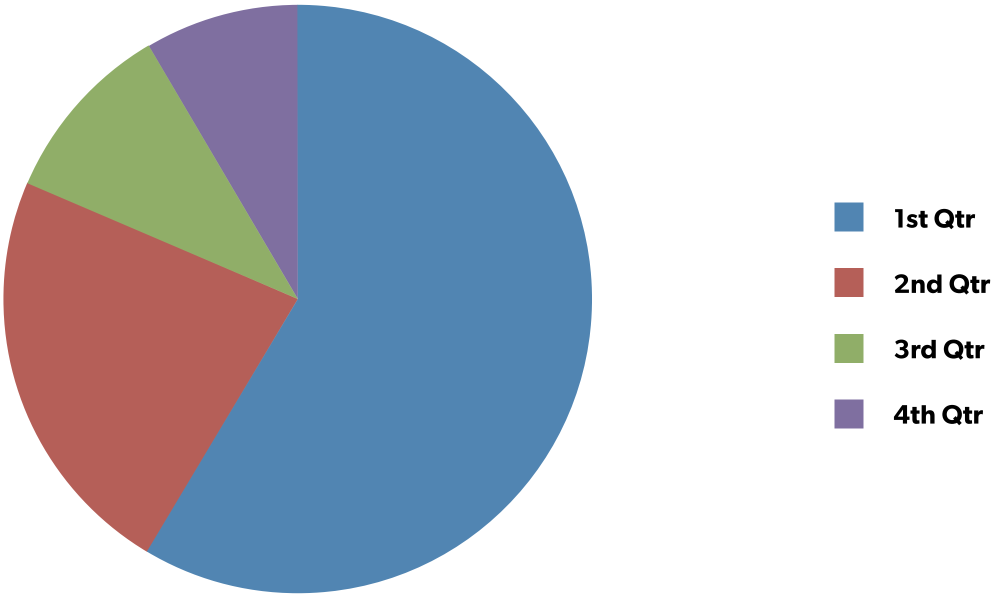
- Increased number of visitors to Hastings Museum and Art Gallery
- Increased number of people using council Leisure Centres
- 80% major residential & commercial planning applications determined within 13 weeks or as agreed with the applicant
- 80% minor residential & commercial planning applications determined within 8 weeks or as agreed with the applicant
- 80% householder planning applications determined within 8 weeks or as agreed with the applicant
- 80% non-major planning applications determined within 8 weeks or as agreed with applicant

Providing great services

- 60% customers self-serving online
- Fewer work days lost due to sickness absence

Income Generation

- % council tax collected in year
- % non-domestic rates collected in year
- % of factory units occupied
- (additional targets TBC)
- Surplus generated from investment
- Design and delivery of projects moving forward
- A strong income generation strategy linked firmly to the council's ability to safely borrow and its wider financial strategies



2 - the performance indicators listed here will be presented using pie charts (or similar) as part of the performance monitoring over the year

Hastings
Borough Council

Agenda Item 5

Report to: **CABINET**

Date of Meeting: 13 February 2017

Report Title: Revenue Budgets 2016/17 (Revised) and 2017/18, plus Capital Programme 2017/18 to 2019/20

Report By: Peter Grace

Assistant Director - Financial Services & Revenues
(Chief Finance Officer)

Purpose of Report

1. This report presents the revised revenue budget for 2016/17 and a budget for 2017/18. The revised budget for 2016/17 takes account of the known variations to expenditure and income streams that have occurred since setting the budget in February 2016.

2. In setting the budget for 2017/18, recognition has been taken of the very significant ongoing reductions in external funding for the years ahead. The report identifies that a balanced budget can be achieved in 2017/18 although this involves using £546,000 of reserves built up for this purpose. The forecast deficit for 2018/19 is some £1.7m and in 2019/20 is £2.1m. The alignment of the Council's available resources to its priorities requires the continuing review of services during the next 12 months in order to achieve balanced and sustainable budgets in the years beyond.

3. This Cabinet meeting is a key part of the budget setting process. Full Council on the 22 February 2017 will be responsible for setting a balanced budget and determining the Council Tax. If the recommendations in the report are approved by Council there will be an increase in the Borough's part of the Council Tax in 2017/18 of 2.04% (£5 for a Band D property).

4. Please note that that the final grant settlement figures from government have yet to be received along with Disabled Facility Grants and Discretionary Housing Payments; once received adjustments will be made to the figures detailed in this report. Precepts will also be updated once actual figures are received from East Sussex County Council, the Police and Crime Commissioner and the Fire Authority.

Recommendation(s)

Cabinet to recommend to full Council to:-

(i) Approve the revised revenue budget for 2016/17 (Appendix A).

(ii) Approve the draft 2017/18 revenue budget (Appendix A)

(iii) Approve a 2.04% (£5 for a Band D property) increase in the Borough Council's part of the Council Tax.

(iv) Agree that the absolute minimum level of reserves that shall be retained be £5m (plus General Fund Balance) i.e. no change from 2016/17.

(v) Approve the Capital Programme 2016/17 (revised) to 2019/20 (Appendix P).

(vi) Approve the proposed expenditure from the Renewal and Repairs Reserve, and Information Technology Reserve (Appendices J and I respectively) and those items from other reserves shown in Appendix H that can proceed without further reference to Cabinet or Council.

(vii) Approve that the use of the monies in the budget and Reserves for "Invest to Save" schemes be determined by the Assistant Director - Financial Services & Revenues in consultation with the Leader of the Council.

(viii) Approve the revised Land and Property Disposal Programme (Appendix L), and agree that disposals can be brought forward if market conditions make it sensible to do so.

(ix) Agree that schemes marked with an asterisk in the Capital Programme can proceed without further reference to Cabinet or Council.

(x) Agree that work on Priority Income and Efficiency Reviews (PIER) should continue, and where possible identify a sustainable budget for a period in excess of one year. A mid-year review, for members and officers, to be undertaken in the light of the continuing severe government grant reductions.

(xi) Approve the Car Parking charges for 2017/18 as detailed in Appendix N

(xii) Approve the detailed recommendations in Appendix M, which relate to the setting of Council Tax in accordance with Sections 31 to 36 of the Local Government Act 1992 (updated for full Council).

(xiii) Approve that the budget be amended as necessary to reflect the final grant figures from government (once received) and in respect of Discretionary Housing Payments and Disabled Facility Grants.

(xiv) Approve the reduction for the Council Tax Prescribed Class D Properties i.e. those which are vacant and are undergoing “major repair work” or “structural alteration” to nil %.

Reasons for Recommendations

1. Major reductions in funding in 2017/18 are set to continue to 2019/20 and beyond and this will impact heavily upon the Council’s ability to provide services and grants across all areas of existing activity.

2. Since 2010/11 funding has been reduced by more than 50% in cash terms on a like for like basis. To ensure key corporate priorities are achieved it remains imperative that the limited resources available are properly targeted.

3. The Council needs to be in a position to match its available resources to its priorities across the medium term and to maintain sufficient reserves and capacity to deal with potentially large and unexpected events in addition to fluctuations in income and expenditure levels.

4. The Council is exposed to a much greater degree of volatility in the level of funding it receives through Non Domestic Rates. In addition it is also exposed to a much higher degree of volatility in terms of Council Tax Support claims – the Council now receiving an upfront sum as part of the annual grant settlement rather than reimbursement of actual costs.

5. Further reductions in grant funding have major implications for the Council and as such work needs to continue to identify and make savings in order to produce balanced budgets in 2017/18 and beyond.

Introduction

1. The Chancellor’s November 2016 autumn statement identified that the real term reductions in local government funding would continue. Debt would rise from 84.2% of GDP last year to 87.3% this year and increasing to 90.2% in 2017/18. As a result the government no longer seeks to deliver a budget surplus by the end of this parliament but as “early as possible” in the next parliament. There will be no easing of austerity for public services.

2. On a national basis significant public spending cuts continue to be made, which along with reduced levels of benefit payments flowing from the welfare reforms will impact heavily on individual households. Lower levels of disposable income may result in even more pressure on Council services such as Housing and Revenue Services.

3. The Council when setting the budget in February 2016 forecast that there would be a deficit in 2016/17 of some £881,000, and £1,490,000 in 2017/18. A balanced budget for the two years being achieved by using limited amounts of the Council's

reserves. The position has improved in 2016/17 following in-year initiatives such as the purchase of Muriel Matters House (previously Aquila House) and the Sedlescombe Road retail park, service transformation work and an improvement in the Social Letting Agency's position. The deficit now forecast for 2016/17 is some £60,500. For 2017/18 following extensive service transformation work, service reviews and reductions, initiatives to generate additional income, as well as some budget growth, the deficit is estimated at some £546,000. The level of risk within the budget and uncertainty within the forecasts has increased – particularly the uncertainties surrounding Brexit, business rate income, inflation prospects, demands on services, and claims being made against the Council e.g. Pier and NHS rate claims.

4. From information supplied with the government grant settlement, the reduction in the Settlement Funding Assessment for Hastings BC in 2017/18 is 11.5% or £726,000. With the level of government grant continuing to decrease at such significant levels in the years ahead, and the limited ability to increase Council Tax or increase charges, the Council will need to make further substantial savings in order to produce sustainable balanced budgets in the years ahead.

5. The Council's external auditors have commended the Council on its approach to financial management over the last few years and its approach to maintaining and enhancing reserves whenever possible. This approach has helped the Council in its transition to date and the continuation of this approach is proposed.

6. It should be noted that the budget does not include the anticipated increases in expenditure (both Capital and Revenue) or increases in income that will arise during the year as income generation schemes are approved. The Treasury Management Strategy included elsewhere on the agenda makes the recommendation that the overall authorised borrowing level be increased over the next few years in order to enable investments and income generation schemes to proceed should the Council approve them. The increases do not provide a licence to spend to these levels.

Strategic Priorities

7. The Council's strategic priorities were refreshed for 2016/17 in the light of consultation and the continuing challenges that the Council and the community face and they continue to remain valid for 2017/18. They are:-

(a) **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.

(b) **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.

(c) **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.

(d) **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.

(e) **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.

(f) **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.

(g) **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.

Financial Planning - Medium Term Financial Strategy

8. The Medium Term Financial Strategy, approved in November 2016, provided indicative budget forecasts for the 3 year period 2017/18 to 2019/20.

9. Given the need to plan for future years, the Medium Term Financial Strategy, identified key principles to be followed when compiling the budget as well as identifying the financial risks and opportunities more closely. The Financial Strategy is robust in that it integrates the financial and policy planning procedures of the Council.

10. That robustness is built upon a foundation of key principles:

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

(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 consciously strengthened its reserves in the last few years, knowing that these will be required to ease the transition to a sustainably funded 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 existing 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 2016 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.

The Key Factors Impacting on the Budget

Funding from Business Rates

11. The government launched the Business Rates Retention (BRR) scheme on 1 April 2013 as one of the main forms of local government funding. Instead of a single grant settlement for 2017/18 the Council receives details of Revenue Support

Grant (RSG) and the Business Rate Baseline Funding level (expressed as Baseline Need). The two figures effectively make up the Settlement Funding Assessment (SFA). Whilst the government calculate a notional business rate figure they believe each Council should collect, ultimately it is the actual level of business rates collected that will determine the total funding received for this element of the settlement i.e. the level of RSG is guaranteed throughout the year whilst the business rate element is not.

12. To fund the Baseline Need element, the Council has an expected level of business rates (or National Non Domestic Rates (NNDR)) that is to be collected. Due to differences between Baseline Need and the level of business rates actually collected there is a further budget adjustment required.

13. The rateable value (RV) of business properties at the start of the 2017/18 year is forecast to be some £62.9m. However given the level of appeals, forecasting income levels for 2017/18 and beyond remains challenging. Business rates and the levels of appeals/ growth/ decline has been highlighted as a real risk yet again and will continue to impact significantly on the Council's level of funding. It is one of the key risks that the Council faces in terms of income volatility.

14. Multiplying the rateable value figure by the rate poundage and after charity and other reliefs the Council will collect some £20.9m of which the Council share is some 40% (£8.3m in 2017/18). For Hastings however with a Baseline Need that is lower than the Business Rate Baseline a Tariff is paid to central government – this amounts to £5,243,291 in 2017/18 as well as a levy. The estimate of the business rate income collected that will be retained by the Council in 2017/18 amounts to £2,997,000.

15. The picture for 2017/18 and beyond is further complicated by elements of business rates being reimbursed separately by central government e.g. doubling the threshold of 100% relief for small businesses to rateable values of £12,000 (tapered to £15,000). For 2017/18 a sum of £724,000 (estimate of HBC's share) has been allowed for these various elements - payable under Section 31 of the 2003 Local Government Act.

16. The Council is required to make an annual assessment of the income it expects to collect from business rates, and to provide these figures to government, East Sussex County Council and the Fire and Rescue Authority who each receive a share of the actual rates collected.

17. The Business Rates Pooling arrangement within East Sussex will end at 31 March 2017 due to appeal levels, revaluation implications and uncertainties on growth. The pool results in monies that would otherwise be paid to the government in terms of a levy being retained within East Sussex. A review will be undertaken in 2017/18 with a view to re-establishing a pool for 2018/19.

External Funding – Annual Grant Settlement (and 4 year indicative forecast)

18. The 2017/18 provisional finance settlement was announced on 14 December 2016 with the final settlement figures expected to be confirmed in February 2017. The settlement provides details of the Revenue Support Grant and the levels of

Business rates that the government expects councils to retain – the two figures combined make up the Settlement Funding Assessment.

Year	Settlement Funding Assessment (£ 000's)	Decrease (£ 000's)	Percentage Change (Annual)	Percentage Change (Cumulative)
2015/16	£7,194			
2016/17	£6,331	-£863	-12.0%	-12.0%
2017/18	£5,605	-£726	-11.5%	-22.1%
2018/19(Est)	£5,224	-£381	-6.8%	-27.4%
2019/20 (Est)	£4,801	-£423	-8.1%	-33.3%

19. In terms of the cash grant that the Council receives from the government (Revenue Support Grant) the Council signed up to the 4 year settlement offered. The updated figures of the grants receivable over the period are detailed below. The Council will lose £797,000 in Revenue Support Grant in 2017/18, and by 2019/20 will have lost £2,739,000 (73.5%), leaving a grant allocation of some £988,000.

Year	Revenue Support Grant (£ 000's)	Decrease (£ 000's)	Percentage Change (Annual)	Decrease (Cumulative) (£ 000's)	Percentage Change (Cumulative)
2015/16	£3,727				
2016/17	£2,835	-£891	-23.9%	-£891	-23.9%
2017/18	£2,038	-£797	-28.1%	-£1,689	-45.3%
2018/19 (Est)	£1,542	-£496	-24.3%	-£2,185	-58.6%
2019/20 (Est)	£988	-£554	-35.9%	-£2,739	-73.5%

20. The Council should also receive a small amount of Transition Grant funding in 2017/18 of £5,466 (£5,493 in 2016/17), but will not receive it thereafter.

21. Discretionary Housing Payments (DHP's) play a vital role in supporting a lot of people affected by the welfare changes. The grant figure for 2016/17 amounted to £277,703. For 2017/18 the funding amounts are yet to be advised. This funding will be fully subscribed and the budget will be updated once the details are received

22. In brief, save for the reductions in the New Homes Bonus funding the annual grant settlement figures for 2017/18 were in line with overall expectations in the Medium Term Financial Strategy.

Summarised Grant Position

23. The level of grants received from the government between 2010/11 (the year before the previous Comprehensive Spending Review) and 2016/17 have decreased by over 50%. For the period 2010/11 to 2019/20 the reduction in cash grant funding is estimated at 70% on a like for like basis (i.e. excluding Council Tax Freeze Grant, Homelessness Grant and Council Tax Support Grant in order to provide a clear comparison). These figures are all based on cash and exclude the effects of inflation (the inclusion of which would increase the % reductions even more).

24. In 2017/18 the Council will lose £797,000 in Revenue Support Grant. New Homes Bonus is some £379,000 less than in 2016/17 as detailed in the report and is set to fall further. These two grants losses alone amounting to some £1,176,000. This loss of grant when combined with the additional costs from inflation and pay increases and demand pressures present the Council with significant financial and resource challenges.

Core Spending Power

25. The government identified a new term last year, which is similar to the previous Revenue Spending Power. Core Spending Power sets out the expected available revenue for local government spending through to 2019/20 using Office of Budget Responsibility (OBR) estimates.

26. The Core Spending Power figures for Hastings from 2016-17 through to 2019-20 are derived from the sum of the following core components:

(i)The Modified Settlement Funding Assessment amounts,

(ii)The council tax requirement (excluding parish precepts).

(iii) New Homes Bonus

The table below shows the government's projections of how much funding the Council will retain after 4 years.

Illustrative Core Spending Power of Local Government;					
	2015-16	2016-17	2017-18	2018-19	2019-20
	£m	£m	£m	£m	£m
Settlement Funding Assessment*	7.29707	6.33086	5.60491	5.22377	4.80082
Council Tax of which;	5.83549	6.05425	6.29539	6.54370	6.80179
New Homes Bonus	1.01720	1.39594	1.017633	0.771364	0.740114
Transition Grant	0.00000	0.00549	0.00547	0.00000	0.00000
Core Spending Power	**14.14975**	**13.78655**	**12.92340**	**12.53883**	**12.34273**
Change over the Spending Review period (£ millions)					-1.8
Change over the Spending Review period (% change)					-12.8%

27. It can be seen from the above table that under this new measure, the Core Spending Power of the Council reduces by 12.8% over the period shown.

28. In practice however when looking at the year on year reductions in funding the figure is not helpful. The overall reduction in Settlement Funding Assessment (Business Rates, Revenue Support Grant and other rolled in grants) for 2017/18, is 11.5% - i.e. just in 2017/18 alone. In real cash terms the Revenue Support Grant reduces by 28.1% (£797,000) in 2017/18 alone. The figures do not include other funding received from the government such as Housing Benefit Administration grant.

Income Generation

29. The Council has a number of key income streams besides Council Tax and business rates. These include for example rents from land and industrial estates and shopping centres, cemetery, cliff railways, planning, licensing, lettings and land charges.

30. The Council now receives additional income of some £135,000 p.a. from renting out parts of the Town Hall and Muriel Matters House (previously Aquila House). From 2016/17 the Council is making a net saving of some £75,000 p.a. from purchasing the building rather than paying rent. The total of some £210,000 p.a. goes a little way to meeting the massive funding reductions the Council is experiencing and thus helps to protect services.

31. In November 2016 the Council purchased a small retail park in Hastings for £7.275m. This along with the completion of the new BD foods factory unit and some other small income streams will result in an additional £500,000 of income for the Council - against which there are financing costs.

32. Other projects in the pipeline already, include income from additional beach huts/chalets (£40,000 p.a.), new seafront kiosk (£8,000 p.a.).

33. Given the Council's need to generate significant levels of new income if services are to be protected, an income generation strategy will be forthcoming shortly, which will consider the merits (or otherwise) of investing within Hastings or outside of Hastings and the strategies to be employed in comparing the merits of investments in for example commercial property vs electricity generation/trading vs housing etc.

34. Given the significant funding reductions in the years ahead and the freedoms available for competent councils, the Council is continually looking to increase the income it can generate. Trading will generally require a separate company(s) to be set up e.g. housing company. Each and every opportunity will, like now, need to be supported by a careful evaluation of the opportunities and associated risks. To this end an Income Generation Board has been established which will operate within the Council's governance arrangements.

35. The Council's income generation plans will involve both capital and revenue expenditure. The Council is able to borrow for capital expenditure but must determine its overall borrowing limits prior to the start of the financial year. It is able to vary them within the year, but such decisions can only be taken by full Council. The purpose of setting borrowing limits is to ensure that the borrowing costs are prudent and affordable when determining the budget. The proposed levels are contained within the Treasury Management Strategy which is considered by the Audit Committee and Cabinet before being determined by full Council.

36. Income generation will form an increasingly important aspect of the Council's activities in order to support key services and some of the key areas are identified in the Corporate Plan. There is expected to be further calls on the remaining Invest to Save Reserve (as well as other reserves) in order to set up some of the initiatives and meet some of the revenue borrowing requirements of any newly formed trading company (s).

Fees and Charges

37. 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 remain under considerable pressure e.g. Priory Meadow. Given that income streams remain a risk, fees and charges have been kept under careful review and are considered annually against the background of Council priorities, the local economy and its needs, and people's ability to pay.

38. In respect of most fees and charges, with a few exceptions, these have generally been increased by some 10%, except where set by statute. The majority of planning fees are determined nationally by government. The government had announced that they would "consult on allowing well-performing planning services to increase their fees in line with inflation at the most, providing that the revenue reduces the cross subsidy that the planning function currently gets from council tax payers". To date no announcement has been received on revising the statutory charges.

39. Car parking charges were last increased in February 2015 for a 24 month period (increases were applicable from 1 April 2015). The Council is experiencing a significant increase in business rate costs over the next few years on some of its car parks following the recent national revaluation. The Council has also recently invested heavily in updating the town's CCTV system which provides cover for the car parks. Some of the car parks are regularly full and it remains important that those car parks situated near to the commercial hub are priced effectively to ensure that spaces are available for shoppers. The Council will investigate more flexible charging rates as a way of managing car park use e.g. higher charges on summer weekends in seafront and town centre car parks. It is proposed that car parking charges are increased for 2017/18 as detailed in Appendix N.

Investment and Borrowing

40. 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 2017 from their current level of 0.25%. The Council's treasury advisers were indicating a fall to 0.1% by December 2016 and spring 2018 as the potential date for the next interest rate increase back to 0.25%. However following the American election result, the rate is not expected to reduce. Given the restricted counterparties list and short investment periods, investment returns of around 0.5% are predicted in 2017/18. The Treasury Management Strategy will continue to advocate a policy of keeping the respective levels of debt and investment under review.

41. The council has had additional borrowing requirements in 2016/17 to finance the acquisition of Muriel Matters House, the new factory on Castleham, the acquisition of the retail park and other capital schemes. This increases the borrowing costs as well as the amount required to be set aside each year to repay this debt (the Minimum Revenue Provision).

Inflation

42. This has not been a major issue over the last couple of years. Inflation has however been increasing over the last few months and looks set to increase further. In December 2016 it was 2.5% (Retail Price Index) whilst the government's preferred measure CPI (Consumer Price Index) was 1.6%.

43. The council allowed 1% for inflation in 2016/17, and 2% for the years beyond in its budget projections.

44. Inflation, according to the Bank of England inflation report is expected to be at or around the 2% target in the next two years, but some commentators are suggesting a spike of around 2.7% next year or even higher.

45. Based upon the above projections, general inflation is being estimated at 2% overall for 2017/18 and beyond, with only contract inflation being allowed for in the budget i.e. a real cash freeze again for all other service expenditure areas. Any increases above this level would need to be contained within service budgets within the year.

Public Sector Pay Settlement and National Living Wage

46. The figures in the budget assume a 1% increase for 2017/18 and beyond. In addition there are contractual increments (equivalent of around ½%).

47. The salaries budget together with national insurance and pension costs amounts to some £11.2m in 2016/17. The estimated costs will increase by some £190,000 in 2017/18.

48. The Council remains committed to paying the accredited living wage (£8.45 per hour), which is significantly higher than the national minimum wage of £6.95 per hour for over 21's, and the new minimum wage premium for over 25s of £7.50 per hour that will come into force across the UK in April 2017. As a result of the latter the Council can expect the costs of external service provision to rise. The Council will need to ensure it reviews specifications closely in order to ensure overall costs do not rise– as has very successfully been the case with regard to cleaning contracts.

Council Tax Reduction Scheme

49. 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 however that its own scheme (The Council Tax Reduction Scheme) would remain the same in 2015/16, it did the same again for 2016/17, and the same again for 2017/18 (Full Council in December 2016).

50. The Council Tax Reduction Scheme continues to pose a significant financial risk for the Council. That risk being that should claimant numbers increase the additional costs now fall on the Council and its preceptors rather than the government. The Council will need to continue to retain adequate reserves for this purpose. However, there has been a reduction of some 3% in the numbers seeking assistance and this has resulted in fewer discounts being granted. This impacts positively on the calculation of the Council Taxbase.

51. Given that overall levels of government funding continue to decline year on year, the Council will again need to review the affordability of the scheme during 2017/18, and will do so in conjunction with neighbouring authorities.

Universal Credit & Benefit Administration Grant

52. 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 new claims actually took place in April 2015 but has had relatively little impact on the service until the 14 December 2016 when all new claims for those of working age and some change of circumstances transferred to Universal Credit.

53. The impact of the change is for a reduction in benefit claims, an increase in questions and support, and a reduction in the Council Tax and Housing Benefit

administration grant receivable in the years ahead. The implications on staff and services will begin to be understood in the coming weeks and decisions will then be taken in the light of the funding reductions. It should be noted that the final stage of converting the stock of existing Housing Benefit claims onto Universal Credit is still some years away – to be completed by 2022.

54. The Department for Work and Pensions (DWP) are providing additional funding to the Council in 2017/18. Some of this will be required to fund external support organisations (£52,000) for those providing debt advice, etc, which is paid on a per head basis Some funding however is to meet the additional burdens on dealing with DWP enquiries, complex cases and closing down existing claims. The total support will amount to some £117,000 in 2017/18 (some £38,000 in 2016/17).

55. The Benefit Administration Grant for 2017/18 has however been reduced to £460,841 (from £568,874) – a loss of £108,033. Please note the Council Tax Support Grant has been separated out from the Benefit Administration Grant line (see Appendix 1).

56. The government have previously stated that TUPE will not apply with the introduction of Universal Credit, but that they may meet the redundancy costs should these arise – providing the Council can prove it has taken all possible steps to avoid such costs. The DWP has committed to providing funding forecasts for 2018/19 early in the new year to aid resource planning within councils.

57. The level of Council Tax Support Administration Grant receivable in 2017/18 has now been notified at £178,467(£189,698 received in 2016/17). This represents a reduction of £11,231(a 5.9% reduction).

58. Sizeable reductions in grant funding are expected in the years ahead as Universal Credit is rolled out – reductions in grant will necessitate ongoing reviews as to how the Council delivers this service.

Council Tax Exemptions

59. From April 2013, billing authorities in England took on an additional power over certain Council Tax discounts. The level of discounts and exemptions the Council provides has been reduced in order to bridge the gap in funding from Government and at the same time minimise the impact on the less well-off residents in the Borough.

60. Properties which are vacant and are undergoing “major repair work” or “structural alteration”, referred to as Prescribed Class D properties, can attract a discount of between 0% and 50%, for a maximum of 12 months. Some 300 claims are expected for this discount in 2016/17. The Council has the discretion to vary both the discount percentage and the time period. The savings arising from a full reduction would amount to some £120,000 in a full year of which some £17,000 would be a saving to Hastings Borough Council. The County Council, Police and Fire Authority who are all experiencing funding pressures would also benefit. It is recommended that the percentage be reduced to 0% from 1 April 2017.

61. This does not affect the remaining exemptions e.g. registered charities, people in care homes, prisoners, student examples, carers. More information on exemptions is available on the Council website.

Pension Fund Contributions

62. 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 has been undertaken in 2016 with revised contribution rates becoming payable from April 2017.

63. The rates currently payable by the Council consist of the primary contribution rate plus 1% for future ill health retirements (these are percentages of salaries of staff in the pension scheme) plus a lump sum (secondary rate), namely:

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

64. The combined rates for 2017/18 and beyond are as detailed below.

2017/18 - 23.8%
2018/19 - 24.3%
2019/20 - 24.8%

The fund's Actuary has now provided a split between primary and secondary rates and the budget figures have been amended as a result. In addition there is 0.75% to add for future ill health retirements (reduced from 1%).

65. The future rates become :

2017/2018 -17.3% +0.75% + lump sum of £489,000 (6.5%)
2018/2019 -17.3% +0.75% + lump sum of £540,000 (6.5%)
2019/2020 -17.3% +0.75% + lump sum of £594,000 (6.5%)

66. The major change in how the primary rate is calculated affects all service budgets and many recharges within the Council's budget. County have advised as follows

"In prior valuations we have set the primary rate (i.e. the percentage of pay rate) equal to the employer's Future Service Rate calculated at the valuation date based on a single set of valuation assumptions. At this valuation, the Fund has taken the decision to set the primary rate in a risk-adjusted way, i.e. the rate required to ensure the cost of future service is fully funded over the employer's time horizon (e.g. 20 years for HBC). The calculation of the Primary rate is therefore consistent with comPASS modelling (this modelling enables the Fund to quantify alternative strategies by assessing the probability) which the Fund carries out for all stabilised employers.

Setting the primary rate for stabilised employers in this way allows for expected market conditions and asset returns over the next 20 years. Because of this, the Primary rate is not as volatile as Future Service Rates valued using the single set of valuation assumptions, which are based on market conditions on a single day. Although the move to the risk-based primary rate will lead to a one-off shift in the percentage of pay rate payable by employers at this valuation, going forward we expect the Primary rates to remain more stable at future valuations.”

67. An increase of 1% on the primary contribution rate (a £100,000 p.a. increase in the Council’s contributions) had been included in the forward projections for 2017/18. The actual cost amounts to a stepped increase estimated at some £105,000 p.a. by 2019/20 (now expecting no additional costs in 2017/18).

Grants

68. 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. Rogue Landlord funding, Coastal Revival funding, Future Cities, and Active Women Programme, Answers in the Local Economy (ACE), Hastings Fisheries Local Action Group (HFLAG).

69. Regional and European funding successes have been very significant for Hastings. The Council has made further grant applications for very substantial sums of money and will continue to look to attract such funding to Hastings in the years ahead. Recent bids which the Council is involved in include, for example:-

    (i) Climate Active Neighbourhoods (CAN) (£870,000 over 3 years),
    (ii) Sustainable Housing Inclusive Neighbourhoods (SHINE) (£1.5m over 4 years),
    (iii)Community Led Local Development (CLLD) (£3.3m),
    (iv)Destination White Rock – continuing the economic revival (£1.5m over 2 years),
    (v) HFLAG 2 , (DIY TOV)DIY Regen: Transforming Ore Valley (£3.9m).

    If all, or most of these bids are successful the regeneration work within Hastings should remain significant.

70. A new grant of some £470,000 has recently been awarded across East Sussex authorities in respect of Homelessness – to cover a three year period. Initial estimates are now included in the budget.

71. The monies paid to the Council from the Clinical Commissioning Group (CCG) for various joint initiatives are included in the budget (£1.09m in 2017/18) and thus inflates the Council’s net expenditure figures (funding included in transfers from reserves).

New Homes Bonus

72. 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 sum receivable in 2016/17 amounted to £1,387,912.

73. The government announced in the November 2015 Autumn Statement that it would be consulting on changes to the New Homes Bonus - the money saved going to Social Care. The changes to the scheme to commence in April 2017.

74. The outcome as announced on the 15 December 2016 has been to reduce the period that it is payable for - from 6 years to 4 years with a transition year for 2017/18 whereby 5 years is payable. The government have also decided to

introduce a minimum growth baseline of 0.4% below which the bonus will not be paid; this they state reflects a percentage of housing that would have been built anyway. The payment of a small amount to reflect the increase in affordable properties does not appear to be affected by the threshold decision.

75. As a result of these changes the Council will now receive only £5,600 in new Homes Bonus in respect of the 2017/18 year as against some £152,000 that would otherwise have been payable.

76. To achieve the government's estimated income of £144,730 in 2018/19 the number of completions (and empty property reductions) would need to increase from some 143 this year to some 250 next year (some 236 band D equivalent properties).

77. The table below shows the New Homes Bonus receivable by the Council in 2017/18 and the estimate for 2018/19.

Table: New Homes Bonus

Year	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19 (Est)
	£	£	£	£	£	£	£	£
Year 1	194,710	194,710	194,710	194,710	194,710	194,710		
Year 2		189,838	189,838	189,838	189,838	189,838		
Year 3			119,097	119,097	119,097	119,097	119,097	
Year 4				382,670	382,670	382,670	382,670	
Year 5					119,542	119,542	119,542	119,542
Year 6						382,055	382,055	382,055
Year 7							5,600	5,600
Year 8								144,730
Total	194,710	384,548	503,645	886,315	1,005,857	1,387,912	1,008,964	762,467

78. The reduction in funding between 2016/17 and 2017/18 amounts to some £379,000 (- 27.3%).

79. 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. For Hastings, the money has been fully utilised to help balance the budgets in every year since its introduction.

80. 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 naturally 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.

81. The introduction of a 0.4% baseline is very unhelpful, and will impact significantly on the more urban, densely populated and deprived areas where there is generally less land available for development. It also should be noted that there remains a risk that this grant regime could effectively be ended altogether, particularly if all business rates are returned to councils in 2019/20. Representations have been made to the government in respect of the introduction of the 0.4% threshold.

Revised Budget 2016/17

82. The revised 2016/17 total service expenditure budget amounts to £16.04m, against an original budget of £15.7m (Appendix A).

The main variations are summarised in Appendix C. These include:-

(1) Social Letting Agency – The original budget identified a cost to the Council of £59,566. The revised estimate identifies an improved position and that this will achieve a break even position for the year. No new properties are being taken on at present given the uncertainty on the funding regime. There is a real risk that the annual grant regime which is set to replace the current benefit payment regime will not cover the costs of the scheme. A review will be undertaken by the service as soon as grant levels become clear.

(2) Selective Licensing – the scheme was budgeted to make a surplus of £233,000 in 2016/17. The revised estimate for the year is for a deficit of £25,430 (an adverse variance of some £258,000). The 2017/18 budget is forecasting a surplus of £32,000. Any surplus achieved is being returned to the General Reserve – until such time as the deficits are extinguished. Additional enforcement and prosecutions are taking place, which will help ensure this is achieved.

(3) Development Control – an additional £116,000 was included in the budget following a restructure - as agreed by Cabinet.

(4) Homelessness and Preventing Repossessions - Expenditure on Supplies and Services (mainly temporary accommodation) looks set to increase to some £520,000 from £286,000. Whilst some of this may be recovered in Housing Benefit, there is a net growth in the budget of some £50,000 in 2016/17 and 2017/18. This is a worrying trend, especially given the problems experienced elsewhere in the country where Universal Credit is now in place. The ability of Councils to recover the accommodation costs will be challenging and necessitates a close examination of current arrangements.

(5) Youth Homelessness – the initiative has continued in 2016/17 partially funded by a revenue grant amounting to £34,500. The net additional cost of continuing this initiative is some £22,000 in 2016/17 and £21,000 in 2017/18 and represents growth in the budget.

(6) Housing (HMO) Licensing – the scheme was budgeted to make a surplus of £108,000 in 2016/17. The revised estimate for the year is however for a deficit of

£71,640 (an adverse variance of some £180,000) – the scheme formally ended in September 2016.

(7) Waste Contract – an additional £54,000 payable and represents ongoing growth.

(8) Business Improvement District (BID) – The Council is picking up the systems, staffing, and running costs incurred in billing and collecting the monies from businesses within the BID area. The Council will also be liable for the levy itself in 2017/18 and beyond. The accounting arrangements for the BID are yet to be finalised.

(9) NHS Clinical Commissioning Group – Original budgeted spend in 2016/17 was £298,000 and this is expected to increase in the year to £651,000.

83. Non Domestic Rates – Appeals and backdated refunds

The uncertainty and volatility around the business rate income, from amended valuations, appeals, continues to have a large negative impact on the 2016/17 accounts. The volatility risk is mitigated to a degree by retaining sufficient reserves. The Council (along with many others across the country) has received a backdated claim for mandatory rate relief for the last 6 years in respect of NHS properties; this amounts to some £4.3m in respect of Hastings. This claim has not been accepted at this stage and the implications of doing so are not included in the revised budget for 2016/17 or for 2017/18.

84. On a very positive note there is additional income/ reduced expenditure in the following areas:

(1) Muriel Matters House (previously Aquila House) – £75,000 p.a. following the purchase. There is an additional £100,000 saving in 2016/17 as no set aside for repayment of debt is made in year of acquisition.

(2) Muriel Matters House – Council chamber let to Coroner's office (Tuesdays)

(3) Town Hall – additional offices let,

(4) Acquisition of Retail Park – Additional income in 2016/17 with no set aside for repayment of debt.

(5) Contracts – inflation in the year slightly below expectations

85. It should be emphasised that in compiling the revised budget there remains some risk to the levels of income expected in the last quarter of 2017/18 e.g. bad weather, Pier claim.

86. Going into 2017/18 the Council needs to maintain a level of reserves that can continue to ensure a managed transition to a much lower level of activity in the years ahead. The Council set aside monies (Invest to Save to support initiatives that achieve real savings or generate income.

87. There remains a limited amount of contingency budget in 2016/17 (£340,000), which could be the first call for legal fees in respect of the Pier and NHS claims.

88. In summary the deficit for the year was estimated to be £881,792 and is now forecast to be £60,526 (net). It is recommended that if there were any underspends at year end these are transferred to the Invest to Save Reserve.

Budget 2017/18

89. The Council's total net expenditure in 2017/18 is estimated at £13.699m (amount to be met from Grant and Collection Fund). This compares to a revised estimate of £14.364m for 2016/17 and represents a decrease in net expenditure of 4.6%.

90. The Revenue Support Grant receivable from the government in 2017/18 of £2,038,000 represents a £797,000 (28.1%) reduction from the 2016/17 settlement. The impact of the settlement in 2017/18 is even more severe given the reduction in New Homes Bonus monies (a reduction of £379,000 (27.3%) from 2016/17).

91. In addition to the reductions in central funding there are a number of costs, other than the expected pay increases and contract inflation, that impact on 2017/18.

These include :

i) Waste and Street Cleaning contract – additional contribution of £54,000 p.a.

ii) Business Improvement District (BID) – The payment of a levy of some £7,000 p.a. and some costs which are not expected to be fully recoverable.

iii) Business rate revaluation – impact on Council properties as well as the level of business rates retained.

The national revaluation has led to an increase in the overall rateable values within the borough, but by reducing the rateable poundage (set nationally) the amount to be collected in Hastings decreases. As a result the government have reset the baseline funding level of the Council i.e. how much the Council can retain.

iv) Apprenticeship Levy - £35,000 (estimate of £50,000 less £15,000 allowance)

v) Pension revaluation – no cost increase now expected in 2017/18 but a stepped increase over next 3 years totalling an additional £105,000 p.a. by 2019/20.

vi) Development Control – £67,000 of additional expenditure in 2017/18 largely as a result of increasing staffing resources in this area.

vii) Insurance costs – increase in insurance premiums in respect of public liability claims and the implications of Insurance Premium Tax increasing to 12%.

viii) Redundancy costs fall within the year that the decision is made. Additional costs are anticipated in 2017/18 beyond the £175,000 allowed in the base budget. A further £225,000 is therefore being funded from the Redundancy Reserve i.e. £400,000 in total for 2017/18.

92. The estimate of the deficit on the Collection Fund in respect of business rates (largely appeals) is some £232,205 (£638,660 in 2016/17). This is recovered in the 2017/18 accounting period as a charge to the General Fund.

93. The estimated balance on the Collection Fund at 31 March 2017 in respect of Council Tax is a surplus of £232,205 (Hastings BC share), but the estimated deficit of £236,693 (HBC share) in respect on business rates, brings the net deficit to some £4,488. This compares to a £474,067 deficit that was charged to the 2016/17 budget.

94. Savings and some areas of growth have been identified through the PIER process which amount to £735,000 (net) in 2017/18 (Appendices - K and Kii).

95. The PIER saving in respect of the Digital by Design transformation will continue for a number of years as the Council transforms itself. Savings amounting to £62,000 out of the £235,000 originally estimated were included in the 2016/17 budget with the remainder to be achieved in 2017/18.

96. Discretionary Housing Payments – £277,000 was received in 2016/17. The figure is awaited for 2017/18.

97. The use of Invest to Save monies is considered fundamental to assisting the Council in the transformation to a lower spending authority – a business case is required before such money can be used. In February 2016 it was agreed that the use of the monies be determined under delegated powers by the Chief Finance Officer in consultation with the leader of the Council. It is recommended that the use of these sums is again determined for 2017/18 and beyond under delegated powers by the Chief Finance Officer in consultation with the leader of the Council.

98. As a result of inflationary impacts the Council can expect the costs of external service provision to rise e.g. contracts. The Council will need to ensure it reviews specifications closely, as successfully achieved in the cleaning contracts, in order to ensure overall costs do not rise and this may also result in service reductions.

99. The Capital programme is detailed separately in the report. There are aspects of Capital schemes e.g. feasibility studies that cannot be capitalised. These aspects will in the main continue to be funded from capital reserves. Likewise the Council can recover some costs of disposal (revenue costs) from capital receipts when assets are sold. There are some larger studies e.g. White Rock Area where the Council has identified separate revenue resources. One such call on the revenue budget is the cost of marketing in respect of West Marina site and subsequent marketing. This will amount to an additional £30,000 in 2017/18 which is included in the budget.

100. In summary there is an estimated deficit of £546,000 in 2017/18. The savings identified and additional income generated, mean that a balanced budget can be achieved in 2017/18 using some £406,000 of the Transition Reserve, £100,000 from the Economic Development Reserve and £100,000 from the Community Safety Reserve.

Budget 2018/19 and beyond

101. The Council signed up to the government's offer of a 4 year settlement i.e. the four years to 2019/20. The Council's Efficiency Plan was accepted by the government. The benefit of doing so is that there is a degree of certainty on part of the Council's grant funding for the next 3 years – as identified in previous tables.

102. The indicative Revenue Support Grant reductions to be implemented over the period 2017/18 to 2019/20 amount to £2,739,000 (73.5%). In cash terms the funding reduction in 2017/18 amounts to a further £797,000.

103. A deficit of £1.7m is estimated for 2018/19 and a deficit of some £2.1m in 2019/20 – before the use of Reserves (see Appendix G). This assumes a net saving in respect of the White Rock theatre of £370,000 in 2019/20 when the current contract expires i.e. stopping the existing subsidy of some £620,000 but retaining £250,000 within the budget for cultural purposes.

104. The Council needs to achieve a much higher level of Income generation and PIER savings than those currently identified in Appendix K in order to achieve a manageable deficit in 2018/19 and the years beyond. The further transformation of the ways that people deal with the Council and how it works (Digital by Design) remains crucial to achieving further savings. The achievement of these must remain a priority for the Council.

105. To help ensure that the Council can continue to deliver key services at this time it is again proposed that the Transition Reserve be used to help fund services in 2018/19 in the sum of £750,000 and £750,000 again for 2019/20 (if necessary), along with balances from the Economic Development Reserve and Community Safety Reserve. These sums on their own are not sufficient to balance the budgets of the future years (based on current estimates and assumptions). By 2020/21 based on current assumptions the Council will need to achieve a fully balanced budget without the use of reserves.

106. To help ensure that the Council can continue to deliver key services at this time, should there be any underspends these should be used to strengthen reserves – this is a continuing message that will help ensure that key services can continue to be provided as the Council continues its transformation to a self-sustaining Council.

107. In order to address the budgetary issues ahead whilst also looking to improve the customer experience, it is recommended that the Priority Income and Efficiency Review process (PIER) continues.

Council Tax

108. 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
2016/17	2.1%	3.1%	245.33

109. In considering any Council Tax increase in 2017/18 because of the fact that the Council Tax Base 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 £62,800.

110. It is again open to the Council to increase Council Tax for 2017/18. The threshold to trigger a local referendum in 2017/18 is 2% or above as well as an increase that is greater than £5 for a Band D property.

111. The Council is unable to fully determine the Council Tax liability until the precept requirements of East Sussex County Council (ESCC), the Police and Crime Commissioner, and the East Sussex Fire Authority are known. The draft Council Tax figures in the appendices show an indicative 2.04% (£5 on a Band D property) increase for Hastings BC and a 1.98% increase plus an extra 2% for ESCC in respect of the Social Care Levy, 1.94% for the Fire Authority and a £5 (3.47%) increase for the Police and Crime Commissioner - Appendix M.

112. Council Tax is at £245.33 (Band D – Hastings BC element) and a 2.04% (£5 for a Band D property) increase in 2017/18 would take this to £250.33.

Capital Receipts

113. A number of revisions to the programme have been made to take account of changing circumstances. Appendix L provides the profile of programmed receipts. In addition to the sites listed, opportunities for other asset sales and disposals continue to be explored.

114. Given the income generation options that are to be brought forward, disposal of the major sites will not now be undertaken without first assessing whether they are of interest for development by the Council itself or a wholly owned Council company. Such a policy does have big implications for the Council in that more schemes within the Capital programme will need to be financed by borrowing if materially delayed – with the ongoing consequences for the revenue account.

115. As ever it remains imperative that the Council maximises its capital receipts. Failure to do so will necessitate curtailment of the already limited capital programme given the costs of borrowing. The additional costs of borrowing fall directly on the revenue account in terms of interest payments and annual contributions towards the repayment of the principal (i.e. Minimum Revenue Provision (MRP)). If there are invest to save efficiencies then these costs may be offset. Appendix E identifies the capital financing requirement over the life of the capital programme – it does not include the implications of any major income generation schemes.

116. It should be noted that capital receipts can generally only be used for capital purposes. It is recommended that asset disposals be brought forward if market conditions make it sensible to do so.

Capital Programme

117. The capital programme analysed by service is attached (Appendix P).

118. The proposed programme satisfies the requirement that schemes meet the following criteria:-

Contribute towards achieving the Council's corporate priorities and one or more of the following:-

a. be of a major social, physical or economic regeneration nature,

b. meet the objective of sustainable development,

c. lever in other sources of finance such as partnership/lottery funding or provide a financial return for the Council,

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

119. There is a need to maintain the property portfolio in order to avoid higher maintenance costs and declining assets in future years. 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 in a period of economic uncertainty - and also given the increase in competition for tenants. To this end the Council has continued to refurbish industrial units. Likewise for the economic vitality of the town it is important that infrastructure remains well maintained. To this end the sum of £50,000 p.a. within the Capital programme is retained for public realm enhancements.

120. Whilst the capital programme had been significantly reducing, albeit opportunities are still being sought for funding e.g. application to be resubmitted to the Heritage Lottery Fund in respect of the Castle, this has not been the case in 2016/17. The purchase of Muriel Matters House and the Retail Park plus completion of the BD food factory has resulted in some £13m of expenditure and a near doubling of the Council's borrowing requirement.

121. The level of Disabled Facility Grant (DFG) funding for 2016/17 was £1,407,000 and was advised on 10 February 2016. Figures have not yet been advised for 2017/18. The funding is from the Better Care Fund and paid to the Council from East Sussex County Council rather than directly by the government. The capital programme will be revised once figures for 2017/18 are advised. On a national basis funding for DFG's increased from £220m in 2015/16 to £394m in 2016/17. It is set to increase to £500m by 2019/20 but the government have provided no indicative figures beyond 2016/17. This is a capital grant and can be used for DFG purposes only. The budget is not currently being fully committed – the projected underspends are being transferred to a new earmarked reserve.

122. The schemes included within the capital programme for 2017/18 are the Coastal Space (partnership with Amicus Horizon) - £875,000 grant for a further 30 properties, Pelham Crescent Arcade and roadway, Public Realm, Groyne repairs, Castle Access, and continuation of the Empty Homes programme.

123. There are two schemes where additional funding may be required following initial investigations – namely Pelham Crescent roadway, and upgrading car parking machines and signage. Separate reports will be required to Cabinet at a future date if additional funding is to be made available.

124. The Council approved in late 2016 the purchase of a parcel of industrial land. This has recently completed and proposals will be forthcoming for potential development. No allowance for this is made within the capital programme and as such will be the subject of a further report. Likewise a report on redevelopment at York Buildings will be forthcoming shortly.

125. The schemes remaining in the capital programme for 2018/19 and beyond are in respect of groyne refurbishments (£35k), Public Realm (£50k) and the Empty Homes programme (£70k), Coastal Space phase 3 and Sea Defence works (externally funded).

126. The capital programme in summary (net of external funding) amounts to:-

	Revised 2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s
Gross Capital Expenditure	17,364	5,795	2,681	1,128
Net Capital Expenditure	15,379	2,118	864	116
Financing from own resources	2,154	1,243	864	116
Borrowing Requirement	13,225	875	0	0

127. In terms of net cost, the 2016/17 programme has been revised to £15,379,000 from £7,929,000. The 2017/18 programme amounts to £2,118,000 (£5,795,000 Gross).

128. The draft capital programme shows the status of the schemes

c denotes schemes which are committed
n denotes schemes that are new
u denotes schemes which are in the programme but as yet uncommitted

129. It is proposed that schemes marked with an asterisk proceed without further reference to Cabinet or Council.

Capital Programme - Incremental Impact on Band D Council Tax

130. 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.

131. Where the programme is financed by capital receipts, reserves, external grants and contributions with limited borrowing the impact on the revenue budget at a time of low interest rates is relatively small. Details of revenue cost implications are highlighted in Appendix E, but in short the Council's capital programme remains affordable for 2017/18.

Minimum Revenue Provision (MRP)

132. 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.

133. 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 i.e. the Minimum Revenue Provision. The MRP for 2017/18 is estimated at £831,669 (excluding any notional figures for leasing arrangements).

Reserves

134. The Local Government Act 2003 (Part 2) requires the Chief Finance Officer to report on the adequacy of the proposed financial reserves, and determine the minimum level required when setting the annual budget. There is no statutory minimum requirement, but reserves must be set at a prudent level given the activities of individual councils and potential liabilities that they face or may face in the future i.e. a risk based approach.

135. 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 (provisions are used for liabilities with uncertain timings or amounts). Such reserves are referred to as Earmarked reserves.

d. To assist in the transition to a lower spending Council

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.

136. The Council maintains a working balance in accordance with (a) above in the sum of £500,000. In respect of (c) above 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. The full renewals and repairs programme is attached in Appendix J.

137. The estimated reserves position, as at 31 March 2017, is shown in Appendix H. As an absolute minimum, the combined level of the Capital Reserve and General Reserve should be £5m i.e. the non- earmarked reserves. This is the same as in 2016/17 and reflects the more difficult funding regime, as well as the experience of the last year which has seen financial claims being made against the Council e.g. pier claim, land charges, and the mandatory rate relief claim in respect of NHS properties. This level is required to be maintained to cover unexpected expenditure, e.g. emergencies, potential over runs of gross expenditure and further down turns in income sources, and was arrived at as follows:-

(i)	10% downturn in income (sales, fees, rents, etc)	- £1m
(ii)	5% over run in expenditure (including capital)	- £2m
(iii)	Unforseen events/losses	- £2m

138. In addition, given the economic environment and all the uncertainties described elsewhere, it is prudent to maintain the two reserves at a figure above the absolute minimum and wherever possible increase the level of reserves. Any under spends in the year must be considered as opportunities to strengthen the reserves and improve services for the future – given the funding uncertainties.

139. A new earmarked reserve has been established for unspent Disabled Facility Grant monies. These are capital grant monies from the government and cannot be used for revenue purposes.

140. 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 Financial Officer is required to report on the reasons, and the action, if any, which he considers appropriate.

141. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report to members on the robustness of the estimates and the adequacy of the reserves when considering the budget and Council Tax. It is the view of the Assistant Director - Financial Services & Revenues that the processes followed and the information systems used are sound and that the regular reporting and

involvement of senior managers in managing budgets provides sufficient assurance that the resultant estimates are as robust as present economic circumstances allow and that the reserves are currently adequate.

Consultation

142. The draft Corporate Plan and Budget is the subject of consultation (from Friday 13 January 2017). The closing date for comments (Friday 10 February) is after the dispatch of this agenda and therefore any further comments received will be reported verbally to Budget Cabinet on 13 February. Comments received from the business community, voluntary and community sector organisations and the Overview and Scrutiny Committee meeting are to be included within the Corporate Plan report elsewhere on the agenda.

143. The full Council meets to set the budget on 22 February 2017.

Equalities and Community Cohesiveness

144. The equalities implications of the proposals included in the draft budget and corporate plan are set out in Appendix K2. Members are reminded that they are under a duty to give due regard to considerations of equality when making decisions regarding the Budget and Corporate Plan, (Equality Act 2010). As with the consultation feedback set out above, if any information is submitted as part of the consultation which requires a revision of this assessment, this too will be made available to Members at the Budget Cabinet meeting.

Risk Management

145. Numerous risks are highlighted in this report, and further comment is made below. The risks include reduced government funding, enhanced demand for Council services, delays in asset disposals. There are continuing risks surrounding the funding and employment of staff delivering housing benefits over the next few years. To balance the budget the Council has had once again to seek efficiency savings, review the capital programme, review fees and charges, and make cuts in services and grants. It will need to further prioritise its objectives and identify where it would need to make savings to balance the budget in 2018/19 and beyond.

146. Given uncertainty in the economic outlook and the continuing reductions in government funding the Council needs to preserve and enhance where possible the existing level of reserves – this report makes strong recommendations for doing so based on future funding projections. The Council also needs to ensure that it continues to invest in its people, its IT services and its commercial assets.

147. The Council 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.

148. 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.

Key financial risks to the Council in future years include:-

(i) Business Rates retention – volatility in income streams arising from both local and national economic pressures, the level of successful rating appeals, and collection rates.

The Council continues to rebut a backdated claim for mandatory rate relief in respect of NHS properties amounting to some £4.3m for the last 6 years. If the claim were ever to be accepted the ongoing loss of revenue would amount to an estimated £776,000 p.a. of which Hastings would pick up 40% (£310,000 p.a.). The Council's share of the £4.3m would amount to some £1.7m (40%). The Local Government Association are coordinating support i.e. providing Counsel's advice on behalf of the hundred plus local authorities potentially affected. In the meantime the minimum level of Reserves that the Council has needs to be maintained.

(ii) Income Generation (including the preservation and enhancement of existing schemes)

The Council is seeking to grow its income streams considerably. New initiatives need proper and effective governance arrangements and business cases will need to be robust. Due diligence needs to be thoroughly undertaken, often under restricted timescales, along with financial and taxation implications. The employment of the Income Generation Manager should help the Council to identify and progress viable schemes – thus helping to reduce the risk of unbalanced budgets in future years. There will however be considerable pressure on existing staff and prioritisation will be required.

The potential impact on the authority should things go wrong needs to be considered prior to the approval of individual schemes, along with potential exit strategies.

It also remains of critical importance that budget managers retain sufficient capacity to manage their services and the budgets delegated to them when new initiatives are being implemented. Careful monitoring and regular review of existing initiatives is also required e.g. selective licensing, social lettings agency.

(iii) Joint working/ shared services. The Council has achieved significant annual savings as a result of the joint procurement exercise for waste collection and street cleaning services and also for grounds maintenance services, building control, procurement, and financial systems. It remains very important for the authority that the joint working is successful if the delivery of the savings is to be achieved.

(iv) Staffing / Knowledge Management. The loss of key staff through early retirement or redundancy.

(v) Welfare Reform (Universal Credit and Council Tax Support). There is a significant financial risk of increased Council Tax support payments being made in the year should the economy falter– the financing risk falling on the Council. The scheme approved is for a further period of one year to March

2018. The Council will consider a new scheme for 2018/19 with all the implications this has on the local community and the Council in devising the scheme. The stepped roll out of Universal Credit continued on the 14 December 2016 with all new working age claimants being moved across as against just single claimants. According to the DWP timetable the transfer of existing claimants to Universal Credit is expected to be completed by 2022.

(vi) Restructuring Costs. In order to make savings of the magnitude required in the future, the Council will need to further reconsider what services it can provide and to what level. The continued transformation and digitalisation of services continues and further restructuring seems inevitable. 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 as part of the budget setting process in 2011/12 which has been added to when possible (balance at 31 March 2016 was £648,000). The intention will be to meet any additional redundancy costs from either the existing 2017/18 provision or the redundancy reserve. The reserve assists in transforming the Council to a lower spending organisation in the years ahead.

(vii) PIER savings. The identification of new, and realisation of already identified, savings will be critical for the Council to achieve a sustainable budget in the future.

(viii) Treasury Management – borrowing costs, investment security and level of returns.

(ix) Potential Liabilities

(i) The Council is currently involved in a legal claim following the closure of the Pier in 2006 – which may see the question of costs being resolved shortly.

(ii) Additional costs could arise from the cliffs surveys once clearance and repair work commences - which would impact on the Renewals and Repairs reserve in the first instance. The costs of the work have been reprofiled.

(x) The Economy. The economic and financial uncertainty surrounding Brexit will be a major risk for some years. The Council relies upon its income streams to provide services. Inflationary pressures having eased over the last few years look set to increase and will have real implications for the Council given the continued reductions in funding.

(xi) New Legislation – changes in the HousingAct, changes in the waste directive on recycling targets for example are all likely to impact on the Council’s activities over the next four years.

Economic/ Financial Implications

149. The report supports the alignment of corporate priorities with available resources, produces a robust and balanced budget for 2017/18 (albeit with significant use of reserves). There are a number of projects forthcoming within the capital programme to assist the continuation of the regeneration of Hastings.

150. The financial implications in 2017/18 and beyond are detailed in the report. However, significant further action by the Council will be required to produce a sustainable budget beyond 2018/19 and this may result in more job losses.

151. The economic regeneration of the town remains a key priority for the Council. The ability to work with partners to help stimulate the local economy continues but will be seriously reduced in the future with the reductions in our funding. However in the short term the Council established some limited reserves for economic development and for community safety as a means of ensuring the Council can continue to make a contribution to the regeneration of the town over the next few years. These are being used to support the budget in 2017/18 and beyond.

152. The continued reduction in government funding and public sector jobs along with the reduction in the Council's spending power could have a negative effect on the local economy.

Organisational Consequences

153. There is a loss of a number of posts and the organisation seeks to minimise the impact on Council services through efficiencies. There will inevitably be consequences from time to time as this process continues given the substantial savings the Council is required to make. The Council seeks to minimise the impact wherever possible through redeployment and voluntary severance.

Anti-Poverty

154. The Council took the decision to retain the Council Tax Support scheme in its existing form in December 2016 and hence help protect some of the more vulnerable households in the community.

Equalities and Community Cohesiveness

155. An assessment of equality impacts is set out in Appendix K2 and will be considered as part of the consultation process.

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

Additional Information

The Appendices and supporting documents are also available from the Council's website under the heading of Hastings Borough Council budget
http://www.hastings.gov.uk/decisions_democracy/transparency/budgets_finance/

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Budget

2017-2018

Management Edition

Financial Services
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Appendices to Budget Report

Contents:

REVENUE BUDGET SUMMARY

Appendix A

	2016-2017 Original Budget £	2016-2017 Revised Budget £	2017-2018 Estimate Budget £
Directorates			
Corporate Resources	3,020,824	**2,511,230**	**2,692,710**
Operational Services	12,346,189	**12,993,710**	**11,802,907**
Direct Service Expenditure	15,367,013	**15,504,940**	**14,495,617**
Contingency Provision (incl. R&R Reserve)	400,000	**340,000**	**400,000**
Total Service Expenditure	15,767,013	**15,844,940**	**14,895,617**
Provision for the Repayment of Principal (MRP)	519,642	**504,975**	**831,669**
Net Interest (Earnings) / Payments	218,000	**178,436**	**232,753**
Total Expenditure	16,504,655	16,528,351	15,960,039
Amount to be met from Grant and Collection Fund			
Government Grant - Revenue Support Grant	(2,835,303)	**(2,835,303)**	**(2,038,000)**
New Homes Bonus	(1,387,912)	**(1,387,912)**	**(1,008,963)**
New Homes Bonus Return Funding	(8,404)	**(8,404)**	**(8,670)**
NNDR (Surplus) / Deficit	638,660	**638,660**	**236,693**
Council Tax (Surplus) / Deficit	(164,593)	**(164,593)**	**(232,205)**
Disabled Facilities Grant	(1,407,313)	**0**	**0**
Housing Benefit Administration Grant	(560,000)	**(568,874)**	**(460,841)**
Council Tax Support Admin Grant	(190,000)	**(189,698)**	**(178,467)**
Transition Grant	(5,493)	**(5,493)**	**(5,466)**
Business Rates	(3,059,860)	**(3,104,902)**	**(2,997,209)**
Business Rates - Pooling	(58,124)	**(35,603)**	**0**
Business Rates - Section 31 Grant	(605,868)	**(647,516)**	**(723,998)**
Council Tax	(6,054,254)	**(6,054,254)**	**(6,282,031)**
Total Funding	(15,698,464)	**(14,363,892)**	**(13,699,157)**
Funding deficit / (surplus)	806,191	**2,164,459**	**2,260,882**
Reserve movements			
Contributions to Capital from Grant and Revenue (Appendix B)	1,377,313	**0**	**0**
Contributions to Reserves (e.g. R&R)	996,000	**897,449**	**971,099**
Use of Earmarked Reserves (see Appendix H)	(2,297,712)	**(3,001,382)**	**(2,685,546)**
Net Contribution to/(from) Reserves	75,601	**(2,103,933)**	**(1,714,447)**
Use of Reserves to fund Deficit			
Transfer from Transition Reserve	(581,792)	**(60,526)**	**(346,435)**
Transfer to/(from)Specific Reserve	(300,000)	**0**	**(200,000)**
Total	(881,792)	**(60,526)**	**(546,435)**
General Fund Movement	(0)	0	(0)
Net Council Expenditure	16,580,256	14,424,418	14,245,592

COUNCIL TAX

2016-2017 Total £	2016-2017 Band D £		2017-2018 Total £	2017-2018 Band D £	Increase %
15,698,464		Budget requirement	13,699,157		
(2,835,303)		Revenue Support Grant	(2,038,000)		
(190,000)		Council Tax Administration Support Grant	(178,467)		
(1,197,912)		New Homes Bonus	(1,008,963)		
474,067		Collection Fund (Surplus) / Deficit	4,488		
(2,835,202)		Other non-ring fenced grants	(1,198,975)		
(3,059,860)		Retained Business Rates	(2,997,209)		
6,054,254	**245.33**	**Borough Council Tax**	**6,282,031**	**250.33**	2.04%
30,894,388	1,251.90	County Council Precept	32,666,804	1,301.73	3.98%
2,140,076	86.72	Fire Authority Precept	2,218,398	88.40	1.94%
3,674,801	148.91	Police and Crime Commissioner Precept	3,862,371	153.91	3.36%
42,763,519	**1,732.86**	**Total Council Tax**	**45,029,605**	**1,794.37**	3.55%
	24,281.00	**Council Taxbase at Band D**		**25,095.00**	

TABLE OF COUNCIL TAX BANDS AND AMOUNTS :

2016-2017 Amount	*Band and Value **	*Relationship to Band D*	*East Sussex C.C.*	*Police and Crime Commissioner*	*East Sussex Fire Authority*	*Hastings B.C.*		Total Amount
£1,155.23	A - up to £40,000	6 / 9	**£867.82**	**£102.61**	**£58.93**	**£166.89**	**£**	**1,196.25**
£1,347.78	B - £40,001 up to £52,000	7 / 9	**£1,012.45**	**£119.71**	**£68.76**	**£194.70**	**£**	**1,395.62**
£1,540.31	C - £52,001 up to £68,000	8 / 9	**£1,157.09**	**£136.81**	**£78.58**	**£222.52**	**£**	**1,595.00**
£1,732.86	D - £68,001 up to £88,000	-	**£1,301.73**	**£153.91**	**£88.40**	**£250.33**	**£**	**1,794.37**
£2,117.94	E - £88,001 up to £120,000	11 / 9	**£1,591.00**	**£188.11**	**£108.05**	**£305.96**	**£**	**2,193.12**
£2,503.02	F - £120,001 up to £160,000	13 / 9	**£1,880.27**	**£222.31**	**£127.69**	**£361.59**	**£**	**2,591.86**
£2,888.09	G - £160,001 up to £320,000	15 / 9	**£2,169.54**	**£256.52**	**£147.34**	**£417.22**	**£**	**2,990.62**
£3,465.72	H - over £320,000	18 / 9	**£2,603.45**	**£307.82**	**£176.80**	**£500.66**	**£**	**3,588.73**

43,008	Number of properties on Council Tax Banding List		43,141
£24,678.00	Each £1 of Council Tax at Band D will raise	£	25,095

1. BUSINESS RATES BASELINE

	Budget 2016-17 Amount £	Revised Budget 2016-17 Amount £	Budget 2017-18 Amount £
NNDR Income			
Gross rateable value	57,926,747	58,082,532	62,971,867
Small business multiplier	48.4	48.4	46.6
Gross rates receivable	28,036,546	28,111,945	29,344,890
Reliefs and allowances for bad debt and appeals	(6,535,811)	(6,943,805)	(8,387,381)
Net rates less losses	21,500,735	21,168,140	20,957,509
Cost of Collection allowance	(133,943)	(133,943)	(133,508)
NNDR Income	21,366,792	21,034,197	20,824,001
Hastings BC Share (40%)	**8,546,717**	**8,413,679**	**8,329,600**
Tariff Calculation			
Business Rates Baseline for HBC	8,866,168	8,866,168	8,810,215
DCLG calculation of baseline funding level	3,495,559	3,495,559	3,566,924
Tariff	**5,370,609**	**5,370,609**	**5,243,291**
Levy calculation			
Total income	8,546,717	8,413,679	8,329,600
Add 50% small business relief	503,032	549,648	659,301
Add reliefs attracting Section 31 grant	48,914	45,252	(486)
Adjusted income	9,098,663	9,008,579	8,988,415
Less Tariff	(5,370,609)	(5,370,609)	(5,243,291)
	3,728,054	3,637,970	3,745,124
Baseline funding level	(3,495,559)	(3,495,559)	(3,566,924)
Growth	232,495	142,411	178,200
Levy payable (50% of growth)	**116,248**	**71,206**	**89,100**
Pooling income (50% of levy)	**(58,124)**	**(35,603)**	**0**
Safety Net calculation			
Baseline funding level	3,495,559	3,495,559	3,566,924
Threshold (92.5% of baseline funding level)	3,233,392	3,233,392	3,299,405
Adjusted income less Tariff	3,728,054	3,637,970	3,745,124
Difference	494,662	404,578	445,719
Safety Net receivable	**0**	**0**	**0**
Business Rates Collection			
Business Rates precept	8,546,717	8,546,717	8,329,600
Tariff	(5,370,609)	(5,370,609)	(5,243,291)
Levy	(116,248)	(71,206)	(89,100)
Safety Net	0	0	0
Net Business Rates collection	**3,059,860**	**3,104,902**	**2,997,209**

2. COLLECTION FUND

	2016-2017 Original Budget £	2016-2017 Revised Budget £	2017-2018 Estimate Budget £
Council Tax (Surplus)/ Deficit	(164,593)	(164,593)	(232,205)
Non Domestic Rates (Surplus)/ Deficit	638,660	638,660	236,693
Total Collection Fund (Surplus)/ Deficit	**474,067**	**474,067**	**4,488**

INTEREST, MINIMUM REVENUE PROVISION & CONTRIBUTIONS TO RESERVES

Appendix B

	2016-17 Original Budget £000's	2016-17 Revised Budget £000's	2017-18 Estimated Outturn £000's
Net Interest Payments	218	178	233
Contributions to Reserves	996	897	971
Minimum Revenue Provision (Statutory provision for principal repayment arising from borrowing requirement)	520	505	832
Total	1,734	1,582	2,036

Interest	£000's	£000's	£000's
Gross Interest Payable	572	675	974
Gross Interest Received	(249)	(223)	(187)
Income and expenditure in relation to investment properties	(67)	(229)	(535)
Fees	13	6	0
Other charges	(51)	(51)	(19)
	218	178	233

Contributions to Capital Spend from Grant and Reserves	£000's	£000's	£000's
Disabled Facilities Grant	1,377	0	0
	1,377	0	0

Contributions to Reserves	£000's	£000's	£000's
IT Reserve	214	214	214
Government Grant Reserve	0	122	213
Section 106 Reserve	0	0	0
Transfer to Reserves re: LAMS	32	23	3
Transfer to Specific Reserve re: Selective Licensing	233	0	33
R&R General	420	420	420
R&R White Rock Theatre	80	80	80
R&R re: New Vehicles	8	8	8
Registration of Electors - IER Grant	0	19	0
First World War Reserve	9	11	0
	996	897	971

Transfers to/ between Reserves	£000's	£000's	£000's
Transfer from General Reserve to IT Reserve	0	0	0
Transfer to Transition Reserve from Capital Reserve	0	0	0
Transfer to Transition Reserve from General Reserve	0	0	0
	0	0	0
Total Income and Transfers	996	897	971

REVENUE BUDGET VARIATION ANALYSIS **Appendix C**

Corporate Services

2015-16 ACTUAL	SERVICE	2016-17 ORIGINAL BUDGET	2016-17 REVISED BUDGET	2016-17 VARIANCE	2017-18 ESTIMATED OUTTURN	2017-18 VARIANCE
£'000	SUBJECTIVE SUMMARY FOR CORPORATE SERVICES AND GOVERNANCE	£'000	£'000	£'000	£'000	£'000
5,583	Employees	6,144	5,996	(149)	6,327	182
1,483	Premises	1,733	1,516	(217)	1,457	(276)
46	Transport	51	55	4	54	3
2,446	Supplies and Services	2,463	2,146	(317)	2,298	(164)
1	Third Party Payments	0	0	0	0	0
51,856	Transfer Payments	52,500	50,132	(2,368)	50,132	(2,368)
10,583	Support Services	8,994	8,011	(982)	7,855	(1,139)
1,769	Capital Finances	0	0	0	0	0
73,767	**Expenditure**	**71,886**	**67,856**	**(4,030)**	**68,124**	**(3,762)**
(57,367)	Income	(57,273)	(55,217)	2,056	(55,082)	2,191
(13,518)	Recharges Out	(11,192)	(10,128)	1,064	(9,949)	1,243
2,882	**Net Expenditure**	**3,421**	**2,511**	**(910)**	**3,093**	**(328)**

Operational Services

2015-16 ACTUAL	SERVICE	2016-17 ORIGINAL BUDGET	2016-17 REVISED BUDGET	2016-17 VARIANCE	2017-18 ESTIMATED OUTTURN	2017-18 VARIANCE
£'000	SUBJECTIVE SUMMARY FOR OPERATIONAL SERVICES	£'000	£'000	£'000	£'000	£'000
7,562	Employees	7,266	7,292	26	6,865	(402)
2,731	Premises	3,034	2,979	(55)	2,812	(222)
199	Transport	192	159	(33)	146	(46)
4,564	Supplies and Services	3,828	5,362	1,534	5,454	1,627
3,516	Third Party Payments	3,588	3,625	38	3,679	91
0	Transfer Payments	0	0	0	0	0
8,892	Support Services	6,950	6,693	(257)	6,457	(493)
3,669	Capital Finances	0	0	0	0	0
31,132	**Expenditure**	**24,857**	**26,110**	**1,253**	**25,413**	**556**
(13,798)	Income	(7,759)	(8,537)	(778)	(9,243)	(1,484)
(2,162)	Recharges Out	(4,752)	(4,580)	172	(4,366)	385
15,172	**Net Expenditure**	**12,346**	**12,994**	**648**	**11,803**	**(543)**

CAPITAL PROGRAMME SUMMARY

	Capital Costs						Revenue Costs					
	2016/17 Original £'000	2016/17 Revised £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total over Prog Period £'000	2016/17 Original £'000	2016/17 Revised £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Full Year £'000
Net cost by Service												
Corporate Resources	6,049	14,529	500			15,029	(236)	(177)	(177)	(159)	(159)	(159)
Operational Services	1,860	781	1,618	764	116	2,399	74	94	94	177	257	257
	7,909	**15,310**	**2,118**	**764**	**116**	**17,428**	**(162)**	**(83)**	**(83)**	**18**	**98**	**98**
Net cost by Status												
Committed Schemes	7,580	15,008	1,341	764	116	16,349	(177)	(139)	(139)	(69)	11	11
Uncommitted Schemes	329	105	277			382	15	22	22	35	35	35
New Schemes		197	500			697		34	34	52	52	52
	7,909	**15,310**	**2,118**	**764**	**116**	**17,428**	**171**	**(83)**	**(83)**	**18**	**98**	**98**
Gross cost of schemes analysed by service												
Corporate Resources	6,049	14,569	500			21,118						
Operational Services	4,444	2,795	5,295	2,681	1,128	16,343						
Appendix E	**10,493**	**17,364**	**5,795**	**2,681**	**1,128**	**37,461**						

CAPITAL PROGRAMME FINANCING STATEMENT

Appendix E

	2016/17 £'000	2016/17 Revised £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total over life of Programme £'000
Spending						
Capital Spending						
Total Gross Spend	10,493	17,364	5,795	2,681	1,128	26,968
Assumed Slippage	0	0	0	0	0	0
Funding from other HBC sources	20	69	0	100	0	169
Capital Grants and Contributions Received	(2,584)	(2,054)	(3,677)	(1,917)	(1,012)	(8,660)
Capital Requirement	**7,929**	**15,379**	**2,118**	**864**	**116**	**18,477**
Financing available						
New Capital receipts in year	530	969	3,772	50	0	4,791
Bfwd Capital Receipts	283	0	5	2,841	2,806	0
Total	813	969	3,777	2,891	2,806	10,443
Finance Used						
Capital Reserve / Revenue/R&R reserve	690	1,040	307	779	31	2,157
Capital Receipts used from asset sales	472	1,114	936	85	85	2,220
Capital receipts from prior years	0	0	0	0	0	0
Total Financing available from internal resources	**1,162**	**2,154**	**1,243**	**864**	**116**	**4,377**
Remaining Financing Requirement	**6,767**	**13,225**	**875**	**0**	**0**	**14,100**

	2016/17 £'000	2016/17 Revised £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	Total over life of Programme £'000
Net Interest Cost of the Capital Programme	**146**	**146**	**276**	**306**	**276**	**890**
Minimum Revenue Provision (MRP) based on Net Capital Financing Requirement over the Programme Period	**15**	**15**	**67**	**67**	**67**	**164**

Summary: Financial Implications of the Capital Programme:						
Interest & MRP	**161**	**161**	**343**	**373**	**343**	**1,220**
Other Revenue Costs / (Savings)	**0**	**0**	**0**	**0**	**0**	**0**
Total additional costs	**161**	**161**	**343**	**373**	**343**	**1,220**

Government Grant Reserves

Appendix F

Cost Centre	Description	Holding account	Balance b/f 1 April 2016 £ 000's	Income & Transfers £ 000's	Expenditure & Transfers £ 000's	Balance c/f 31 March 2017 £ 000's	Income & Transfers £ 000's	Expenditure & Transfers £ 000's	Balance c/f 31 March 2018 £ 000's
1055	DCE-Revenues Division	X394	(332)		30	(302)		50	(252)
1054	New Burdens	X896	(10)			(10)			(10)
1945	Getting Hastings Ready	X406	(1)		1	(0)			(0)
1985	Coastal Change Pathfinders	X396	(25)			(25)			(25)
1988	FLAG	X407	(16)			(16)			(16)
4137	Land Auction Pilot	X409	(67)			(67)			(67)
4138	Preventing Repossessions	X408	0			0			0
5107	Tobacco control	X368	(7)		7	0			0
6000	Museums & Art Galleries	X083	0			0			0
6009	Exhibitions museums - K990	X052	(1)		1	0			0
6301	Parks & Gardens - K990	X096	0			0			0
6652	British Heart Foundation Project	X371	0			0			0
6657	Active Hastings	X094	(33)		29	(4)		4	(0)
6666	PCT play grant	X376	(4)			(4)			(4)
6667	Play Pathfinder	X375	0			0			0
6669	Active Women	X377	0			0			0
6651	Street Games	X065	(28)		22	(6)		6	(0)
1927/45	East Sussex Arts Partnership	X036	(10)		10	0			0
6675	Sports for All	X550	(6)			(6)			(6)
6508	Countryside Stewardship	X321	(36)	(11)		(47)		8	(39)
4004	Syrian Resettlement Programme	NEW	0	(111)		(111)	(213)		(324)
6640	Opening Doors - Sport England	X551	(38)		1	(37)			(37)
	Total		**(614)**	**(122)**	**101**	**(635)**	**(213)**	**68**	**(780)**

Revenue Budget Forward Plan

Appendix G

Ref			2016-17 Revised Budget £000's	2017-18 Budget £000's	Forward Inflation assumption	2018-19 Projection £000's	2019-20 Projection £000's
1	**Net Service Expenditure**		15,505	14,496	2.00%	14,866	15,243
2	Pension Fund - Employers Contribution Increase					50	100
3	Election Costs (bi-annually)					70	0
4	Add back White Rock area development					(50)	(50)
5	PIER savings - various					(46)	(382)
6	Fees and Charges					(40)	(80)
7	Pebsham Landfill Site income					25	25
8	Loans - Discounts and Premia					19	19
9	Contingency Provision		340	400		400	400
10	Interest Payments (net of earnings)		178	233		233	233
11	Minimum Revenue Provision		505	832		850	850
12	Contribution to Reserves		897	971		960	960
13	Net Use of Earmarked Reserves		(3,001)	(2,686)		(2,686)	(2,686)
14	**Net Council Expenditure**		**14,424**	**14,246**		**14,651**	**14,632**
15	Taxbase		24,678	25,095	0.40%	25,195	25,296
16	Council Tax		245.33	250.33	1.99%	255.33	260.41
17	**From Collection Fund - Council Tax**		(6,054)	(6,282)		(6,433)	(6,587)
18	**From Collection Fund - Business Rates**		(3,105)	(2,997)		(3,105)	(3,105)
19	**Revenue Support Grant**		(2,835)	(2,038)		(1,542)	(988)
20	**Efficiency Support Grant**		0	0		0	0
21	**New Homes Bonus**		(1,388)	(1,009)		(762)	(762)
22	**New Homes Bonus return funding**		(8)	(9)		(9)	(9)
23	**Council Tax Support Admin Grant**		(190)	(178)		(161)	(145)
24	**Housing Benefit Admin Grant**		(569)	(461)		(415)	(373)
25	**Transition Grant**		(5)	(5)		0	0
26	**NNDR (Surplus) / Deficit**		639	237		0	0
27	**NNDR Pooling**		(36)	0		0	0
28	**Business Rates Section 31 Grant**		(648)	(724)		(550)	(550)
29	**Council Tax Surplus**		(165)	(232)		0	0
30	**Contribution To General Fund**		**(14,364)**	**(13,699)**		**(12,976)**	**(12,519)**
31	**Funding Shortfall / (surplus)**		**61**	**546**		**1,675**	**2,113**
32	**Use of General Reserve**	Carry forwards					
33	**Use of General Reserve**	Tfr to / (from)					
34	**Use of Transition Reserve**		(61)	(346)		(750)	(750)
35	**Use of Resilience and Stability Reserve**						
36	**Use of Community Safety Reserve**			(100)		(100)	(100)
37	**Use of Economic Development Reserve**			(100)		(100)	(100)
38	**Net Funding Shortfall / (Surplus)**		**0**	**(0)**		**725**	**1,163**

RESERVES

Appendix H

	2016 / 17				2017 / 18		
	Balance at 1 April 2016 £'000	Income & Transfers £'000	Expenditure & Transfers £'000	**Balance at 31 Mar 2017 £'000**	Income & Transfers £'000	Expenditure & Transfers £'000	**Balance at 31 Mar 2018 £'000**
General Reserve	(7,537)	0	15	**(7,522)**	(33)	0	**(7,555)**
Capital Reserve	(725)	(72)	372	**(425)**	0	70	**(355)**
Earmarked Reserves	0						
Renewal and Repairs Reserve	(1,854)	(508)	892	**(1,470)**	(508)	727	**(1,252)**
Risk Management Reserve	(340)	0	20	**(320)**	0	20	**(300)**
Information Technology Reserve	(218)	(214)	268	**(164)**	(214)	284	**(94)**
On-Street Car Parking Surplus Reserve	(65)	0	23	**(42)**	0	40	**(2)**
s106 reserve	(546)	0	65	**(481)**	0	16	**(465)**
VAT reserve	(257)	0	0	**(257)**	0	237	**(20)**
Government Grant Reserve	(614)	(122)	101	**(635)**	(213)	68	**(780)**
Monuments in perpetuity	(51)	0	5	**(46)**	0	5	**(41)**
Ore Valley Reserve	(250)	0	0	**(250)**	0	0	**(250)**
Mortgage reserve (LAMS)	(125)	(23)	0	**(148)**	(3)	0	**(152)**
Resilience and Stability Reserve	(600)	0	0	**(600)**	0	0	**(600)**
Transition Reserve	(2,222)	0	61	**(2,161)**	0	346	**(1,815)**
Redundancy Reserve	(648)	0	0	**(648)**	0	225	**(423)**
Community Safety Reserve	(350)	0	0	**(350)**	0	100	**(250)**
Economic Development Reserve	(504)	0	1	**(503)**	0	100	**(403)**
Registration of Electors - IER Grant	0	(19)	0	**(19)**	0	19	**0**
Safer Hastings Partnership	(41)	0	8	**(32)**	0	0	**(32)**
Disabled Facilities Grant	0	(1,407)	960	**(447)**	(1,407)	1,060	**(795)**
Bathing Water Project	(32)	0	32	**0**	0	0	**0**
First World War Project	(5)	(11)	0	**(17)**	0	4	**(13)**
Coastal Communities Grant Reserve	(10)	0	0	**(10)**	0	0	**(10)**
Invest to save and efficiency reserve	(952)	0	353	**(599)**	0	178	**(421)**
Clinical Commissioning Group	(1,695)	0	651	**(1,044)**	0	1,041	**(3)**
Young Peoples Council	(10)	0	10	**(0)**	0	0	**(0)**
Carry-forward reserve	(457)	0	457	**0**	0	0	**0**
Selective Licensing Reserve	0	0	0	**0**	(33)	33	**0**
Revenue Hardship Fund	(80)	0	0	**(80)**	0	0	**(80)**
	(20,187)	(2,377)	4,294	(18,270)	(2,411)	4,572	(16,109)

RESERVES | **Appendix H**

EXPENDITURE FUNDED BY USE OF RESERVES

	Cost Centre	2016 / 17: 2016-17 Original £	2016 / 17: 2016-17 Revised £	2017 / 18: 2017-18 Estimate £
General Reserve				
General Reserve Saving to/(use of)		0	0	0
Capital Expenditure (CCTV)			(15,000)	0
Total		0	(15,000)	0
Transfers between Reserves				
Selective Licensing Reserve to General Reserve		102,000	0	32,645
		102,000	0	32,645
Carry forward Reserve				
Carried forward			(457,331)	
			(457,331)	
Capital Reserve				
2016 - 950th Anniversary (£330k in total over 3 years)		(84,979)	(189,870)	0
Various Capital Expenditure to be Financed		(65,000)	(162,000)	
CPO - Empty Homes Strategy -capital		(70,000)	(20,000)	(70,000)
		(219,979)	(371,870)	(70,000)
Disabled Facilities Grant				
Disabled Facilities Grant - Salaries		0	(60,000)	(60,000)
Disabled Facilities Grant - Capital		0	(900,000)	(1,000,000)
		0	(960,000)	(1,060,000)
VAT reserve				
Castle Capital Scheme		(214,000)	0	(237,000)
		(214,000)	0	(237,000)
	Cost Centre	£	£	£
Economic Development Reserve				
General Fund (17/18)	1999	(1,000)	(1,160)	(100,000)
		(1,000)	(1,160)	(100,000)
Community Safety Reserve				
General Fund		0	0	(100,000)
		0	0	(100,000)
Renewal & Repairs Reserve				
(per programme of works - Appendix J)		(780,100)	(772,120)	(626,500)
Capital		0	(35,000)	
Vehicles		0		
Contingency		(100,000)	(84,500)	(100,000)
		(880,100)	(891,620)	(726,500)
Transition Reserve				
Transfer to General Fund		(581,792)	(60,526)	(346,435)
Resilience and Stability Reserve		(300,000)	0	0
Information Technology Reserve				
(per programme of works - Appendix I)		(333,000)	(268,000)	(284,000)
		(333,000)	(268,000)	(284,000)
Invest to Save & Efficiency Reserve				
Transfer to General Fund		(249,151)	(292,240)	(178,170)
Transfer to Capital Reserve		0	(61,000)	
		(249,151)	(353,240)	(178,170)
Redundancy Reserve				
Transfer to General Fund		(225,000)	0	(225,000)
		(225,000)	0	(225,000)

RESERVES **Appendix H**

		2016 / 17		2017 / 18
Earmarked Reserves		2016-17 Original	2016-17 Revised	2017-18 Estimate
Government Grant Reserve				
capital				
(further details - Appendix F)	various	(170,000)	(101,000)	(67,820)
		(170,000)	(101,000)	(67,820)
Monuments in Perpetuity				
capital				
Revenue	3102	(5,000)	(5,000)	(5,000)
		(5,000)	(5,000)	(5,000)
s106 Reserve				
Capital		(47,000)	(39,000)	
Revenue	various	(62,000)	(26,030)	(16,000)
		(109,000)	(65,030)	(16,000)
On-Street Car Parking Surplus Reserve				
Bus Shelter improvements	1501	(22,770)	(22,770)	0
Havelock Road Crossing	1504			(40,000)
		(22,770)	(22,770)	(40,000)
Risk Management Reserve				
Risk Management Schemes	5299	(20,000)	(20,000)	(20,000)
		(20,000)	(20,000)	(20,000)
Registration of Electors				
IER Grant				(18,600)
		0	0	(18,600)
Young Peoples Council		(8,000)	(10,200)	
Safer Hastings Partnership			(8,080)	0
Bathing Water Project		0	(31,830)	0
Clinical Commissioning Group				
Housing NHS CCG		(298,210)	(582,851)	(1,040,956)
Lets Get Moving		(16,480)	(68,400)	0
		(314,690)	(651,251)	(1,040,956)
First World War Reserve		0	0	(3,500)
		0	0	(3,500)
Total use of earmarked and capital reserves *		(3,653,482)	(4,278,908)	(4,538,981)
Revenue use of earmarked reserves		(2,297,712)	(3,001,382)	(2,685,546)
Transfers between Reserves		(102,000)	0	(32,645)
Capital use of earmarked reserves		(480,979)	(1,217,000)	(1,307,000)
Transition Reserve and Com / Econ Reserve		(881,792)	(60,526)	(546,435)
Total Expenditure & Transfers (Excl General Reserve Use)		(3,762,483)	(4,278,908)	(4,571,626)

INFORMATION TECHNOLOGY RESERVE Appendix I

	2016-17 Original £'000	2016-17 Revised £'000	2017-18 ESTIMATE £'000	2018-19 ESTIMATE £'000	2019-20 ESTIMATE £'000
OPENING BALANCE :					
BALANCE B/FWD. AT 1 APRIL	**218**	**218**	**164**	**94**	**62**
EXPENDITURE :					
AGGRESSO UPGRADE	24				
GOVCONNECT	4	21	9	9	9
RESILIENCE IMPROVMENTS	25	55		15	
ANTI VIRUS	25				25
SCANNING AND ARCHIVING PHASE 2	20		20		
EMAIL ARCHIVING	20		20		
SERVICE REVIEW EFFICIENCY PROJECTS	65		80	80	80
PC HARDWARE AND SOFTWARE	115	115	115	115	115
SERVER ROOM ELECTRICS	35				
VIRTUALISATION (SERVER REFRESH)		34			
PLANNING SYSTEM EDRMS UPGRADES		9			
MICROSOFT SERVER LICENSING		28			
AH REFURBISHMENT		6	25		
MICROSOFT LICENSING FOR TEST ENVIRONMENT				15	
TERMINAL SERVER FARM REFRESH			15	12	
EXCHANGE SERVER REFRESH					
TWO FACTOR AUTHENTICATION REFRESH					
	333	**268**	**284**	**246**	**229**
INCOME :					
CONTRIBUTIONS TO RESERVE - FROM GENERAL FUND	**214**	**214**	**214**	**214**	**214**
ADDITONAL CONTRIBUTIONS TO RESERVE - FROM GENERAL FUND					
CLOSING BALANCE :					
BALANCE IN-HAND C/FWD. AT 31 MARCH	**99**	**164**	**94**	**62**	**47**

RENEWAL AND REPAIRS RESERVE

APPENDIX J

2015-16 Actual £		2016-17 ORIGINAL BUDGET £	2016-17 REVISED BUDGET £	2017-18 ESTIMATED BUDGET £
	OPENING BALANCE:			
1,756,712	BALANCE BROUGHT FORWARD	**1,555,172**	**1,853,643**	**1,470,023**
	INCOME:			
508,000	CONTRIBUTIONS TO RESERVE - GENERAL	**508,000**	**508,000**	**508,000**
508,000		**508,000**	**508,000**	**508,000**
	EXPENDITURE:			
411,069	PROGRAMMED REPAIRS AND REDECORATIONS	**280,100**	**354,220**	**213,500**
	OTHER REPAIRS & RENEWALS	**500,000**	**417,900**	**413,000**
411,069	SUB TOTAL	**780,100**	**772,120**	**626,500**
0	CAPITAL EXPENDITURE FUNDED FROM RESERVES	**0**	**35,000**	**0**
0	VEHICLES	**0**	**0**	**0**
0	PROVISION FOR UNEXPECTED ITEMS	**100,000**	**84,500**	**100,000**
411,069		**880,100**	**891,620**	**726,500**
	CLOSING BALANCE:			
1,853,643	BALANCE CARRIED FORWARD	**1,183,072**	**1,470,023**	**1,251,523**

		PROGRAMMED REPAIRS AND REDECORATIONS FINANCED BY THE RENEWAL AND REPAIRS RESERVE							Appendix J (con't)
				2016-2017	2016-17	2017-2018	2018-2019	2019-2020	2020-2021
Cost Centre	Reference	PROPERTY	DESCRIPTION OF WORK	ORIGINAL BUDGET	REVISED BUDGET	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
							£	£	£
1151	PR001	TOWN HALL	Internal / External redecs & repairs	50,000	56,000	30,000	30,000	20,000	20,000
1160	PR047 (OR216)	ALL BUILDINGS - ASBESTOS	Asbestos surveys and re-inspections	2,000	2,000	2,000	2,000	2,000	2,000
1160	PR048	ALL BUILDINGS - ASBESTOS	Works arising out of asbestos inspections	1,000	1,000	1,000	1,000	1,000	1,000
1160	PR049 (OR217)	ALL BUILDINGS - FIRE RISK	Fire risk assessments & works arising	12,000	12,000	6,000	12,000	6,000	6,000
1160	PR051 (OR238	ALL BUILDINGS - AIR CONDITIONING	AC energy efficiency certification (every 3 years)	7,000	6,000	4,000	4,000	4,000	4,000
1160	PR52 (OR239)	ALL BUILDINGS - ENERGY CERTIFICATION	Annual Display Energy Certs for major bldgs	2,000	2,000	1,000	1,000	1,000	1,000
1160	PR54 (OR240)	ALL BUILDINGS - LEGIONELLA RISK	Automated checks & monitoring inc hygiene assess	39,000	39,000	39,000	20,000	30,000	40,000
1160	PR55 (OR225)	ALL BUILDINGS - ELECTRICAL TESTING	routine cyclical testing & works arising	6,000	8,000	6,000	6,000	6,000	6,000
1160	PR57(OR241)	ALL BUILDINGS - SAFETY ANCHORS	Annual testing of access safety anchors	1,600	1,600	2,000	2,000	2,000	2,000
1160	PR58(OR242)	ALL BUILDINGS - AUTOMATIC DOORS	Annual maintenance routine	500	500	500	500	500	500
2404	PR008	BANK BUILDINGS	External redecs to rear elevation	6,000	6,140	0	2,000	0	0
2201	PR009	MICRO UNIT FACTORIES	External redecs	5,000	5,000	0	0	0	5,000
2201	PR037	FACTORY UNITS	External redecs/roof repairs to empty units	30,000	30,000	30,000	30,000	30,000	30,000
2404	PR036	FAIRLIGHT PLACE FARM COTTAGES & FLAT	External redecs.	0	0	4,000	4,000		
2404	PR041	OTHER BUILDINGS (ESTATES MISC.)	Essential upgrades/repairs.	10,000	10,000	10,000	10,000	10,000	10,000
2502	PR023	WEST HILL CLIFF RAILWAYS	Redecorations & repairs	12,000	12,000	5,000	5,000	5,000	5,000
2502	PR024	EAST HILL CLIFF RAILWAYS	Redecorations & repairs	6,000	6,000	5,000	5,000	5,000	5,000
2640	PR034	FALAISE SPORTS CENTRE	External redecorations.	0	0	0	25,000	0	0
3102	PR013	CREMATORIUM	Internal / External redecorations.	5,000	5,000	3,000	0		
3102	PR014	CREMATORIUM - CREMATORS	Rebricking / rehearthing of cremators	0	60,000	10,000	20,000	10,000	10,000
3102	PR52	CEMETERY ~~and PARKS~~ (Split from Item below)	Path health & safety repairs	25,000	9,000	8,000	8,000	8,000	8,000
6301	PR52	~~CEMETERY and~~ PARKS (Split from Item above)	Path health & safety repairs	0	16,000	12,000	12,000	12,000	12,000
5241	OR210	FRONT LINE	Concrete health & safety inspection & testing	6,000	6,000	6,000	6,000	6,000	6,000
5241	OR255	FRONT LINE	Concrete health & safety repair works	10,000	16,000	5,000	5,000	5,000	5,000

		PROGRAMMED REPAIRS AND REDECORATIONS FINANCED BY THE RENEWAL AND REPAIRS RESERVE							Appendix J (con't)
				2016-2017	2016-17	2017-2018	2018-2019	2019-2020	2020-2021
Cost Centre	**Reference**	**PROPERTY**	**DESCRIPTION OF WORK**	**ORIGINAL BUDGET**	**REVISED BUDGET**	**ESTIMATE**	**ESTIMATE**	**ESTIMATE**	**ESTIMATE**
							£	£	£
5241	PR025	FRONT LINE	Alcoves, seating, bottle alley - repairs/redecs	10,000	15,700	9,000	9,000	9,000	900
6005	PR029	FISHERMENS MUSEUM	External redecs/stonework pointing	2,000	2,000	0	0		
6100	PR033	SUMMERFIELDS SPORTS CENTRE	External redecs	5,000	0	0	0	0	6,000
6301	PR026	SPORTS PAVILIONS	Int/ext redecs.	10,000	10,000	10,000	10,000	10,000	10,000
6301	PR044	ALEXANDRA PARK RAILINGS	Phased railing redecorations	10,000	10,000	5,000	5,000	5,000	5,000
6301	PR046	ST. LEONARDS GARDENS	Lodge - re-decorations	0	0		10,000	0	0
6503	PR027	HASTINGS COUNTRY PARK -OPERATIONAL BUILDINGS	Int/ext redecs.	5,000	5,000	0	0	0	0
6503	PR028	HASTINGS C P - VISITOR CENTRE	Int/ext redecs.	0	0	0	0	0	0
5257	PR030	HASTINGS STATION - FISHING BOAT FEATURE	Repairs / redecs	2,000	2,280	0	0	0	0
5257	PR031	TOWN CENTRE UNDERPASS	Decoration	0	0	0	0	0	2,000
		Total of Programmed work		**280,100**	**354,220**	**213,500**	**244,500**	**187,500**	**202,400**

OTHER REPAIRS AND REDECORATIONS FINANCED BY THE RENEWAL AND REPAIRS RESERVE

Appendix J (con't)

Cost Centre	Reference	PROPERTY	DESCRIPTION OF WORK	2016-2017 ORIGINAL BUDGET £	2016-2017 REVISED BUDGET £	2017-2018 ESTIMATE £	2018-2019 ESTIMATE £	2019-2020 ESTIMATE £	2020-2021 ESTIMATE £
1151	OR300	TOWN HALL LIGHTNING PROTECTION		0	21,000	0	0	0	0
1300	OR307	CARLISLE CP	Redecorations	40,000	40,000	35,000	35,000	0	0
2201	OR304	THEAKLEN DRIVE ROOFS	Roof re-coating	0	8,000	0	50,000	0	0
2502	OR247	EAST HILL LIFT LOWER STATION	Roof replacement	0	0	0	0	20,000	0
2510	OR220	THE CASTLE	Repair works	5,000	5,000	0	0	0	0
2601	OR250	WHITE ROCK THEATRE	General repair contributions	0	0	20,000	20,000	20,000	20,000
2601	OR251	WHITE ROCK THEATRE	Automation of stage flying system	0	0	0	100,000	0	0
6000	OR256	JOHNS PLACE MUSEUM	Repairs, H & S upgrades	0	15,590	0	0	0	0
6301	OR231	CLIFF REPAIR SURVEY	Sextennial survey	0	0	0	8,000	0	8,000
6503	OR211	HASTINGS COUNTRY PARK - TACKLEWAY	Health & safety repairs and repointing	1,000	1,000	0	1,000	0	1,000
6301	OR320	RECREATIONAL GROUNDS	Emergency lighting upgrade	0	4,000	0	0	0	0
6503	OR322	COUNTRY PARK	Access for all trail path resurfacing	0	25,000	0	17,000	0	0
6100	OR326	INDOOR BOWLS CENTRE	DDA works	50,000	0	0	50,000	0	0
6100	OR	INDOOR BOWLS CENTRE	Recovering of bowling green roof coverings	0	0	0	0	0	200,000
6301	OR327	ROCK A NORE CLIFFS	Rock a Nore Cliff Works	0	33,400	0	0	0	0
5236	OR328	STREET LIGHTS	White Rock Promenade Improvements	0	14,500	0	0	0	0
2502	OR329	WEST HILL LIFT	Former Ice House historic fabric and environmental surveys and support works	1,000	2,370	0	0	0	0
6100	OR330	SUMMERFIELDS LEISURE CENTRE	Landlord obligation - replacement of existing cold water storage tank following receipt of poor tank condition report	20,000	10,000	0	0	0	0
6100	OR331	SUMMERFIELDS LEISURE CENTRE	Landlord obligation - progressive replacement of existing swimming pool filtration plant	20,000	30,000	0	0	0	0
6100		SUMMERFIELDS LEISURE CENTRE	Installation of UV water hygiene treatment, if req'd and justified by FL due to alterations to regulations.	0	0	0	15,000	0	0
2640		FALAISE FITNESS CENTRE	Improvements to ventilation of gymnasium	0	0	15,000	0	0	0

OTHER REPAIRS AND REDECORATIONS FINANCED BY THE RENEWAL AND REPAIRS RESERVE **Appendix J (con't)**

Cost Centre	Reference	PROPERTY	DESCRIPTION OF WORK	2016-2017 ORIGINAL BUDGET £	2016-2017 REVISED BUDGET £	2017-2018 ESTIMATE £	2018-2019 ESTIMATE £	2019-2020 ESTIMATE £	2020-2021 ESTIMATE £
2640	OR332	FALAISE FITNESS CENTRE	Landlord obligation - replacement of entrance doors and formation of internal lobby.	16,000	16,000	0	0	0	0
2601	OR333	WHITE ROCK THEATRE	Replacement heating boilers	40,000	0	0	0	0	0
6000	OR334	JOHNS PLACE MUSEUM	Essential stoneworks repairs - Phase1	40,000	37,040	15,000	0	0	0
3102	OR335	CEMETERY AND CREMATORIUM OFFICES	Exterior stonework repairs	10,000	10,000	10,000	0	0	0
2404	OR336	3 PLACE FARM COTTAGES, FAIRLIGHT	Energy efficiency improvements	17,000	17,000	0	0	0	0
6100	OR337	INDOOR BOWLS CENTRE	External Works (Ramp and Entrance Lobby)	30,000	18,000	12,000	0	0	0
2201	OR338	1-5 MAUNSELL ROAD, INDUSTRIAL UNITS	Overcoating of profiled steel roof sheeting to extend life.	10,000	10,000	0	0	0	0
6301	OR339	CLIFFS	Cliff Repairs arising from engineer's inspections	200,000	100,000	150,000	150,000	20,000	20,000
1157	OR340	MURIEL MATTERS HOUSE REPLACEMENT RISING MAIN	Replacement of existing rising main in rear of building to avoid further flooding issues	0	0	10,000	0	0	0
1157	OR341	MURIEL MATTERS HOUSE - HEATING CONTROLS	Control unit £20k plus £10k for valves etc.	0	0	30,000	0	0	0
1157	OR342	MURIEL MATTERS HOUSE - PASSENGER LIFTS	Heavy duty door closing mechanisms	0	0	0	0	5,000	0
6301	OR343	WHITE ROCK GARDENS - SHED DEMOLITION	Removal of redundant unsafe and easily accessible former irrigation room.	0	0	7,000	0	0	0
2502	OR344	WEST HILL LIFT - RETAINING WALL REPAIRS	Repairs to bulging brickwork retaining wall to east of rails	0	0	7,000	0	0	0
2502	OR345	WEST HILL LIFT OLD MOTOR ROOM - STRUCTURAL REPAIRS	Provision of permanent support works to café floor and external area.	0	0	20,000	0	0	0
6503	OR346	HCP PATHS WEST SIDE	Resurfacing of existing using Fibredec	0	0	17,000	0	0	0
2502	OR347	WEST HILL LIFT - ATTENDANT'S & STORE AREAS	Works to patio waterproofing prevent water ingress	0	0	0	18,000	0	0
5241	OR348	PROMENADE SURFACING	Further tarmac repairs to worst areas	0	0	10,000	10,000	20,000	20,000
6301	OR349	ALEX PARK HARMERS LAYBY	Tarmac surface (spend to save)	0	0	7,000	0	0	0
6301	OR350	GLOUCESTER COTTAGE WALL	Rebuild party wall - subject to clarification of ownership	0	0	0	20,000	0	0
6301	OR351	ST CLEMENTS CHURCHYARD REAR WALL	Rebuild wall to High Street properties	0	0	0	15,000	0	0
6301	OR352	ALEX PARK BUCKSHOLE RESERVOIR	Repairs out of 10yr survey, possibly building up channel sides	0	0	20,000	0	0	0
6301	OR353	ALEX PARK BUCKSHOLE RESERVOIR	Discharge valve replacement	0	0	0	20,000	0	0
6301	OR354	PRICILLA McBEAN SANDSTONE WALLING	Repoint walling	0	0	0	3,000	0	0

		OTHER REPAIRS AND REDECORATIONS FINANCED BY THE RENEWAL AND REPAIRS RESERVE							**Appendix J (con't)**
				2016-2017	**2016-2017**	**2017-2018**	**2018-2019**	**2019-2020**	**2020-2021**
Cost Centre	**Reference**	**PROPERTY**	**DESCRIPTION OF WORK**	**ORIGINAL BUDGET**	**REVISED BUDGET**	**ESTIMATE**	**ESTIMATE**	**ESTIMATE**	**ESTIMATE**
				£	**£**	**£**	**£**	**£**	**£**
6301	OR355	WHITE ROCK GARDENS WEST PATH	Removal of path and reinstatment of grass	0	0	0	3,000	0	0
6301	OR356	ALEX PARK SIGNAGE	Map board updates to include cycle paths	0	0	0	8,000	0	0
6301	OR357	ALEX PARK PEACE GARDEN	Tarmac path & resin bond surface	0	0	6,000	0	0	0
6301	OR358	SANDHURST RECREATION GROUND	Replace roadside fencing	0	0	0	8,000	0	0
6301	OR359	WARTLING CLOSE BRIDGE	Replace bridge railings	0	0	22,000	0	0	0
6301	OR360	ALEX PARK HARMERS RESERVOIR OUTFALL	Remove or cap disused outfall tower, fill tunnel and wing walls to make safe.	0	0	0	25,000	0	0
6503	OR361	HCP ECCLESBOURNE VEHICLE ACCESS	Construct retaining wall and infill path to prevent erosion and lose of access route.	0	0	0	20,000	0	0
6503	OR362	HCP PLACE FARM FARM YARD	Roadway resurfacing of farmyard	0	0	0	20,000	0	0
2502	OR363	EAST HILL LIFT LANDSCAPING	Re-landscape and lay new pathway.	0	0	0	30,000	0	0
6301	OR364	BEXHILL REC WEST	Internal redecoration	0	0	0	10,000	0	0
1157	OR365	MURIEL MATTERS HOUSE	Lightning Protection	0	0	0	25,000	0	0
		Total of Other Work		**500,000**	**417,900**	**413,000**	**681,000**	**85,000**	**269,000**

PIER Outcomes **Appendix K**

	Cost centre	Account	Revised 2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Cross cutting						
Digital by Design						
Reduction in Software Costs	various			(26)	(26)	(26)
Reduction in paper & printing costs	various			(4)	(50)	(50)
Reduction in Staffing requirements	various			(94)	(94)	(94)
			0	(124)	(170)	(170)
Energy Savings	various		(43)	(50)	(50)	(50)
Aquila House Purchase - Borrowing/MRP vs Rent			(150)	(50)	(50)	(50)
Aquila House Operational budget				(25)	(25)	(25)
Aquila House - rental of Council chamber			(11)	(15)	(15)	(15)
Town Hall - Additional rentals				(6)	(6)	(6)
Council Tax - Prescribed Exemptions				(17)	(17)	(17)
Public Conveniences - Cleaning & Closure		3033		(100)	(100)	(100)
Building Cleaning contract		various		(41)	(41)	(41)
Environmental Health - Staffing		1009		(38)	(38)	(38)
Civic and Ceremonial		5507	(3)	(8)	(8)	(8)
Tourist Information Centre - Staffing		5714		(14)	(14)	(14)
Hastings Specific Marketing budget		5714		(9)	(9)	(9)
Events budget - Increase Income to fish festivals		1962		(10)	(10)	(10)
Communications - Staffing		1025		(49)	(49)	(49)
Public Notices		1600		(10)	(10)	(10)
Housing Options - Staffing		4050		(37)	(37)	(37)
Housing Renewal - Staffing		4051		(19)	(19)	(19)
Chalets - Income		2514		(40)	(40)	(40)
Regeneration - Staffing		1900		(33)	(33)	(33)
Regeneration - Admin Staffing		1900		(4)	(4)	(4)
Activity Budget		1900		(10)	(10)	(10)
External Funding - Staffing		1934		(20)	(20)	(20)
External Funding - Staffing		1934		(37)	(37)	(37)
Activity Budget		1922		(6)	(6)	(6)
Theatre - Reduced contribution/Closure		2601		0	0	(370)
Planning Policy - Staffing (less professional fees)		1603		(30)	(30)	(30)
Community Partnership Fund		5120		(24)	(6)	0
Community Partnership Funding - Previously agreed		5120		(18)	(36)	(54)
		Total	(207)	(843)	(889)	(1,271)

Growth Items

	Cost centre	Account	Revised 2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Fish Fairs Organiser post		1926		20	20	20
Coastal Currents Activity Budget				20		
Community Development Activity				5	5	5
Cultural Development Manager				63	63	63
			-	**108**	**88**	**88**
Net Overall savings	**Total**		**(207)**	**(735)**	**(801)**	**(1,183)**

HBC Efficiencies, Income and Savings proposals for 2017/18 onwards and equality impact assessment summary

Activity/ Budget	**Efficiency, Income or Savings proposals for 2017/18**	**Savings**			**Likelihood of negative impact on equalities/ protected characteristics Low – Medium – High**
		2017/18 £	**2018/19 £**	**2019/20 £**	
Council Tax	Council Tax – to remove the 50% discount for Prescribed Class D properties (i.e. vacant residential properties that are undergoing "major repair work" or "structural alteration) with effect from April 2017. Will also be a staff time saving (currently c.17hrs p.w.) which will be re-directed to maximising Business Rates income rather than visiting pre/post work completion.	17,000	17,000	17,000	**Low –** unlikely to impact disproportionately on any equality groups
Public notices	Alternative provider sought to provide some public notices at a reduced cost	10,000	10,000	10,000	**Low –** unlikely to impact disproportionately on any equality groups
Public Conveniences	Following a review of public conveniences provision in the town to inform the re-tendering of the public conveniences cleaning contract from April 2017, savings have been identified and a number of public conveniences have been identified for alternative opening hours or closure: • Closing Harold Place toilets and an alternative regeneration use established for the site (£32k closure and £32k cleaning and staffing) (also opportunity saving of £60k refurbishment costs that would have been required in near future) Closing Ore Village centre public conveniences (£14k) (NB investigating an offer by a local group to clean and maintain these toilets) • Introducing 3 Seasonal Closures at Alexandra Park Bowls, Rock a Nore, & Falaise Road (£2k) • Procurement savings on cleaning contract £40k (excl Harold Place) **Staffing implications: Not for HBC staff**	120,000	120,000	120,000	**MEDIUM** Evidence of regular usage, anti-social behaviour, costs of repair and alternative provision in the immediate surrounding area was used to inform the review prior to procurement. In summary: • Harold Place: Alternative disabled WC within 200m of Harold Place (Pelham Place). Other public toilets are available in Priory Meadow (internal and external provision) • Ore Village – no disabled toilet provision in the village • Falaise Road – Alternative disabled WC within 150m at Bowls Club. • Bowls WC – Alternative disabled WC within 250m at the Pavilion.

Activity/ Budget	Efficiency, Income or Savings proposals for 2017/18	Savings 2017/18 £	2018/19 £	2019/20 £	Likelihood of negative impact on equalities/ protected characteristics Low – Medium – High
					• Rock a Nore – Alternative disabled WC within 200m at The Stade. NB the Council's 'changing places' toilet (an adult sized, height adjustable changing bench with a ceiling tracked hoist) remains available at the Stade.
Building Cleaning Contract	Following a review of the councils building cleaning requirements and subsequent tendering of the contract, savings have been identified from 1st April 2017. **Staffing implications:** N/A for HBC	41,000	41,000	41,000	**Low –** unlikely to impact disproportionately on any equality groups
Environmental Health	Following a review, restructure the roles and responsibilities of the team and delete the role of the Deputy Environmental Health Manager. **Staffing implications:** 0.9 FTE	38,000	38,000	38,000	**Low –** unlikely to impact disproportionately on any equality groups
Housing Options	Following a review, reduce the overall staffing structure by 1FTE, the work has been absorbed into the role of the Housing Needs and Policy Manager. **Staffing implications:** 1FTE vacant	37,000	37,000	37,000	**Low –** unlikely to impact disproportionately on any equality groups
	Savings have been identified following investment in a new digital platform Firmstep and a transformation programme to review how services are designed and delivered, with a focus on digital delivery • Reduction in software costs o Confirm Licensing £4,200 o Anite software module £4,500 o Internet link connectivity contract renegotiated £3,600	26,300	26,300	26,300	**Low** – a review of Digital Inclusion was completed by the Overview and Scrutiny Committee in March 2016. This set out actions we will take to ensure our digital by design approach is inclusive.

Activity/ Budget	Efficiency, Income or Savings proposals for 2017/18	Savings 2017/18 £	2018/19 £	2019/20 £	Likelihood of negative impact on equalities/ protected characteristics Low – Medium – High
Digital by Design	o Multi-function device (printing/scanning etc.) contract renewal July 2017 o Revenues and Benefits disaster recovery cost reduction following new server implementation £8,000 o Oracle hardware support reduction £6,000				
	• Reduction in paper and printing costs*: o Shred it savings * Service managers have identified £31k of savings within supplies and services budgets for 2017/18 – these have been accounted for in service budgets)	3,500	3,500	3,500	
	• Further minimum reduction in paper and printing costs through implementation of 'Analogue Reduction Strategy' during 17/18: o Photocopying savings (Uniflow) o Programme to eliminate paper usage o Virtual Mail Room implementation	20,000	20,000	20,000	
	• Reduction in staffing requirements: o Housing Renewal technical post – work absorbed by changes to DFG process 1FTE post (vacant post)	30,000	30,000	30,000	
	o People and Business Support (PBS)/Community Contact Centre – following a restructure, delete 1FTE CCC Team Leader post and (vacant) and make	32,000	32,000	32,000	
	£18,000 net savings on changes to two other vacant posts (in PBS and Policy) equivalent to 0.8FTE	18,000	18,000	18,000	
	o 0.5 FTE reduction in TIC staffing requirements following move of Licensing Applications on-line from April 2017	14,000	14,000	14,000	

Activity/ Budget	Efficiency, Income or Savings proposals for 2017/18	Savings 2017/18 £	2018/19 £	2019/20 £	Likelihood of negative impact on equalities/ protected characteristics Low – Medium – High
	Staffing implications: net 3.3 FTE				
Regeneration	a) From June 2017, delete the vacant Economic Development/ Regeneration Officer post The remaining Economic Development/Regeneration officers will focus on services supporting growth/retention of two key economic sectors: visitor economy and advanced manufacturing/high tech.	33,000	33,000	33,000	**Medium:** If the Community Led Local Development (CLLD) programme bid is successful, there is potential for the council to play a different but active and influential role in the programme of workforce skills development and linking people to local employment possibilities.
	b) Reduce the economic development activity budget	10,000	10,000	10,000	
	c) Net savings from vacant p/t admin post	4,000	4,000	4,000	
	Staffing implications: 1 FTE				

Activity/ Budget	Efficiency, Income or Savings proposals for 2017/18	Savings 2017/18 £	2018/19 £	2019/20 £	Likelihood of negative impact on equalities/ protected characteristics Low – Medium – High
External funding/ Programme Compliance	Restructure the posts that support external funding: • Reduce the 1 FTE External funding officer post to 0.5FTE (no impact - current post-holder already reduced hours to 0.5FTE) • Delete one of the two Programme compliance and monitoring officer posts (1 FTE)	20,000	20,000	20,000	
	Focus dedicated resources on funding for: a. economic and cultural development, b. public realm/environmental improvements; c. economic inclusion; d. Seafront strategy and White Rock area priorities **Staffing implications:** 0.5FTE – vacant post 1FTE - re-deployment or redundancy	37,000	37,000	37,000	
Tourist Information Centre	A review of the TIC operation is underway. Initial proposals include reducing opening times and staffing levels. **Staffing implications**: From October 2017 0.5 FTE **–** deployment or redundancy	14,000	14,000	14,000	
Events budget	Increase income to off-set reduction in events budget – increase entry costs to the Seafood and Wine Festival **Staffing implications:** N/A	10,000	10,000	10,000	

Activity/ Budget	Efficiency, Income or Savings proposals for 2017/18	Savings			Likelihood of negative impact on equalities/ protected characteristics Low – Medium – High
		2017/18 £	2018/19 £	2019/20 £	
Civic and Ceremonial	Alternative venue for Annual Council saving hire costs, changes to Mayoral travel arrangements outside of the borough. **Staffing implications:** N/A	8,000	8,000	8,000	**Low –** unlikely to impact disproportionately on any equality groups
Marketing	Reduction in non-staffing marketing budget **Staffing implications:** N/A	9,000	9,000	9,000	**Low –** unlikely to impact disproportionately on any equality groups
Marketing and Communications	Delete fixed term Communications Manager post (1FTE) at end of term: use some savings to fund a restructure within the team and to fund an ongoing seasonal Fish Fairs officer post (0.6) Staffing implications: net 0.4 FTE	29,000	29,000	29,000	**Low –** unlikely to impact disproportionately on any equality groups
Cultural regeneration	Reduction in activity budget **Staffing implications:** N/A	6,000	6,000	6,000	**Low –** unlikely to impact disproportionately on any equality groups
White Rock Theatre	Net savings from cessation of subsidy to the theatre when the current contract ends in January 2019, an assumption has been made that there will be some allocation made for arts activity. **Staffing implications:** no direct HBC staffing implications	0	0	370,000	**Low –** unlikely to impact disproportionately on any equality groups

Activity/ Budget	Efficiency, Income or Savings proposals for 2017/18	Savings 2017/18 £	2018/19 £	2019/20 £	Likelihood of negative impact on equalities/ protected characteristics Low – Medium – High
Planning Policy	Reduce one senior planner post by 0.3FTE and reduce the external consultants budget to achieve the savings **Staffing implications**: 0.3FTE – re-deployment or redundancy	30,000	30,000	30,000	**Low –** unlikely to impact disproportionately on any equality groups
Community Partnership Funding	The Budget set by HBC in 2016/17 identified the following savings in the profile of CPF spend for commissioned activity. A further proposal is to increase the saving from CPF budget for 2017/18 to match the commissioning programme for two years. A budget of £208,000p.a. remains for 17/18 and 18/19	18,000 24,000	36,000 6,000	54,000 -	**Medium** - may impact adversely/ disproportionately on groups working with equality groups. Following a review and consultation on the future of CPF funding, the Council is focussing on priority needs groups and areas of commissioned activity: a. Housing, Legal, Welfare and Debt Advice b. Domestic Violence Support c. Advice and support to organisations (voluntary sector infrastructure support) d. Rough Sleepers Outreach Support e. Advice and support to migrant and newly settled communities It is acknowledged that some groups who were previously supported will no longer be eligible to apply under this criteria, however the council will continue to signpost them to agencies such as Hastings Voluntary Action who can assist them to seek alternative funding or support to become sustainable.

Activity/ Budget	Efficiency, Income or Savings proposals for 2017/18	Savings 2017/18 £	Savings 2018/19 £	Savings 2019/20 £	Likelihood of negative impact on equalities/ protected characteristics Low – Medium – High
					The details of the review and consultation are included in the Cabinet report September 2016, available from the Council's website https://hastingsintranet.moderngov.co.uk/ieListDocuments.aspx?CId=130&MId=2066&Ver=4

Growth items (funded by other reductions across Regeneration services)

Activity		2017/18	2018/19	2019/20
Cultural Development Manager	Building on the successful delivery of the Root 1066 festival employ the fixed terms Strategic Cultural Development Specialist as a permanent Cultural Development Manager **Staffing Implications:** + 1FTE	63,000	63,000	63,000
Community Development Activity	Small activity budget to support community regeneration activity.	5,000	5,000	5,000
Coastal Currents Activity Budget	One-year pump priming budget to enable Coastal Currents festival to become self-financing	20,000	-	-

FIO Other savings/income – already agreed and being implemented

Muriel Matters House (MMH)	Purchase of Council's main civic and operational building led to savings on: • borrowing costs vs rent liability • service charges which would have been due	50,000 25,000	50,000 25,000	50,000 25,000	**Low –** unlikely to impact disproportionately on any equality groups
Energy savings	Reductions in costs following smarter procurement and likelihood of less energy use in Muriel Matters House following refurbishment and better insulation	50,000	50,000	50,000	**Low –** unlikely to impact disproportionately on any equality groups
MMH room rentals	Weekly rental of Council Chamber and committee rooms to Coroners Court service - income	15,000	15,000	15,000	**Low –** unlikely to impact disproportionately on any equality groups
Town Hall room rentals	Income from rentals of office space in Town Hall	6,000	6,000	6,000	**Low –** unlikely to impact disproportionately on any equality groups
Chalets	Income from investment in new chalets – invest to save already agreed	40,000	40,000	40,000	**Low –** unlikely to impact disproportionately on any equality groups

Appendix L

Land and Property Disposal Programme

	Estimated Receipts £
2016/17	
Mayfield E	
Robsack A	
Land at Summerfields	
Land at Highfield Drive	
Land at Fairlihfght Place and Hurrell Road	
Less cost of disposal	
Sale of Ex Council Houses	
Other	
	969,000
2017/18	
Upper Wilting Farm	
Harrow Lane Playing Fields	
Former Bathing Pool site	
Land at Bexhill Road	
Land at Sandrock	
Land r/o Bexhill Road	
Less cost of disposal	
Sale of Ex Council Houses	
	3,772,000
2018/19	
Mayfield E	
Less cost of disposal	
Sale of Ex Council Houses	
Other	
	530,000
2019/20	
Sale of Ex Council Houses	
Other	
	50,000

Appendix M

Council Tax – Overall

The Council is recommended to resolve as follows:

1 It be noted that the Council has calculated the Council Tax Base 2017/18 for the whole Council area as 25,095 [Item T in the formula is Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]

2 Calculate that the Council Tax requirement for the Council's own purposes for 2017/18 is £6,282,031

3 That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:

(a)	87,649,193	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils
(b)	81,367,162	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act
(c)	6,282,031	Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act)
(d)	250.33	Being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year
(e)	£0	Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act
(f)	250.33	Being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates

4. To note that the County Council, the Police and Crime Commissioner and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2016/17 for each part of its area and for each of the categories of dwellings.

	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Hastings Borough Council	166.89	194.70	222.52	250.33	305.96	361.59	417.22	500.66
East Sussex County Council (EST) (Including Adult Social Care +2%)	867.82	1,012.45	1,157.09	1,301.73	1,591.00	1,880.27	2,169.54	2,603.45
East Sussex Fire Authority (EST)	58.93	68.76	78.58	88.40	108.05	127.69	147.34	176.80
Police and Crime Commissioner	102.61	119.71	136.81	153.91	188.11	222.31	256.52	307.82
Aggregate of Council Tax Requirements	1,196.25	1,395.62	1,595.00	1,794.37	2,193.12	2,591.86	2,990.62	3,588.73

6. The Council's basic amount of Council Tax for 2017/18 is not excessive as determined in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. To be deemed excessive the Borough's Council Tax would need to be increased by 2%, or more than 2%, and also more than £5 in 2017/18.

Off Street Pay & Display Parking Charges – 2017 / 2018

Parking Place	Current Charges				Parking Place	**Proposed Charges**			
	1 Nov. - 31 March		1 April – 31 Oct			1 Nov, - 31 March		1 April – 31 Oct	
Castle Hill Road	1	£1.30	1	£1.50	Castle Hill Road	1	**£1.50**	1	**£1.70**
Pelham Place	2	£2.60	2	£3.00	Pelham Place	2	**£3.00**	2	**£3.20**
	3	£3.50	3	£4.10	Charging Hours 07:00 to 21:00	3	**£4.10**	3	**£4.30**
	5	£5.80	5	£6.30		5	**£6.30**	5	**£6.50**
	10	£6.90	10	£7.40		10	**£7.40**	10	**£7.70**
	24	£7.40	24	£8.40		24	**£8.40**	24	**£9.00**
Rock a Nore Road	1	£1.10	1	£1.50	Rock a Nore Road	1	**£1.10**	1	**£1.70**
	2	£2.10	2	£3.00	Charging Hours 07:00 to 21:00	2	**£2.10**	2	**£3.20**
	3	£3.20	3	£4.20		3	**£3.20**	3	**£4.30**
	5	£3.20	5	£6.30		5	**£3.20**	5	**£6.50**
	10	£3.20	10	£7.40		10	**£3.20**	10	**£7.70**
	24	£3.20	24	£8.40		24	**£3.20**	24	**£9.00**
Marina	1	£1.00	1	£1.10	Marina	1	**£1.10**	1	**£1.20**
	2	£1.50	2	£1.60	Charging Hours 07:00 to 21:00	2	**£1.60**	2	**£1.70**
	3	£2.10	3	£2.40		3	**£2.40**	3	**£2.50**
	5	£3.20	5	£3.20		5	**£3.20**	5	**£3.30**
	10	£4.80	10	£4.80		10	**£4.80**	10	**£5.20**
	24	£5.80	24	£5.80		24	**£5.80**	24	**£6.00**
Priory Street m/s	1	£1.20	1	£1.20	Priory Street m/s	1	**£1.20**	1	**£1.30**
Carlisle Parade	2	£1.90	2	£1.90	Carlisle Parade	2	**£1.90**	2	**£2.00**
	3	£2.50	3	£2.50	Charging Hours 07:00 to 21:00	3	**£2.50**	3	**£2.70**
	5	£3.70	5	£3.70		5	**£3.70**	5	**£3.90**
	10	£5.80	10	£6.50	Sunday £1.00 All Day	10	**£6.50**	10	**£6.70**
	24	£7.40	24	£7.40		24	**£7.40**	24	**£8.00**
Cornwallis Street	1	£1.20	1	£1.20	Cornwallis Street	1	**£1.30**	1	**£1.30**
	2	£1.90	2	£1.90	Charging Hours 07:00 to 21:00	2	**£2.00**	2	**£2.00**
	3	£2.50	3	£2.50		3	**£2.60**	3	**£2.60**
	4	£3.60	4	£3.60		4	**£3.80**	4	**£3.80**
Pier Underground	1	£0.60	1	£0.60	Pier Underground	1	**£0.70**	1	**£0.80**
St Margaret's Rd	2	£0.80	2	£0.80	St Margaret's Rd	2	**£0.90**	2	**£1.00**
	3	£1.10	3	£1.10	Charging Hours 07:00 to 21:00	3	**£1.20**	3	**£1.30**
	5	£1.60	5	£1.60		5	**£1.60**	5	**£1.70**
	10	£2.10	10	£2.10		10	**£2.20**	10	**£2.40**
	24	£2.40	24	£2.40		24	**£2.60**	24	**£3.00**
Crystal Square	1	£0.60	1	£0.60	Crystal Square	1	**£0.70**	1	**£0.70**
	2	£1.10	2	£1.10		2	**£1.20**	2	**£1.20**
	3	£1.60	3	£1.60		3	**£1.70**	3	**£1.70**
	4	£2.10	4	£2.10		4	**£2.20**	4	**£2.20**
Falaise Road	1	£0.20	1	£0.20	Falaise Road	1	**£0.30**	1	**£0.30**
Falaise Hall	2	£0.40	2	£0.40	Falaise Hall	2	**£0.50**	2	**£0.50**
Summerfields	3	£0.50	3	£0.50	Summerfields	3	**£0.60**	3	**£0.60**
	4	£0.80	4	£0.80		4	**£1.00**	4	**£1.00**
The Bourne	1	£1.30	1	£1.40	The Bourne	1	**£1.50**	1	**£1.70**
	2	£2.60	2	£2.80	Charging Hours 07:00 to 21:00	2	**£3.00**	2	**£3.20**
	3	£3.50	3	£4.00		3	**£4.10**	3	**£4.30**
	5	£5.80	5	£5.80		5	**£6.30**	5	**£6.50**
	10	£6.90	10	£7.40		10	**£7.40**	10	**£7.70**
	24	£7.40	24	£8.40		24	**£8.40**	24	**£9.00**
Russell Street	7 Spaces Previously Permit but unsold to be converted to Pay by Phone Parking.				Russell Street	1	**£1.30**	1	**£1.30**
					Charging Hours 07:00 to 21:00	2	**£2.00**	2	**£2.00**
						3	**£2.60**	3	**£2.60**
						4	**£3.80**	4	**£3.80**
Hastings Country Park	All Day (8am – 6pm)			£2.00	Hastings Country Park (8am - 4pm)	2	**£2.00**	2	**£2.00**
						8	**£3.00**	8	**£3.00**

Appendix N

Off Street Parking Season Permit Charges 2017/18

Hastings Borough Council Season Permits

Type	Current Charge	Proposed Charge
Annual Season	£675.00	**£710.00**
Quarterly Season	£195.00	**£205.00**
Monthly Season	£70.00	**£75.00**
Weekly Season	£25.00	**£30.00**
Carlisle Parade Underground Car Park Motorcycle bay	£52.00	**Delete – Not viable as never purchased.**
Reserved Space Annual Only	£870.00	**£900.00**
Russell Street Reserved Spaces Annual Only	£675.00	**£675.00**
Restricted Zone Annual	£440.00	**£470.00**
Restricted Zone Quarterly	£135.00	**£145.00**
Restricted Zone Monthly	£45.00	**£50.00**
Bourne, High Street and Grand Parade Residents Annual	£350.00	**£380.00**
Bourne, High Street and Grand Parade Residents Quarterly	£110.00	**£115.00**
Grand Parade Motorcycle Permit	50% of car permit rate	50% of car permit rate
Priory Street Restricted Zone Motorcycle Permit	25% of car permit rate	25% of car permit rate
Country Park Annual	£25.00	**£35.00**
Hastings Country Park	£25.00	**£35.00**

CORPORATE SERVICES AND GOVERNANCE **Appendix P**

Reference NO.	2015-16 ACTUAL	SERVICE	2016-17 ORIGINAL BUDGET	2016-17 REVISED BUDGET	**2017-18 ESTIMATED OUTTURN**
	£	**SUMMARY OF REVENUE ESTIMATES**	£	£	**£**
CR1	197,569	1023 - Director of Corporate Services and Governance	177,256	171,150	**171,560**
CR2	368,981	1024 - Corp. Policy, Partnerships and Performance	371,412	330,630	**348,140**
CR3	296,163	1031 - Electoral Services	233,142	195,430	**195,900**
CR4	429,928	1022 - Estates Services	368,222	347,660	**341,860**
CR5	295,574	1029 - Building Surveyors	262,540	206,830	**204,670**
CR6	464,109	1032 - Legal Services	396,708	383,560	**382,230**
CR7	235,761	1051 / 1058 - Audit and Investigations Services	218,337	219,260	**212,140**
CR8	968,813	1052 - Accountancy Services	854,450	806,460	**785,310**
CR9	3,091,352	1054 / 1055 - Revenues Services	2,718,799	2,555,920	**2,502,840**
CR10	757,631	1020 - Personnel and Organisational Development and Business Support	659,357	627,350	**608,560**
CR11	173,187	1090 - Corporate Personnel Expenses	175,817	173,800	**202,560**
CR12	1,116,509	5712 - Contact Centre	955,627	866,930	**899,330**
CR13	266,702	1085 - Digital by Design	160,690	249,550	**162,350**
CR14	149,807	1151 - Admin Buildings - Town Hall	84,331	109,340	**53,440**
CR15	1,756,765	1157 - Admin Buildings - Muriel Matters House	745,120	436,670	**424,400**
CR16	99,457	1160 - Admin Buildings - General Expenses	104,110	111,330	**100,500**
CR17	246,133	1169 - Admin Buildings - Corporate Archive	86,720	46,290	**47,420**
CR18	1,319,504	1080 - Corporate Expenses	1,356,060	1,185,210	**1,187,440**
CR19	931,807	1034 - IT	793,061	709,050	**706,910**
CR20	309,260	5228 - IT Reserve / Hardware	430,080	359,350	**374,980**
CR21	45,381	5227 - Land & Property Systems-GIS	43,800	39,870	**40,290**
	(13,520,392)	Less recharges to other services	(11,195,639)	(10,131,640)	**(9,952,830)**
	0	Unallocated Balance	0	0	**0**
CR22	745,665	5510 - Corporate Management Expenses	640,646	749,570	**725,910**
CR23	86,621	5511 - Non Distributed Costs	431,190	430,380	**670,540**
CR24	1,464,968	4200 / 4250 / 5900 - Benefit Payments and Administration	1,672,969	1,506,810	**1,469,180**
CR25	883,063	5950 - Council Tax and Business Rates Collection	623,350	548,690	**529,900**
CR26	(335,725)	2101 - Employment Areas	(335,430)	(338,510)	**(346,130)**
CR27	(999,313)	2201 - Factory Units	(1,198,730)	(1,183,530)	**(1,173,400)**
CR28	(816,549)	2404 - Farms and Other Properties	(1,080,920)	(1,059,620)	**(1,052,070)**
CR29	145,754	2602 - St Mary in the Castle	22,970	26,620	**26,570**
CR30	88,264	5299 - Other Expenditure	584,030	331,610	**522,630**
CR31	177,906	1200 - 1205 - Registration of Electors	155,023	184,280	**208,150**
CR32	1,061,694	5501 - Cost of Democracy	1,058,121	856,720	**829,300**
CR33	118,427	5503 / 5504 / 5505 - Election Expenses	147,004	168,640	**115,210**
CR34	26,480	5224 - Local Strategic Partnership	32,150	25,890	**27,260**
CR35	19,390	3405 - Sustainable Development	23,701	22,830	**23,910**
CR36	8,265	5513 - Public Consultation	11,860	8,630	**9,090**
CR37	923	1935 / 1997 - Climate Change Project / Ecofab Project	0	790	**0**
CR38	27,333	5004 - Pier Closure Costs	100,000	100,000	**0**
CR39	19,881	1501 - Shelters and Seats	22,770	26,490	**19,030**
CR40	13,113	1502 - Naming and Numbering	11,010	11,010	**8,220**
CR41	145,828	5236 - Decorative Lighting	99,110	93,930	**79,410**
CR42	(0)	1946 / 1983 / 1989 / 5289-96 / 6668 - Foreshore Trust	0	0	**0**
	2,881,987		3,020,824	2,511,230	**2,692,710**

Reference NO.	2015-16 ACTUAL	SERVICE	2016-17 ORIGINAL BUDGET	2016-17 REVISED BUDGET	**2017-18 ESTIMATED OUTTURN**
	£	**SUMMARY OF REVENUE ESTIMATES**	£	£	£
OS1	843,468	1009 - Environmental Services Management & Administration	726,799	675,030	**631,500**
OS2	550,566	1071 - Amenities Administration	376,112	410,590	**397,410**
OS3	956,051	1074 - Waste and Parking Team	871,168	920,530	**890,070**
OS4	1,235,868	1072 - Administration - Housing	941,412	916,510	**875,260**
OS5	181,538	1005 - Local Land Planning Management & Admin	152,139	129,110	**130,270**
OS6	392,956	1015 - Director of Operational Services	311,277	183,580	**181,140**
OS7	311,296	1070 - Leisure Administration	287,040	240,900	**234,710**
OS8	235,384	1075 - Resort Services Management and Administration	223,162	182,330	**179,770**
OS9	510,176	1021 - Regeneration Administration Division	308,119	319,880	**309,120**
OS10	712,173	1025 - Communications & Marketing	529,840	509,710	**443,030**
	(5,936,283)	Less recharges to other services	(4,727,068)	(4,488,170)	**(4,272,280)**
	(6,807)	Unallocated Balance	0	0	**0**
OS11	91,966	1008 - Building Control	67,690	66,500	**53,340**
OS12	1,256,696	1600 - Development Control & 1607 Conservation	791,127	991,490	**931,930**
OS13	(185,987)	5211 - Local Land Charges Register	(185,580)	(212,710)	**(235,789)**
OS14	445,654	4000 - Homelessness & 4138 Preventing Repossessions	393,136	443,380	**443,030**
OS15	270,307	4001 - Homelessness Prevention	230,240	204,020	**204,790**
OS16	80,330	4025 - Social Lettings	59,566	(13,010)	**(45,550)**
OS17	168,955	4050 - Homelessness Strategy	202,458	201,720	**148,060**
OS18	141,365	4120 - Housing Register	122,300	72,060	**65,980**
OS19	298	4051 - Deposits funded by ESCC	34,450	49,390	**18,700**
OS20	43,654	4055 - Youth Homelessness	0	22,310	**20,660**
OS21	3,173	4057 - Anti Poverty	5,200	5,200	**5,200**
OS22	25	4060 - POAL Officer	0	0	**0**
OS23	(8,276)	4137 - Land Auction Pilot	22,000	0	**0**
OS24	666,734	4140 - Housing Renewal	665,347	435,870	**409,015**
OS25	(671)	4143 - Rogue landlords	0	72,140	**0**
OS26	205,756	4158 - Selective licensing	(233,291)	25,430	**(32,645)**
OS27	(63,101)	4160 - Housing Licensing	(108,700)	71,640	**0**
OS28	23,628	4130 - Housing Solution Services	9,100	40,870	**20,580**
OS29	72,886	4300 - Coastal Space Enforcement Activities	48,900	31,090	**11,270**
OS30	15,406	5001 - Dangerous Structures	2,500	2,500	**2,500**
OS31	3,244	1953 - Coastal Local economic Partnership (LEP)	0	4,650	**4,650**
OS32	101,590	4045 - Housing - NHS Clinical Commissioning Group CCG	298,210	582,850	**1,040,956**
OS33	0	4183 - Sustainable Housing in Inclusive Neighbourhoods	0	32,460	**30,670**
OS34	0	4185 - Climate Active Neighbourhoods	0	13,110	**12,670**
OS35	0	4004 - Syrian Resettlement Programme	0	(111,170)	**(213,054)**
OS36	0	4002 - Rough Sleeper Prevention	0	0	**0**
	3,333,631	**Housing and Built Environment**	2,424,653	3,031,790	**2,896,963**

Reference NO.	2015-16 ACTUAL	SERVICE	2016-17 ORIGINAL BUDGET	2016-17 REVISED BUDGET	**2017-18 ESTIMATED OUTTURN**
	£	**SUMMARY OF REVENUE ESTIMATES**	£	£	£
OS37	436,278	1900, 1904 Regeneration Activity	492,819	528,640	**466,590**
OS38	310,564	1603 - Planning Policy	373,340	367,720	**295,580**
OS39	164,980	1922 - Cultural Activities	184,780	201,830	**140,110**
OS40	50,246	1945 - Cultural Development	116,800	200,770	**82,720**
OS41	2,130	1928 - Regional Growth Fund Four - SUCCESS Programme	0	0	**0**
OS42	(392)	1931 - Answers in the Carbon Economy	0	0	**0**
OS43	162,937	1934 - External Funding Initiatives	169,080	145,280	**88,920**
OS44	(8,045)	1939 - Safe Ice	0	0	**0**
OS45	57,414	1980 - Community Cohesion	51,000	54,280	**53,580**
OS46	(15,861)	1988 - Fisheries Local Action Group (FLAG)	0	0	**0**
OS47	(5,849)	1998 - Coastal Communities Fund	0	0	**0**
OS48	22,369	1999 - Employability	36,700	36,610	**0**
OS49	(994)	2020 - Talent Match	0	(230)	**0**
OS50	51	2030 - Sea Escapes - CCF III Coastal Communities Fund Revenue	0	0	**0**
OS51	364,445	5120 - Community Partnership	302,417	303,390	**252,190**
OS52	(5,494)	5121 - Older and Younger People	0	5,550	**0**
OS53	9,799	6006 - Youth Activities (Young Persons Council)	8,200	10,200	**5,000**
OS54	0	5118 - Town Centre Management	0	0	**9,300**
OS55	0	5119 - Community Development Activity	0	0	**5,000**
OS56	11,567	1995 - Image Raising Campaign Project	5,000	18,000	**0**
OS57	154,371	5701 - 1066 Country Campaign	134,560	137,490	**126,010**
OS58	236,914	5702, 5703 - Tourism Marketing	157,910	108,160	**108,700**
OS59	141,919	5714 - Tourist Information Centre	108,628	140,970	**106,510**
OS60	70,745	5705 - Community Awareness	49,750	54,040	**49,870**
OS61	13,042	5720 - Twinning / Sierra Leone	10,610	12,180	**10,970**
OS62	105,716	1962, 5719, 5721-5725, 5727-5728, 5730, 5780, 5781 Raising the Profile of Hastings	110,040	141,860	**122,130**
OS63	(484)	5731 - Norman Castles Interreg Project	0	0	**0**
OS64	3,495	5237 - Meteorological Expenses	4,800	3,800	**3,920**
OS65	75,663	5507 - Civic & Ceremonial Expenses	75,500	65,630	**55,890**
OS66	1,099	5740 - Filming	(4,000)	(4,000)	**(4,000)**
OS67	338,025	1400 - Coastal Protection	26,920	32,200	**31,440**
OS68	11,051	1410 - Navigational Aids	10,060	11,430	**11,090**
OS69	13,584	1608 - Env. Schemes Net Shops	10,160	10,700	**10,590**
OS70	49,409	2502 - Cliff Railways	(87,538)	(87,830)	**(120,050)**
OS71	(13,471)	2510 / 2512 - Castle and Caves	(32,860)	(29,160)	**(30,390)**
OS72	(125,925)	2514 - Chalets and Beach Huts	(141,540)	(157,160)	**(207,720)**
OS73	732,031	2601 - White Rock Theatre	681,420	622,580	**663,510**
OS74	512,580	5241 - Seafront	169,204	154,010	**146,904**
OS75	520,792	6000 / 6005 / 6008 / 6009 / - Museums and Art Galleries	458,280	459,440	**404,840**
OS76	4,289	6015 - First World War Project	(8,700)	(11,290)	**3,500**
OS77	58,021	6150 - Sports Management	33,810	16,960	**17,090**
OS78	59,637	2640 - Falaise Fitness Centre	40,150	37,400	**36,180**
OS79	139,970	6100 - Sports Centres	165,000	100,220	**53,980**
OS80	5,000	6409 - William Parker Athletic Track	5,000	8,430	**8,330**
OS81	115,529	6650 - Sports Development	104,280	82,510	**80,810**
OS82	37,177	6651 - Street Games	46,910	32,900	**15,510**
OS83	3,445	6675 - Sports for All	0	0	**0**
OS84	107,831	6657 - Active Hastings	95,740	90,900	**63,130**
OS85	162,384	6660 - Play Development	151,980	136,680	**134,680**
OS86	0	6666 - Primary Care Trust Play Grant	3,850	3,850	**0**
OS87	90,062	6667 - Play Pathfinder	81,200	42,660	**42,340**
OS88	0	6670 - Playground Projects	0	0	**0**
OS89	0	2040 - CHART CLLD - Connecting Hastings and Rother Together Community Led Local Development	0	0	**(15,800)**
OS90	0	5116 - 1066 Community Grants	0	30,000	**0**
OS91	(38,076)	6640 - Opening Doors	1,390	1,350	**0**
OS92	5,000	6641 - Lets get Moving (CCG)	16,480	68,400	**0**
OS93	11,386	1937 - British BID DCLG - Loan Fund (Business Improvement District)	0	18,830	**5,250**
OS94	60,000	1956 - Hastings Pier CPO	0	0	**0**
OS95	(334)	1984 - Classroom on the Coast	0	0	**0**
OS96	40,000	5003 - Hastings Pier Charity - Additional Grant	0	0	**0**
	5,258,022	**Regeneration and Culture**	4,219,130	4,208,180	**3,334,204**

Reference NO.	2015-16 ACTUAL	SERVICE	2016-17 ORIGINAL BUDGET	2016-17 REVISED BUDGET	**2017-18 ESTIMATED OUTTURN**
	£	**SUMMARY OF REVENUE ESTIMATES**	**£**	**£**	**£**
OS97	303,753	3401 - Food Safety	270,440	308,630	**300,190**
OS98	119,311	3402 / 3404 - Health and Safety	103,518	128,550	**124,770**
OS99	325,211	3403 - Environmental Protection	307,139	336,230	**322,050**
OS100	59,774	3407 - Pest Control	54,370	58,340	**56,260**
OS101	(53,290)	5100 - Local Licensing	(41,190)	(49,490)	**(56,290)**
OS102	18,585	5105 - Liquor Licensing	11,680	1,930	**480**
OS103	25,378	5106 - Gambling Licensing	27,120	14,420	**13,330**
OS104	37,337	5125 - Stray Dog Contract	34,820	46,600	**45,640**
OS105	38,309	5223 - Emergency Planning	38,240	60,320	**58,560**
OS106	(236,270)	1300 / 1350 - Parking	(434,260)	(451,390)	**(487,990)**
OS107	272,894	1370 - Closed Circuit Television	253,700	225,960	**235,630**
OS108	(7,651)	1506 - ESCC Highway Tree Maintenance	(3,000)	(3,000)	**(3,000)**
OS109	5,031	1504 - Public Realm	0	0	**40,000**
OS110	1,181,343	3303 - Waste Collection	1,009,770	1,062,220	**1,076,820**
OS111	139,326	3410 - Recycling	211,800	226,260	**231,200**
OS112	1,236,409	3313 - Street Cleansing	1,242,370	1,239,930	**1,261,410**
OS113	(8,045)	3411 - Greenwaste	(16,660)	(32,010)	**(58,350)**
OS114	515,534	3412 - Waste and Environmental Enforcement Team	474,028	421,050	**422,260**
OS115	21,452	5205 - Together Action	28,270	41,100	**33,600**
OS116	128,245	5214 - Safer Hastings Partnership (HBC)	110,241	119,370	**125,600**
OS117	7,227	5219 - Safer Hastings Partnership (External)	0	8,080	**0**
OS118	0	5226 - CS Domestic Violence (CCG)	0	0	**0**
OS119	24,112	1420 - Watercourses	24,820	32,600	**32,300**
OS120	(334,405)	3102 / 3103 - Cemetery and Crematorium	(438,414)	(426,510)	**(517,590)**
OS121	28,485	5140 - Travellers Costs	29,520	22,430	**21,850**
OS122	30,621	5250 - Town Centre	29,480	50,260	**47,490**
OS123	73,363	5280 - Allotments	74,630	18,460	**14,300**
OS124	79,929	5281 - Ecology	97,948	58,330	**57,060**
OS125	158,074	6200 - Arboriculture	158,399	141,760	**140,970**
OS126	1,614,535	6301 - Parks and Gardens	1,532,231	1,604,260	**1,656,640**
OS127	127,133	6308 - Bathing Water Quality	0	31,830	**0**
OS128	194,757	1355 / 6503 - Hastings Country Park	146,926	113,890	**97,650**
OS129	32,399	6508 - Countryside Stewardship	20,850	(10,910)	**24,040**
OS130	428,223	3033 - Public Conveniences	343,620	354,240	**254,860**
	6,587,090	**Environment and Place**	5,702,406	5,753,740	**5,571,740**
	15,171,936	**Operational Services Directorate Total**	**12,346,189**	**12,993,710**	**11,802,907**

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Appendix Q

CAPITAL PROGRAMME SUMMARY

	Capital						Revenue					
	2016/17 Original £'000	**2016/17 Revised £'000**	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**Total over Prog Period £'000**	**2016/17 Original £'000**	**2016/17 Revised £'000**	**2017/18 £'000**	**2018/19 £'000**	**2019/20 £'000**	**Full Year £'000**
Net cost by Service												
Corporate Resources	6,049	14,529	500	-	-	15,029	-236	-177	-177	-159	-159	-159
Operational Services	1,860	781	1,618	764	116	2,399	74	94	94	177	257	257
	7,909	**15,310**	**2,118**	**764**	**116**	**17,428**	-162	-83	-83	18	98	98
Net cost by Status												
Committed Schemes	7,580	15,008	1,341	764	116	16,349	-177	-139	-139	-69	11	11
Uncommitted Schemes	329	105	277	-	-	382	15	22	22	35	35	35
New Schemes	-	197	500	-	-	697	0	34	34	52	52	52
	7,909	**15,310**	**2,118**	**764**	**116**	**17,428**	171	-83	-83	18	98	98
Gross cost of schemes analysed by service												
Corporate Resources	6,049	14,569	500	-	-	21,118						
Operational Services	4,444	2,795	5,295	2,681	1,128	16,343						
	10,493	**17,364**	**5,795**	**2,681**	**1,128**	**37,461**						

CORPORATE RESOURCES - CAPITAL PROGRAMME

Appendix Q (cont)

Scheme Ref.	Scheme		Class	Total Gross Cost	Total Net Cost	Before 31.3.16	2016/17	Revised 2016/17	2017/18	2018/19	2019/20	Subseq. Years
					Profile of Council Net Cost							
		(*)		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(9)	(9)	(10)	(11)	(11)	(12)
ES04-2	Office Accommodation	*	c	716	676	629	0	47	0	0	0	0
CR-05	Ore Valley -Land Purchase	*	c	55	55	55	0	0	0	0	0	0
CR-06	Sandrock Park - Land Purchase	*	c	23	23	0	0	23	0	0	0	0
CR-08	Aquila House Refurbishment	*	c	609	609	608	0	1	0	0	0	0
CR-09	New Factory unit	*	c	1,440	1,440	87	1,200	1,353	0	0	0	0
CR-10	Town Hall Works	*	c	457	457	428	0	29	0	0	0	0
RP16	CPO property	*	c	150	150	0	0	150	0	0	0	0
CR-11	Aquila House Purchase	*	c	4,400	4,400	0	4,400	4,400	0	0	0	0
CR-12	Kiosk above Bottle Alley	*	c	79	79	0	79	79	0	0	0	0
CR-13	Factory Block Churchfields Estates	*	c	0	0	0	370	0	0	0	0	0
CR- 15	Land at West Marina	0	n	127	127	0	0	127	0	0	0	0
CR-16	New ERP system	0	n	500	500	0	0	0	500	0	0	0
CR-17	Retail Property purchase	*	c	7,700	7,700	0	0	7,700	0	0	0	0
CR-18	Land on Churchfields Estate	*	c	620	620	0	0	620	0	0	0	0
	Schemes Already Committed		c	16,249	16,209	1,807	6,049	14,402	0	0	0	0
	Schemes Uncommitted		u	0	0	0	0	0	0	0	0	0
	New Schemes		n	627	627	0	0	127	500	0	0	0
Total Capital Expenditure				16,876	16,836	1,807	6,049	14,529	500	0	0	0
Revenue Costs												
	Schemes Already Committed		c				(236)	(271)	(204)	(204)	(204)	(204)
	Schemes Uncommitted		u				0	0	0	0	0	0
	New Schemes		n				0	4	27	45	45	45
	No further approval required	*										
Total Revenue Costs							(236)	(267)	(177)	(159)	(159)	(159)

CORPORATE RESOURCES - CAPITAL PROGRAMME

			Total Cost £'000	Before 31.3.16 £'000	16/17 £'000	Revised 16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Subsequent. Years £'000
ES04-2	**Office Accommodation**									
9411										
	Accommodation work not directly related to Aquila House project									
	Funding Source									
	Council		676	629		47				
	Other		40			40				
	Total Funding		716	629	0	87	0	0	0	0
	Revenue Costs									
	Financing Charge				**0**	**3**	**5**	**5**	**5**	**5**
	Other									
	Total Revenue Costs				0	3	5	5	5	5
CR-06	**Sandrock Park - Land Purchase**									
9594										
	The purchase of land at Sandrock Park									
	Funding Source									
	Council		23			23				
	Other		0							
	Total Funding		23	0	0	23	0	0	0	0
	Revenue Costs									
	Financing Charge				**0**	**2**	**3**	**3**	**3**	**3**
	Other									
	Total Revenue Costs				0	2	3	3	3	3
CR-08	**Aquila House Refurbishment**									
9410										
	Refurbishment of Aquila £450,000 also additional repair and IT works undertaken at the same time as contract to be funded by existing repair budgets etc.									
	Funding Source									
	Council	4	609	608		1				
	Other		0							
	Total Funding		609	608	0	1	0	0	0	0
	Revenue Costs									
	Financing Charge				**0**	**1**	**1**	**1**	**1**	**1**
	Other				(25)	(25)	(25)	(25)	(25)	(25)
	Total Revenue Costs				(25)	(24)	(24)	(24)	(24)	(24)
CR-09	**New Factory unit**									
9800										
	Construction of additional factory unit in Castleham road to be financed by loan									
	Funding Source									
	Council		1,440	87	1,200	1,353				
	Other		0							
	Total Funding		1,440	87	1,200	1,353	0	0	0	0
	Revenue Costs									
	Financing Charge				**40**	**45**	**90**	**90**	**90**	**90**
	Other				(19)	(19)	(38)	(38)	(38)	(38)
	Total Revenue Costs				21	26	52	52	52	52
CR-10	**Town Hall Works**									
9418										
	Adapt Town hall for partial rental									
	Funding Source									
	Council	83	457	428		29				
	Other		0							
	Total Funding		457	428	0	29	0	0	0	0
	Revenue Costs									
	Financing Charge				**0**	**3**	**5**	**5**	**5**	**5**
	Other				(83)	(90)	(90)	(90)	(90)	(90)
	Total Revenue Costs				(83)	(87)	(85)	(85)	(85)	(85)

		Total Cost £'000	Before 31.3.16 £'000	16/17 £'000	Revised 16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Subsequent. Years £'000
RP16	**CPO property**								
9700	Spring Cottage acquired by CPO and sold								
	Funding Source								
	Council	150	0	0	150				
	Other	0							
	Total Funding	150	0	0	150	0	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**0**	**0**	**0**	**0**	**0**
	Other								
	Total Revenue Costs			0	0	0	0	0	0
9407 CR-11	**Aquila House Purchase**								
	Purchase of the freehold of Aquila House								
	Funding Source								
	Council	4,400		4,400	4,400				
	Other	0							
	Total Funding	4,400	0	4,400	4,400	0	0	0	0
	Revenue Costs								
	Financing Charge			**126**	**126**	**251**	**251**	**251**	**251**
	Other			(279)	(279)	(279)	(279)	(279)	(279)
	Total Revenue Costs			(153)	(153)	(28)	(28)	(28)	(28)
9741 CR-12	**Kiosk above Bottle Alley**								
	Construction of circular kiosk in line with the HBC Seafront Strategy								
	Funding Source								
	Council	79		79	79				
	Other	0							
	Total Funding	79	0	79	79	0	0	0	0
	Revenue Costs								
	Financing Charge			**3**	**3**	**5**	**5**	**5**	**5**
	Other			-2	-4	-8	-8	-8	-8
	Total Revenue Costs			1	-1	-3	-3	-3	-3
9801 CR-13	**Factory Block Churchfields Estates**								
	Purchase of long leasehold interest in above								
	Funding Source								
	Council	0		370	0				
	Other	0							
	Total Funding	0	0	370	0	0	0	0	0
	Revenue Costs								
	Financing Charge			**11**	**0**	**0**	**0**	**0**	**0**
	Other			(8)					
	Total Revenue Costs			3	0	0	0	0	0
CR- 15	**Land at West Marina**								
	Land at West Marina from the Hastings and St Leonards Charitable Trust								
	Funding Source								
	Council	127			127				
	Other	0							
	Total Funding	127	0	0	127	0	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**4**	**8**	**8**	**8**	**8**
	Other								
	Total Revenue Costs			0	4	8	8	8	8
New CR-16	**New ERP system**								
	Purchase and development of new Enterprise Resource Planning system								
	Funding Source								
	Council	500				500			
	Other	0							
	Total Funding	500	0	0	0	500	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**0**	**19**	**37**	**37**	**37**
	Other								
	Total Revenue Costs			0	0	19	37	37	37

		Total Cost £'000	Before 31.3.16 £'000	16/17 £'000	Revised 16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Subsequent. Years £'000
9130 CR-17	**Retail Property purchase**								
	Purchase of new property for income generation								
	Funding Source								
	Council	7,700			7,700	0			
	Other	0							
	Total Funding	7,700	0	0	7,700	0	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**104**	**312**	**312**	**312**	**312**
	Other				(153)	(460)	(460)	(460)	(460)
	Total Revenue Costs			0	(49)	(148)	(148)	(148)	(148)
New CR-18	**Land on Churchfields Estate**								
	Acquisition of Land								
	Funding Source								
	Council	620			620				
	Other	0							
	Total Funding	620	0	0	620	0	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**13**	**26**	**26**	**26**	**26**
	Other								
	Total Revenue Costs			0	13	26	26	26	26

OPERATIONAL SERVICES - CAPITAL PROGRAMME **Appendix Q (cont)**

Scheme Ref.	Scheme	(*)	Class	Total Gross Cost	Total Net Cost	Before 31.3.16	Revised 2016/17	2017/18	2018/19	2019/20	Subseq. Years
						Profile of Council Net Cost					
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(10)	(11)	(11)	(11)	(12)
H07	Private Sector Renewal Support	*	c	157	0	0	0	0	0	0	0
H08	Disabled Facilities Grant	*	c	3,900	0	0	0	0	0	0	0
H15	Empty Homes Strategy - CPO	*	c	250	250	59	20	70	70	31	0
PL01	Central St. Leonards Town Heritage Initiative 2	*	c	1,372	437	511	-74	0	0	0	0
RP04	Restoration of Pelham Crescent/ Pelham Arcade	*	c	756	359	115	94	150	0	0	0
RP16	Road at Pelham Arcade	*	u	125	75	0	35	40	0	0	0
RP15	Ex Malvern Public House - matched funding	*	c	54	54	54	0	0	0	0	0
RP14	Coastal Space Regeneration Project - Phase II	*	c	875	875	0	0	875	0	0	0
CR14	Coastal Space - Phase 3	*	c	1,376	609	0	0	0	609	0	0
RP12	Hastings Pier - including matched funding	*	c	310	310	310	0	0	0	0	0
ES28	Castle Access/ Interpretation (£100k -15/16*)		u	350	350	43	70	237	0	0	0
RP11	Factory Refurbishment (ACE)	*	c	584	133	133	0	0	0	0	0
RP15	White Rock Baths	*	c	1,246	174	133	41	0	0	0	0
RP11	Groyne Refurbishment	*	c	75	75	0	0	5	35	35	0
ES35	Work on Harbour Arm and New Groynes	*	c	2,968	30	0	0	30	0	0	0
ES36	Further Sea Defence works	*	c	150	0	0	0	0	0	0	0
ES39	Additional Chalets	*	c	61	61	0	61	0	0	0	0
RP09	Public Realm	*	c	346	255	79	26	50	50	50	0
ES34	Bottle Alley	*	c	269	219	60	159	0	0	0	0
ES24	CCTV Control Room	*	c	451	361	211	150	0	0	0	0
ES33	Crematorium and Chapel Enhancements	*	c	113	113	113	0	0	0	0	0
ES32	Country Park -Interpretive Centre	*	c	250	250	49	40	161	0	0	0
ES37	Playgrounds Upgrade Programme	*	c	87	87	44	43	0	0	0	0
ES38	Playgrounds Carnoustie & Kensington Close	*	c	60	0	0	0	0	0	0	0
OS2	Sea Escapes - CCF III Coastal Communities Fund Capital	*	c	366	46	0	46	0	0	0	0
ES40	Purchase of new parking machines and boards		n	70	70	0	70	0	0	0	0
	Schemes Already Committed		c	16,076	4,698	1,871	606	1,341	764	116	0
	Schemes Uncommitted		u	475	425	43	105	277	0	0	0
	New Schemes		n	70	70	0	70	0	0	0	0
Total Capital Expenditure				16,621	5,193	1,914	781	1,618	764	116	0
Revenue Costs											
	Schemes Already Committed		c				31	65	215	0	215
	Schemes Uncommitted		u				6	22	35	0	35
	New Schemes		n				4	7	7	0	7
	No further approval required	*									
Total Revenue Costs							41	94	257	0	257

OPERATIONAL SERVICES - CAPITAL PROGRAMME

		Total Cost £'000	Before 31.3.16 £'000	16/17 £'000	Revised 16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Subseq. Years £'000
H07 9314	**Private Sector Renewal Support**								
	Property grants to bring conditions up to minimum standards.								
	Funding Source								
	Council	0							
	Regional Housing Board Grant+ LEP funding of £46K	157		71	5	70	70	12	
	Total Funding	157	0	71	5	70	70	12	0
	Revenue Costs								
	Financing Charge			**0**	**0**	**0**	**0**	**0**	**0**
	Other								
	Total Revenue Costs			0	0	0	0	0	0
H08 9308	**Disabled Facilities Grant**								
	Property Grants for disabled facilities								
	Funding Source								
	Council	0							
	Government Grant /ESCC	3,900		1,377	900	1,000	1,000	1,000	
	Total Funding	3,900	0	1,377	900	1,000	1,000	1,000	0
	Revenue Costs								
	Financing Charge			**0**	**0**	**0**	**0**	**0**	**0**
	Other								
	Total Revenue Costs			0	0	0	0	0	0
H15 9590	**Empty Homes Strategy - CPO**								
	Rolling programme of purchases and disposals								
	Funding Source								
	Council	250	59	70	20	70	70	31	
	Government Grant	0							
	Total Funding	250	59	70	20	70	70	31	0
	Revenue Costs								
	Financing Charge			**6**	**1**	**5**	**12**	**16**	**18**
	Other								
	Total Revenue Costs			6	1	5	12	16	18
PL01 9048	**Central St. Leonards Town Heritage Initiative 2**								
	Contributes to physical regeneration of area in one of the most deprived wards in the South East. Programme enables intervention to prevent the next generation of derelict buildings (including the Congregational Church)								
	Funding Source								
	Council	437	511	63	(74)				
	HLF lottery funds £700k;+ £24k-£8K and ERDF funding £250k. +	935	756	62	179				
	Total Funding	1,372	1,267	125	105	0	0	0	0
	Revenue Costs								
	Financing Charge			**3**	(4)	(7)	(7)	(7)	(7)
	Other								
	Total Revenue Costs			3	(4)	(7)	(7)	(7)	(7)

		Total Cost £'000	Before 31.3.16 £'000	16/17 £'000	Revised 16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Subseq. Years £'000
RP04 9558	**Restoration of Pelham Crescent/ Pelham Arcade**								
	Feasibility study and grants for restoration works, plus additional phase 2 works / grants to adjoining property								
	Funding Source								
	Council	359	115	175	94	150			
	English Heritage £280K Council reserves £117K	397	284	150	36	77			
	Total Funding	756	399	325	130	227	0	0	0
	Revenue Costs								
	Financing Charge			**8**	**5**	**16**	**22**	**22**	**22**
	Other								
	Total Revenue Costs			8	5	16	22	22	22
RP16 9554	**Road at Pelham Arcade**								
	Road above Pelham Arcade								
	Funding Source								
	Council	75	0	65	35	40			
	Other- Freeholder Contributions	50	0	50	0	50			
	Total Funding	125	0	115	35	90	0	0	0
	Revenue Costs								
	Financing Charge			**3**	**2**	**5**	**7**	**7**	**7**
	Other								
	Total Revenue Costs			3	2	5	7	7	7
RP15 9592	**Ex Malvern Public House - matched funding**								
	Original Work re curtailed acquisition and demolition of Malvern Public House - matched funding								
	Funding Source								
	Council	54	54						
	Other	0							
	Total Funding	54	54	0	0	0	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**0**	**0**	**0**	**0**	**0**
	Other								
	Total Revenue Costs			0	0	0	0	0	0
RP14 9601	**Coastal Space Regeneration Project - Phase II**								
	Acquisition and refurbishment of dwellings in Central St Leonards, in partnership with Amicus Horizon. HBC grant funding								
	Funding Source								
	Council - Grant	875		875	0	875			
	Council - Loan	0							
	Other	0							
	Total Funding	875	0	875	0	875	0	0	0
	Revenue Costs								
	Financing Charge			24	0	24	48	48	95
	Other								
	Total Revenue Costs			24	0	24	48	48	95
CR14	**Coastal Space - Phase 3**								
	Acquisition and refurbishment of dwellings in Central St Leonards in partnership with Amicus Horizon								
	Funding Source								
	Council	609					609		
	Other S106 received re Affordable Housing	100					100		
	LAP contribution	667					667		
	Total Funding	1,376	0	0	0	0	1,376	0	0
	Revenue Costs								
	Financing Charge			**0**	**0**	0	17	34	34
	Other								
	Total Revenue Costs			0	0	0	17	34	34

		Total Cost £'000	Before 31.3.16 £'000	16/17 £'000	Revised 16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Subseq. Years £'000
ES28 9588	**Castle Access/ Interpretation**								
	Improvements to the Castle for the 950th anniversary and £100k for additional works								
	Funding Source								
	Council	350	43	264	70	237			
	Heritage Lottery Fund	0							
	Total Funding	350	43	264	70	237	0	0	0
	Revenue Costs								
	Financing Charge			**12**	**4**	**17**	**28**	**28**	**28**
	Other								
	Total Revenue Costs			12	4	17	28	28	28
RP11 9117	**Factory Refurbishment (ACE)**								
	Pilot scheme of refurbishment to a factory unit to achieve advanced levels of environmental performance.								
	Funding Source								
	Council (ABG/reserves Estates R&R £42)	133	133						
	Interreg (£416K less £155K in revenue 12/13) / LAA £87K	451	451						
	Total Funding	584	584	0	0	0	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**0**	**0**	**0**	**0**	**0**
	Other								
	Total Revenue Costs			0	0	0	0	0	0
	In addition to the figure above there is £155K in revenue funded by Interreg and £100K funded by partners								
RP15 9593	**White Rock Baths**								
	Total project on white rock baths excluding tenant fit out - HBC £172k + loan £300k FST 150 ESI £235K								
	Funding Source								
	Council	174	133		41				
	Loan FST £300K+ £127K	427	427		0				
	Foreshore Trust total £200k ESCC (£235k +£85K) CCF £75k + Source (£49k)	645	645		0				
	Total Funding	1,246	1,205	0	41	0	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**2**	**4**	**4**	**4**	**4**
	Other								
	Total Revenue Costs			0	2	4	4	4	4
RP11 9007	**Groyne Refurbishment**								
	To maintain beach and groins								
	Funding Source								
	Council	75		35	0	5	35	35	0
	Other	0							
	Total Funding	75	0	35	0	5	35	35	0
	Revenue Costs								
	Financing Charge			**2**	**0**	**1**	**3**	**6**	**7**
	Other								
	Total Revenue Costs			2	0	1	3	6	7

		Total Cost £'000	Before 31.3.16 £'000	16/17 £'000	Revised 16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Subseq. Years £'000
ES35	**Work on Harbour Arm and New Groynes**								
9006									
	DEFRA funded works re above Investigations to take to take place in 14/15 with the majority of the work in 16/17 & 17/18								
	Funding Source								
	Council	30				30			
	Contribution from DEFRA/EA	2,938	78	550	450	2,410			
	Total Funding	2,968	78	550	450	2,440	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**0**	**2**	**3**	**3**	**3**
	Other								
	Total Revenue Costs			0	0	2	3	3	3
ES36	**Further Sea Defence works**								
	Works at Pier West and Bulverhythe								
	Funding Source								
	Council	0							
	Other - DEFRA/EA	150				70	80		
	Total Funding	150	0	0	0	70	80	0	0
	Revenue Costs								
	Financing Charge			**0**	**0**	**0**	**0**	**0**	**0**
	Other								
	Total Revenue Costs			0	0	0	0	0	0
RP09	**Public Realm**								
9574									
	Improvement & Refurbishment of public realm assets								
	Funding Source								
	Council	255	79	50	26	50	50	50	
	Other -Coastal Communities Fund revenue 2015/16 £35,000	91	56		35				
	Total Funding	346	135	50	61	50	50	50	0
	Revenue Costs								
	Financing Charge			**3**	**2**	**5**	**10**	**14**	**16**
	Maintenance of area								
	Total Revenue Costs			3	2	5	10	14	16
ES34	**Bottle Alley**								
9740									
	Improvements to Public Realm Bottle Alley lighting and concrete								
	Funding Source								
	Council	219	60		159				
	Other -Coastal Revival fund	50	50						
	Total Funding	269	110	0	159	0	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**8**	**15**	**15**	**15**	**15**
	Maintenance of area								
	Total Revenue Costs			0	8	15	15	15	15

			Total Cost £'000	Before 31.3.16 £'000	16/17 £'000	Revised 16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Subseq. Years £'000
ES24 9077	**CCTV Control Room**	TS								
	Replacement of equipment and cost of transfer to an alternative site									
	Funding Source									
	Council		361	211		150				
	ESCC £50k, Sussex Police £20k (was £15K), Sussex Coast College £20k (S106)		90	40		50				
	Total Funding		451	251	0	200	0	0	0	0
	Revenue Costs									
	Financing Charge				**0**	**7**	**14**	**14**	**14**	**14**
	Other									
	Total Revenue Costs				0	7	14	14	14	14
OS2 9650	**Sea Escapes - CCF III Coastal Communities Fund Capital**	TS								
	Promenade improvements around White rock area partly funded by CCF									
	Funding Source									
	Council		46		46	46				
	HBC revenue repair budget		30			30				
	CCF £100k, FST £133k (£85k + £12k repairs+£18k additional July 15 Charity Committee meeting + £18k other repair (less £9k spent CC, £ 50K fountain needing further Charity Committee approval) - extra CCF funding		290		154	290				
	Total Funding		366	0	200	366	0	0	0	0
	Revenue Costs									
	Financing Charge				**3**	**3**	**5**	**5**	**5**	**5**
	Other									
	Total Revenue Costs				3	3	5	5	5	5
ES39 New	**Additional Chalets**									
	Build new chalets for Income generation									
	Funding Source									
	Council		61	0		61				
	Other		0							
	Total Funding		61	0	0	61	0	0	0	0
	Revenue Costs									
	Financing Charge				**0**	**3**	**6**	**6**	**6**	**6**
	Other						(40)	(40)	(40)	(40)
	Total Revenue Costs				0	3	(34)	(34)	(34)	(34)
ES33 9604	**Crematorium and Chapel Enhancements**									
	Provision of upgrade including building alterations works on the memorial and drainage									
	Funding Source									
	Council		113	113						
	Other		0							
	Total Funding		113	113	0	0	0	0	0	0
	Revenue Costs									
	Financing Charge				**0**	**0**	**0**	**0**	**0**	**0**
	Other									
	Total Revenue Costs				0	0	0	0	0	0

		Total Cost £'000	Before 31.3.16 £'000	16/17 £'000	Revised 16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	Subseq. Years £'000
ES32 9603	**Country Park -Interpretive Centre**								
	Provision of a new Interpretive Centre. Council funding being provided by sale proceeds of Warren Cottage.								
	Funding Source								
	Council	250	49	177	40	161			
	Other via Groundworks	0		150					
	Total Funding	250	49	327	40	161	0	0	0
	Revenue Costs								
	Financing Charge			**8**	**2**	**11**	**19**	**19**	**19**
	Other								
	Total Revenue Costs			8	2	11	19	19	19
ES37 9750	**Playgrounds Upgrade Programme**								
	Hare Way, Mare Bay, Highwater View, Bexhill Road and other play spaces contribution to upgrades								
	Funding Source								
	Council	87	44	40	43				
	Other	0							
	Total Funding	87	44	40	43	0	0	0	0
	Revenue Costs								
	Financing Charge			**2**	**2**	**4**	**4**	**4**	**4**
	Other								
	Total Revenue Costs			2	2	4	4	4	4
ES38 9751	**Playgrounds Carnoustie & Kensington Close**								
	Carnoustie Close & Kensington Close Play spaces contribution to upgrades								
	Funding Source								
	Council	0							
	Other S106	60	21	20	39				
	Total Funding	60	21	20	39	0	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**0**	**0**	**0**	**0**	**0**
	Other								
	Total Revenue Costs			0	0	0	0	0	0
ES39	**Purchase of new parking machines and boards**								
	Installation of new Parking machines and tariff boards								
	Funding Source								
	Council	70			70				
	Other S106	0							
	Total Funding	70	0	0	70	0	0	0	0
	Revenue Costs								
	Financing Charge			**0**	**4**	**7**	**7**	**7**	**7**
	Other								
	Total Revenue Costs			0	4	7	7	7	7

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Agenda Item 6

Agenda Item No: **6**

Report to: **Cabinet**

Date of Meeting: 13 February 2017

Report Title: **Treasury Management and Annual Investment Strategy 2017/18, including quarterly monitoring reports for 2016/17**

Report By: Peter Grace

Assistant Director – Financial Services and Revenues
(Chief Finance Officer)

Purpose of Report

To consider the draft Treasury Management and Annual Investment Strategy and make recommendations to Full Council as appropriate, to ensure that there is an effective framework for the management of the Council's investments, cash flows and borrowing activities. The Council has £20.5 million of debt, and investments which fluctuate between some £15 million and £30 million in the year.

There is a statutory requirement to determine, by full Council, the Treasury Management Strategy Statement, Minimum Revenue Provision (MRP) Policy and Annual Investment Strategy (2017/18) prior to the start of the new financial year.

Recommendation(s)

1. **The Cabinet recommend that the Council approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy and Annual Investment Strategy (2017/18)**
2. **The Cabinet recommend that that the Council's Annual Investment Strategy includes the use of Property Funds with immediate effect, and that a £2m investment is made specifically with CCLA (Local Authority Property Fund).**

Reasons for Recommendations

The Council seeks to minimise the costs of borrowing and maximise investment income whilst ensuring the security of its investments. The Council is seeking to increase opportunities for income generation, particularly where there are benefits to the residents of Hastings in doing so, and this will involve the Council in taking on additional borrowing. The sums involved are large and the assumptions made play an important part in determining the annual budget. Compliance with the CIPFA Code of Practice represents best practice and ensures compliance with statutory requirements.

The Council has the ability to diversify its investments into other Property Funds and should consider carefully the level of risk against reward against a background of low interest rates being forecast for some years ahead. Such an investment would help to close the gap in the budget in the years ahead and thus help to preserve services.

Introduction

1. The Council is required to operate a balanced budget, which broadly means that cash raised will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

2. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured.

3. Treasury management in this context is defined as:

   "The management of the 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 reporting arrangements proposed, in accordance with the requirements of the revised Code, are summarised below:-

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Strategy / Annual Investment Strategy / MRP policy	Cabinet and Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – Mid Year report	Cabinet and Council	Mid-year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – updates or revisions at other times	Cabinet and Council	As required
Annual Treasury Outturn Report	Cabinet and Council	Annually by 30 September after the end of the year
Treasury Management Practices	S151 Officer	Reviewed as required (minimum - annually)
Scrutiny of Treasury Management Strategy	Audit Committee	Annually before the start of the year
Scrutiny of treasury management performance and strategy	Audit Committee	Quarterly Monitoring reports, Mid-Year report,

5. The CIPFA Code of Practice on Treasury Management has been adopted by this Council and its requirements and subsequent revisions are fully complied with. The purpose and requirements of the Code are identified as Appendix 8.

6. The Audit Committee is required to determine the Prudential Indicators as part of the Treasury Management Strategy and make recommendations to Cabinet and full Council; these are identified in Appendix 4.

Investment Performance 2016-17

7. The performance for the first 9 months of 2016/17 provided an average return of 0.6% (excludes Local Authority Mortgage (LAM) scheme).This compares to 0.64% for the same period last year. These figures also exclude the interest receivable in respect of loans to other organisations.

8. The total interest earned for the first 9 months is £120,000 (excluding Local Authority Mortgage Scheme and loans to other institutions). This compares to £125,000 for the same period last year.

9. The Audit Committee, Cabinet and full Council have considered a Mid-Year report on Treasury Management based on the performance and activities and issues that may have arisen since setting the strategies before the start of the financial year. The current strategy and policies were considered to be entirely appropriate and no changes were made.

10. The first loan in respect of the Local Authority Mortgage scheme was repaid (after 5 years) in December 2016 (£1million). This loan was taken out to fund the first tranche of the Local Authority Mortgage scheme and was matched with a deposit of £1m with Lloyds Bank at an interest rate of 4.45% (repaid to the Council in January 2017).The remaining £1million loan is due to be repaid in 2018.

Treasury Management Strategy for 2017/18

11. The Local Government Act 2003 (the Act) and supporting regulations require the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

12. The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

13. The suggested strategy for 2017/18 in respect of the following aspects of the treasury management function is based upon the Council officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Capita Asset Services (previously Sector).

14. The strategy covers two remain areas:

    (i) Capital issues
    - the capital plans and the prudential indicators;
    - the minimum revenue provision (MRP) policy.

    (ii) Treasury management issues
    - the current treasury position;
    - treasury indicators which limit the treasury risk and activities of the Council;
    - prospects for interest rates;
    - the borrowing strategy;
    - policy on borrowing in advance of need;
    - debt rescheduling;
    - the investment strategy;
    - creditworthiness policy; and
    - policy on use of external service providers.

Key Changes to the Strategy

15. The key changes from the previous year's strategy are:

    i. The Council has taken on additional borrowing in 2016/17 mainly in respect of Aquila House (now Muriel Matters House) and the retail park. The level of borrowing has risen significantly but remained within the authorised boundary.

ii. The income generation plans of the Council are expected to involve considerable new borrowing in 2017/18 and the years ahead. The new borrowing limits proposed in the strategy are therefore significantly increased to allow for this and to include the necessary headroom to borrow for the current and forthcoming schemes within the Capital programme. The overall authorised borrowing limits increasing to £40m in 2016/17, £70m in 2017/18, £80m in 2018/19 and £90m in 2019/20.

iii. Some of the new borrowing in future years will be for Capital purposes, but there will inevitably be a smaller requirement for loans that are revenue in nature e.g. initial loans to housing company for running costs. Such monies cannot be borrowed from the Public Works Loan Board, and are likely to be funded from existing Council reserves.

iv. The Council is required to make a Minimum Revenue Provision in respect of its borrowing – to ensure debt is repaid over an appropriate period. Where the Council is making significant investments in property, housing or other programmes the Council's MRP policy will, if approved, enable the Council to match the principal repayments made on loans arranged with an equal MRP payment (an annuity methodology).

v. That investment returns are expected to reduce further over the next year as current investments mature in a lower interet rate environment.

vi. The Council to invest some of its existing reserves in a Property Fund – up to a limit of £2m by 31 March 2018.

Balanced Budget

16. It is a statutory requirement under the Local Government Finance Act 1992, for the Council to calculate its Council Tax requirement. In particular, Section 31 requires a local authority in calculating the Council Tax requirement for each financial year to include the revenue costs that flow from capital financing decisions. Thus any increases in costs (running costs & borrowing costs) from new capital projects must be limited to a level which is affordable within the projected income of the Council for the foreseeable future.

PRUDENTIAL AND TREASURY LIMITS FOR 2017/18 TO 2019/20

17. The treasury indicators for borrowing activity are the Operational Boundary and the Authorised Limit for external debt.

18. The Operational Boundary is the limit beyond which external debt is not normally expected to exceed.

19. The Authorised Limit, which is a limit beyond which external debt is prohibited, needs to be set or revised by the full Council; it is a statutory duty under Section 3 of the Act and supporting regulations. Essentially the Council is required to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future Council Tax levels is 'acceptable'.

20. Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of

liability, such as credit arrangements (certain leases). The Authorised Limit and operational boundary are to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

21. Another key indicator is the CFR (Capital Financing Requirement). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure which has not been funded from grants, revenue, reserves or capital receipts will increase the CFR.

22. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) reduces the balance. The Council needs to ensure that its total debt does not exceed the CFR.

23. Prudential Indicators are set out in Appendix 4 to this report.

CURRENT PORTFOLIO POSITION

24. The Council's debt position at 31 December 2016 comprised:

Table 1 - Borrowing

Debt	1 April 2016 Principal	Rate	Maturity	31 December 2016 Principal	Rate
PWLB Loan 1	£7,500,000	4.80%	2033	£7,500,000	4.80%
PWLB Loan 2	£1,000,000	2.02%	2016		
PWLB Loan 3	£1,000,000	1.63%	2018	£1,000,000	1.63%
PWLB Loan 4	£2,000,000	0.56% (Variable)	2019	£2,000,000	0.40% (*Variable)
PWLB Loan 5	£909,027	3.78%	2044	£909,027	3.78%
PWLB Loan 6	£1,788,235	3.78%	2044	£1,788,235	3.78%
PWLB Loan 7 (Annuity)	£300,000	1.66%	2026	£286,149	1.66%
PWLB Loan 8			2056	£1,000,000	2.92%
PWLB Loan 9			2046	£1,000,000	3.08%
PWLB Loan 10			2036	£1,000,000	3.01%
PWLB Loan 11			2026	£1,000,000	2.30%
PWLB Loan 12			2054	£2,000,000	2.80%
PWLB Loan 13			2028	£1,000,000	2.42%
Total Debt	**£14,497,262**	**3.55%**		**£20,483,411**	**3.34%**

* Rate at October (rates change every 3 months)

25. The Council has loaned money to other organisations. As at 30 September 2016 four longer term loans are outstanding. Namely:

Table 2 – Loans to Other Organisations

3rd Party Organisations	*Rate/ Return (%)*	*Start Date*	*End Date*	*Principal £*	*Term*
AMICUS	*3.780*	*04/09/2014*	*02/09/2044*	*1,788,235*	*Fixed*
The Foreshore Trust	*1.660*	*21/03/2016*	*20/03/2026*	*286,149*	*Annuity*
The Source	*2.430*	*17/12/2015*	*16/12/2024*	*25,000*	*Annuity*
The Foreshore Trust	*1.820*	*21/03/2016*	*21/03/2026*	*127,000*	*Annuity*
			Total	*2,226,384*	

26. Borrowing from the PWLB was taken to fund the Amicus Horizon loan (£1,788,235-Maturity loan) and one of the loans to the Foreshore Trust (£300,000 originally borrowed – Annuity loan); these correspond to PWLB loans 6 & 7 respectively in Table 1 above.

27. The interest receivable for 2016/17 on these loans amounts to £75,312, albeit the smaller Foreshore Trust loan (£127,000) will terminate on the completion of a land swap – subject to receiving Charity Commission approval.

PROSPECTS FOR INTEREST RATES

28. The Council has appointed Capita Asset Services as treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates (Appendix 2 – Economic Review).

29. Capita Asset Services' bank base rate and PWLB rate forecast is:-

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

BORROWING STRATEGY

30. The level of long term borrowing will need to be determined by the relative merits of using alternative funding sources, including the reduction of investments, based on an assessment of market conditions as set out in the borrowing strategy below. Borrowing will not exceed the figures set out in the Prudential Indicators.

31. The Council purchased Aquila House for £4.4m (including stamp duty) at the start of this financial year. In addition there has been the purchase of a retail park for some £7.275m, the construction of a new industrial unit (BD Foods - £1,400,000) and all the remaining schemes in the Capital programme to finance. A further grant to Amicus Horizon (Phase 2 of the Coastal Space project - £875,000) is committed as is a phase 3.

32. Prior to the referendum vote in the summer interest rates look set to increase. The opportunity was taken to take new borrowing to finance Muriel Matters (formerly Aquila House) in particular and lock in the savings that were achieved by purchasing the property rather than renting it. In addition, given the low historical rates of interest, the level of internal borrowing was also reduced. In total some £7m of new borrowing from the PWLB has been taken to date this financial year.

33. The Council is currently still maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and flow has been used as a temporary measure. This strategy has been considered prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

34. The Council has at the time of writing some £20.5m of PWLB debt, and could potentially borrow up to the projected level of the CFR (£31m).

35. Whilst the borrowing rates are attractive on a historical basis the difference between the return on investment and the cost of borrowing remains – the additional revenue cost falling on the Council taxpayer. There is however still a case for taking new borrowing before rates increase again or restrictions are placed on the amount and levels of borrowing that authorities can undertake (particularly from the PWLB) and a balanced view will be taken.

36. The plans for income generation, which would require substantial new borrowing by the Council in the future, play a part in the consideration as to when to borrow and the level of internal borrowing. Given the historically low interest rates and the ability of the Council to look at other investment opportunities which are providing higher returns than the cost of borrowing e.g. property acquisitions or property funds, there is a much stronger case for reducing the level of internal funding now in order to ensure a lower level of borrowing risk in the future.

37. In determining what would be a prudent level of borrowing, the Council needs to ensure that it would still be able to provide core services if its investments or income generating initiatives failed – at least in part. As a guide each £1m of new borrowing, financing an asset with a life of 40 years would currently cost the Council some 5.5 % p.a. (based on a maturity loan with a 3% interest rate) i.e.

£55,000 p.a. . The Council if investing money in property based assets as against other ventures would have assets to sell if necessary – thus reducing overall risk.

38. The recommendation is to increase the operational and authorised boundaries for 2016/17 to £40m, 2017/18 to £70m, 2018/19 to £80m and 2019/20 to £90m (Appendix 4). Individual income generating schemes will of course need to be shown to be viable and fully risk assessed, with due diligence checks completed.

39. An addition to the authorised borrowing limit does not give permission to spend money. The Council's governance arrangements would still require the approval of individual schemes or purchases before they could proceed. In the event that the Council looked to finance additional Capital expenditure of say £50m over the next few years the impact on the revenue account in a full year could be £2,750,000 depending upon the life of the assets and actual interest rates at the time.

40. In taking on such levels of additional debt the Council has to ensure that it can afford to do so. It also needs to ensure that it has an affordable exit strategy in the event that expected returns are not realised. Where property is concerned there is normally an asset to dispose of and such schemes are not therefore at the higher end of the risk spectrum. In arriving at a figure of an additional £50m on the authorised borrowing limit, it is assessed that the Council currently has sufficient reserves to ensure that it could dispose of assets in a reasonable period and not be forced into an immediate fire sale. In the event that property values fell by say 20% the Council would not be forced to sell assets providing the rental streams were secure.

41. The Council again registered for the PWLB certainty rate earlier in the year which has given a 20 basis point reduction in the average rate of borrowing. The Council will look to do so again for 2017/18.

42. In normal circumstances the main sensitivities of the forecast are likely to be the two scenarios noted below. The Chief Finance Officer, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

    a. if it were felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered

    b. if it were felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.

43. Given that rates look set to increase and given an increased borrowing requirement relating to income generation it is recommended above that the authorised borrowing limits be increased for 2016/17 to enable additional borrowing to take place whilst rates are at historically low levels.

External versus Internal Borrowing

44. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend.

45. Part of the Council's treasury activities is to address the funding requirements for the Council's borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

46. The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

47. The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

48. The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing however is actually required against any such schemes.

Table 2 CFR: General Fund	2015/16 Actual £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
Opening balance	18,572	18,352	31,063	31,097
Add unfinanced capital expenditure	300	13,225	875	0
Less MRP	-511	-505	-832	-845
Less finance lease arrangements	-9	-9	-9	-9
Closing balance	18,352	31,063	31,097	30,243

Borrowing activity is constrained by prudential indicators particularly the CFR, and by the authorised limit.

Table 3 Internal Borrowing	2015/16 Actual £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
Capital Financing Requirement	18,352	31,063	31,097	30,243
External Borrowing	14,497	20,483	20,483	20,483
Net Internal Borrowing	3,855	10,580	10,614	9,860

49. The Council's long term borrowing must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2016/17 plus the expected changes to the CFR over 2016/17 and 2017/18 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs should it so choose.

50. The table above highlights the Council's gross borrowing position against the CFR, which provides an indication of affordability for the Council. The Council has complied with this prudential indicator.

51. The general aim of this treasury management strategy is to minimise the costs of borrowing in both the short and longer term. In the short term it can consider avoiding new borrowing and using cash balances to finance new borrowing. However to minimise longer term costs it needs to borrow when rates are a historically low levels. The timing of new borrowing is therefore important to minimise the overall costs to the Council.

52. Over the next two to three years, investment rates are expected to be below long term borrowing rates and so value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external debt (this is referred to as internal borrowing). This would maximise short term savings.

53. However, short term savings by avoiding new long term external borrowing in 2017/18 will also be weighed against the potential for incurring additional long term extra costs by delaying new external borrowing until later years when PWLB long term rates are forecast to be significantly higher. A balanced position will be sought.

54. The Council is currently maintaining an under-borrowed position as identified above. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary

measure. This strategy has been prudent to date as investment returns are low and counterparty risk has been relatively high, but given future income generation plans new borrowing may be taken if good rates are available.

Summary

55. The Council's borrowing requirements have increased substantially over the last year and look likely to continue to do so. This is now being set against a period within which rates are forecast to increase.

56. The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against the potential increase in long term costs as rates rise. As such some additional new borrowing will be taken.

57. The use of PWLB variable rate loans for up to 10 years will be considered as they can be repaid early without early redemption premiums. They can also be converted into longer dated fixed rate debt should it be considered prudent to do so.

58. The use of fixed rate market loans will also be considered should rates be below PWLB rates for the equivalent maturity period.

59. The use of either PWLB maturity or annuity loans will be considered in order to minimise annual borrowing costs.

Policy on borrowing in advance of need

60. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

61. In determining whether borrowing will be undertaken in advance of need the Council will:

    a. ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need.
    b. ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered.
    c. evaluate the economic and market factors that might influence the manner and timing of any decision to borrow.
    d. consider the merits and demerits of alternative forms of funding.
    e. consider the appropriate funding period.
    f. consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the

consequent increase in exposure to counterparty risk, and the level of such risks given the controls in place to minimise them.

Debt Rescheduling

62. The introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt, which has now been compounded since 20 October 2010 by a considerable further widening of the difference between new borrowing and repayment rates, has meant that PWLB to PWLB debt restructuring is now much less attractive than it was before both of these events. In particular, consideration would have to be given to the large premiums which would be incurred by prematurely repaying existing PWLB loans and it is very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing.

63. 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. When last reviewed the early repayment cost of the £7.5m PWLB loan, maturing in 2033, would amount to some £3m. No debt rescheduling is being contemplated at present.

64. Th*e* reasons for any rescheduling to take place will include:

    a. the generation of cash savings and / or discounted cash flow savings,
    b. helping to fulfil the strategy outlined above
    c. enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Minimum Revenue Provision (MRP)

65. Appendix 1 of this report provides the detail on what the MRP is and the basis of the calculation. Basically, 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.

66. 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 i.e. the Minimum Revenue Provision (MRP). This can be achieved by equal annual instalments (current practice) or an annuity method – annual payments gradually increasing over the life of the asset. It is recommended that where an annuity loan is taken, the Council’s policy (Appendix 1) be amended to reflect the matching, as far as possible, of the MRP with the actual principal repaid (within each debt repayment).

67. The MRP for 2017/18 is estimated at £831,669 (the statutory charge to revenue that remains within the accounts).

ANNUAL INVESTMENT STRATEGY

Investment Policy

68. The Council will have regard to the government's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are: -

    a. the security of capital and

    b. the liquidity of its investments.

69. The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to security of its investments.

70. The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

71. Investment instruments identified for use in the financial year are listed in Appendix 4 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

72. In accordance with guidance from the DCLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Capita ratings, potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Creditworthiness Policy

73. This Council uses the creditworthiness service provided by Capita Asset Services. This service has been progressively enhanced over the last couple of years and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays: -

    - credit watches and credit outlooks from credit rating agencies
    - Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
    - sovereign ratings to select counterparties from only the most creditworthy countries

74. This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of

CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments. It is also a service which the Council would not be able to replicate using in house resources.

75. The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within Sector's weekly credit list of worldwide potential counterparties. The Council will therefore use counterparties within the following durational bands: -

- Purple 2 years (but HBC will only invest for up to 1 year – except LAMS)
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour not to be used

76. This Council will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties as Moody's tend to be more aggressive in giving low ratings than the other two agencies. This would therefore be unworkable and leave the Council with few banks on its approved lending list. The Capita creditworthiness service does though, use ratings from all three agencies, but by using a risk based scoring system, does not give undue weighting to just one agency's ratings.

77. The Council is alerted to the changes to credit ratings of all three agencies through its use of the Capita creditworthiness service. These are monitored on a daily basis with lists updated weekly by Capita Asset Services.

78. Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

79. The Council only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 6. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy. The maximum investment in any non UK country is not to exceed £10m.

80. The Local Authority Mortgage Scheme (LAMS) – The Council is currently participating in the cash backed mortgage scheme which requires the Council to place a matching five year deposit to the life of the indemnity. This investment is an integral part of the policy initiative and is outside the criteria above.

81. The Council transferred to Lloyds Bank on 1st December 2014, whilst the counterparty limit is set at £5 million for most institutions, the level of investments that is held with Lloyds Bank is £5 million plus up to £500,000 short term. In

addition there is £1 million invested in respect of LAMS – a total exposure of up to £6.5 million at any one time. One of the deposits with Lloyds (£1 million) being repaid in January 2017) thus reducing the exposure from £7.5m to £6.5m.

Investment Strategy

82. The table below provides a snapshot of where the investments are placed (as at 31 December 2016). The level varies daily.

Counterparty	Rate/ Return (%)	Start Date	End Date	Principal (£)	Term
NatWest	0.25	15/06/2011		72,760	Call
Lloyds LAMS	4.45	05/01/2012	10/01/2017	1,000,000	Fixed
Lloyds LAMS	1.97	26/03/2013	23/03/2018	1,000,000	Fixed
NatWest	0.35	21/08/2013		5,000,021	Call
Lloyds Bank	1.05	11/05/2016	11/05/2017	5,000,000	Fixed
National Australia	0.76	03/06/2016	05/06/2017	3,000,000	Fixed
Toronto	0.55	16/08/2016	16/05/2017	5,000,000	Fixed
Nordea	0.43	30/09/2016	30/06/2017	5,000,000	Fixed
Barclays	0.40	25/04/2012		1,292	Call
Santander	0.10	01/04/2011		1,816	Call
Santander	0.10	01/04/2011		5	Call
Amicus	3.78	04/09/2014	02/09/2044	1,788,235	Fixed
The Source	2.43	17/12/2015	17/12/2025	25,000	Fixed
Foreshore trust	1.66	21/03/2016	20/03/2026	286,149	Fixed Annuity
			Total	**27,175,279**	

83. Priority is given to security and liquidity of investments in order to reduce counterparty risk to the maximum possible extent.

84. The Council has various limits depending upon the credit rating e.g. £5m with any one institution with a minimum short term rating of F1+, and a long term rating of A+ or above, supported by a red (6 month) rating by Capita Asset Services. The £5m limit generally represents a level of up to 20% 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.

85. The Eurozone and Brexit 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 on a daily basis if necessary to ensure that monies can be placed with appropriate institutions.

86. The net interest on the deposits in respect of the LAM scheme for the year is transferred into the mortgage reserve in order to meet potential defaults (none at present). If at the end of the five year period there are no defaults and arrears

exceeding 3 months the Council will receive its deposit back in full and would then be able to consider the use of the reserve monies. Such considerations will be included in future budget reports.

Investment Strategy – Property Fund

87. It was recommended in the mid-year review that the option for diversification of some of the investments into a property fund be explored, given the higher returns being achieved in some parts of the country. The investments would be in respect of the Council's reserves that are not required for a period of at least 5 years in order that any fall in values and entry costs into such funds can be covered.

88. Before any recommendations are to be put before Council, the Audit Committee and Cabinet will need to have considered the implications. To this end the Council's Treasury advisers were approached to identify options for investments into property funds for consideration within this Treasury Management Strategy report. There was however a cost of doing such an exercise which would have amounted to some £7,500 and a further £5,000 p.a. should we wish to involve them on an ongoing basis to monitor the fund's performance and managers. Before incurring any such expenditure on choice of fund manager, it would be helpful to have approval to invest in such funds before spending such monies. Alternatively, if the Council is content with the use of such funds, to take a decision to make an initial investment with a single property fund (CCLA) that only works with local authorities and charities and is owned by its investors – more details below.

89. The attraction of a property fund investment is that it has both bond and equity like features. On the positive side it has a high and reliable income yield, but this comes at a price of security and liquidity and hence diversification is key. It does overcome the disadvantages of investing directly (management burden, cost, liquidity, asset availability) and effectively diversifies the Council's portfolio on a geographical (national) basis as well as gaining entry to asset classes and sectors that may not practically be available to the Council.

90. One such fund is managed by CCLA (Churches, Charities and Local Authorities). Since 2013 the CCLA fund has attracted some 150 local authorities to invest £571m in the Local Authority property Fund. The fund is managed exclusively for local authority investors (£658m as at 30 November 2016 with 166 investors). The average income yield being 4.9% as at end of September 2016. In terms of income diversification it is split Shops (6.4%), retail warehouses (23.9%) offices (46.4%) and industrial (23.3%). 96.7% of current tenant rental income is from tenants with a lower than average risk.

91. The Council could consider an investment of £2m with CCLA. This would provide a higher rate of return than current investment (some 4% higher) as well as potentially achieving capital appreciation. The Council would receive the income, an additional estimated £80,000 p.a. in the form of dividends. An early decision would help to reduce the call on the use of the Council's diminishing reserves in 2017/18 and beyond.

92. At the Audit Committee's meeting on the 25 January 2017 there was a detailed discussion on making such investments and with whom. The Committee are recommending to Cabinet and Council that an investment in a property fund is

appropriate and that such an investment should be made in the sum of £2m with CCLA.

93. This Investment Strategy will limit the investment to £2m. Any increase beyond this level would need the approval of full Council to revise this before any further investments canbe made. This will be considered in the mid-year review.

Investment Strategy – Income Generation

94. The income generation proposals that the Council is looking at will require substantial investments to be made by the Council and will necessitate new borrowing. The levels of new borrowing that the Council can afford to take on board for new commercial property purchases and development, housing and energy schemes, etc, will be dependent upon the individual proposals and credit worthiness of the counterparties involved. Due to the timescales within which some property purchasing and disposal decisions have to be made the Council's existing governance arrangements and delegated authorities may need to be reviewed.

95. The additional risks that the Council will consider taking on will need to be considered in the context of the totality of risk that the Council faces e.g. Pier claim, rates revaluation, robustness of income streams, economic downturns, etc. Where there is more risk and volatility in income streams the Council will need to ensure that it maintains sufficient reserves to ensure the Council's ability to deliver key services is not jeopardised.

96. The income generation proposals may well require revenue loans to be provided to Council owned companies. Such funding would not be available from the Public Works Loan Board, but would be from existing reserves and balances. The rates of interest that would be charged to the company (s) would be determined at the time but would need to comply with state aid rules where thresholds are exceeded – a market rate being payable. Given the start-up nature of such a company there may also be a necessity to roll up interest repayments until such time as the company produces sufficient revenue to repay interest and principal. By making such loans the investment interest received by the Council in the short term could be reduced.

Investment Strategy – View on Interest Rates

97. The economic review is included in Appendix 3. The overall balance of risks for interest rates is currently probably slightly skewed to the downside in view of the uncertainty over the final terms of Brexit. If growth expectations disappoint and inflationary pressures are minimal, the start of increases in Bank Rate could be pushed back. On the other hand, should the pace of growth quicken and / or forecasts for increases in inflation rise (as appears to be happening and given the slide in the exchange rate), there could be an upside risk i.e. Bank Rate increases occur earlier and / or at a quicker pace.

98. The Council will avoid locking into longer term cash investment deals while investment rates are down at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile (up to 1 year) and within the risk parameters set by this council.

99. For 2016/17 and 2017/18 the Council's revised budget estimates an investment interest return of 0.50%.

100. For its cash flow generated balances, the Council will seek to use Business Reserve accounts, call accounts, and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

End of year investment report

101. At the end of the financial year, officers will report to Council on its investment activity as part of its Annual Treasury Report (to be presented by no later than 30 September).

Policy on use of external service providers

102. The Council uses Capita Asset Services (Sector previously) as its external treasury management advisers. There is currently value in employing external providers of treasury management services in order to acquire access to credit worthiness information and specialist advice.

Scheme of Delegation

103. Please see Appendix 9.

Role of the Section 151 Officer

104. Please see Appendix 10.

RISK MANAGEMENT

105. The strategy prioritises security of investments over return. Where investments are made they are limited in size and duration. External treasury advisers are used to advise the Council and have been used to train members. The Council has introduced further checks on credit worthiness of counterparties over the last four years as and when these have been further developed by its advisers.

106. Whilst there is no absolute security for investments made, the Council has limited its investments to the higher rated institutions, in order to mitigate the risk as far as practical and looks to reduce the risk by spreading its investment portfolio. The Council has adopted the CIPFA Code of Practice.

107. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. As such a member training session was held in the summer of 2016 prior to the Treasury end of year report being presented to Audit Committee and Cabinet. A further training session for all members being arranged for 10 January 2017 prior to the consideration of this strategy by the Audit Committee, Cabinet, and full Council.

108. The training needs of treasury management officers are periodically reviewed.

ECONOMIC/FINANCIAL IMPLICATIONS

109. The Council generally has investments in the year of between £15 million and £30 million at any one time, and is estimated to have longer term borrowings of £20.5 million by the end of March 2017. Management of its investments, borrowing and cash flow remains crucial to the proper and effective management of the Council. The Strategies and Policies detailed in the report directly influence the Council's Medium Term Financial Strategy and the annual budget.

ORGANISATIONAL CONSEQUENCES

110. The Cabinet is responsible for the development and review of the Treasury Management Strategy, The Minimum Revenue Provision (MRP) Policy and the Investment Strategy. The Audit Committee is responsible for scrutinising these strategies, policies and performance throughout the year. Full Council, as the budget setting body, remains responsible for the approval of the Treasury Management Strategy, MRP Policy, and Investment Strategy.

111. Monitoring reports will be produced and will be presented to Cabinet and the Audit Committee. A mid-year report is presented to full Council on any concerns arising since approving the initial strategies and policies. Only full Council will be able to amend the Treasury Management Strategy, MRP Policy or Investment Strategy. The Chief Finance Officer will determine the Treasury Management Practices and associated schedules.

Wards Affected

None

Area(s) Affected

None

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	Yes
Local People's Views	No

Background Information

Supporting Documents

APPENDICES
1. MRP Introduction and Policy Statement
2. Interest Rate Forecasts
3. Economic Review
4. Prudential and Treasury Indicators
5. Specified and non-Specified Investments
6. Approved Countries for Investments
7. Treasury Management Policy Statement
8. Purpose and Requirements of the Code
9. Treasury Management Scheme of Delegation
10. The Treasury Management Role of the Section 151 Officer

Other Supporting Documents:-
CIPFA - Treasury Management Code of Practice (Revised 2011)
CIPFA - The Prudential Code (Revised second edition 2011)

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APPENDIX 1

Minimum Revenue Provision – An Introduction

1. What is a Minimum Revenue Provision?
Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred therefore such expenditure is spread over several years in order to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision, which was previously determined under Regulation, and will in future be determined under Guidance.

2. Statutory duty
Statutory Instrument 2008 no. 414 s4 lays down that:

"A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent."

The above is a substitution for the previous requirement to comply with regulation 28 in S.I. 2003 no. 3146 (as amended).

There is no requirement to charge MRP where the Capital Financing Requirement is nil or negative at the end of the preceding financial year.

3. Government Guidance
Along with the above duty, the Government issued guidance which came into force on 31st March 2008 which requires that a Statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate.

The Council is legally obliged to "have regard" to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to 'have regard' to the guidance therefore means that: -

Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

Option 1: Regulatory Method
Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the adjusted CFR (i.e. adjusted for “Adjustment A”) on a reducing balance method (which in effect meant that MRP charges would stretch into infinity). This historic approach must continue for all capital expenditure incurred in years before the start of this new approach. It may also be used for new capital expenditure up to the amount which is deemed to be supported through the SCE annual allocation.

Option 2: Capital Financing Requirement Method
This is a variation on option 1 which is based upon a charge of 4% of the aggregate CFR without any adjustment for Adjustment A, or certain other factors which were brought into account under the previous statutory MRP calculation. The CFR is the measure of an authority’s outstanding debt liability as depicted by their balance sheet.

Option 3: Asset Life Method.
This method may be applied to most new capital expenditure, including where desired that which may alternatively continue to be treated under options 1 or 2.

Under this option, it is intended that MRP should be spread over the estimated useful life of either an asset created, or other purpose of the expenditure. There are two useful advantages of this option: -
Longer life assets e.g. freehold land can be charged over a longer period than would arise under options 1 and 2.
No MRP charges need to be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use (this is often referred to as being an ‘MRP holiday’). This is not available under options 1 and 2.

There are two methods of calculating charges under option 3:
equal instalment method – equal annual instalments,
annuity method – annual payments gradually increase during the life of the asset.

Option 4: Depreciation Method
Under this option, MRP charges are to be linked to the useful life of each type of asset using the standard accounting rules for depreciation (but with some exceptions) i.e. this is a more complex approach than option 3.

The same conditions apply regarding the date of completion of the new expenditure as apply under option 3.

Minimum Revenue Provision Policy Statement 2017/18

The Council implemented the new Minimum Revenue Provision (MRP) guidance in 2008/9 , and will assess the MRP for 2017/18 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

A major proportion of the MRP for 2017/18 relates to the more historic debt liability that will continue to be charged at the rate of 4%, in accordance with option 1 of the guidance. Certain expenditure reflected within the debt liability at 31st March 2017 will under delegated powers be subject to MRP under option 3, which will be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The Council participates in LAMS using the cash backed option. The mortgage lenders require a 5 year deposit from the local authority to match the 5 year life of the indemnity. The deposit placed with the mortgage lender provides an integral part of the mortgage lending, and is treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the total indemnity. The deposit is due to be returned in full at maturity, with interest paid either annually or on maturity. Once the deposit matures and funds are returned to the local authority, the returned funds are classed as a capital receipt, and the CFR will reduce accordingly. As this is a temporary (5 year) arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application.

Repayments included in finance leases are applied as MRP. It should also be noted that the Council will not make any MRP in regards of the loans to Amicus Horizon in respect of the Coastal Space scheme. Amicus Horizon will meet the costs of the loan (Principal and Interest). Likewise for any loan to the Foreshore Trust being made in 2016/17 - as the interest and principal repayments to be made by the Council will be funded in full from the sums payable by the Trust no separate MRP will be made by the Council.

The Council is seeking to generate additional income from capital Investments. The Council will look to make a prudent provision for the repayment of debt over the expected life of the asset. In doing so, where an annuity loan is taken or may be taken at some stage in the future to finance the purchase the MRP made will reflect as far as possible the principal element of the actual loan repayments. The interest rate to be calculated at the outset being determined by the Chief Finance Officer.

APPENDIX 2 Interest Rate Forecasts

The data below shows Sectors forecast

Capita Asset Services Interest rate forecast – 2017 - 2020

Capita Asset Services Interest Rate View	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank Rate View	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
3 Month LIBID	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%
6 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
12 Month LIBID	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%
5yr PWLB Rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB Rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB Rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Bank Rate													
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%
5yr PWLB Rate													
Capita Asset Services	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
Capital Economics	1.60%	1.70%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.70%	2.80%	2.90%	3.00%
10yr PWLB Rate													
Capita Asset Services	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
Capital Economics	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	3.10%	3.20%	3.30%	3.40%
25yr PWLB Rate													
Capita Asset Services	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
Capital Economics	2.95%	3.05%	3.05%	3.15%	3.25%	3.25%	3.35%	3.45%	3.55%	3.65%	3.75%	3.95%	4.05%
50yr PWLB Rate													
Capita Asset Services	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Capital Economics	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.60%	3.70%	3.80%	3.90%

APPENDIX 3 Economic Review

1. The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

2. Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

3. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty five years of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing purchases of bonds, added further impetus to this downward trend in bond yields and rising prices of bonds. The opposite side of this coin has been a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election, has called into question whether, or when, this trend has, or may, reverse, especially when America is likely to lead the way in reversing monetary policy. Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as strong economic growth becomes more firmly established. The expected substantial rise in the Fed. rate over the next few years may make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US would be likely to exert some upward pressure on bond yields in other developed countries but the

degree of that upward pressure is likely to be dampened by how strong, or weak, the prospects for economic growth and rising inflation are in each country, and on the degree of progress in the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

4. PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

5. The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

6. Apart from the above uncertainties, downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

   - Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
   - Major national polls:
     - Italian constitutional referendum 4.12.16 resulted in a ‘No’ vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government.
     - Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.
     - Dutch general election 15.3.17;
     - French presidential election April/May 2017;
     - French National Assembly election June 2017;
     - German Federal election August – October 2017.
   - A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats
   - Weak capitalisation of some European banks, especially Italian.
   - Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.
   - UK economic growth and increases in inflation are weaker than we currently anticipate.
   - Weak growth or recession in the UK’s main trading partners - the EU and US.

7. The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

- UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.
- A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).

Investment and borrowing rates

- Investment returns are likely to remain low during 2017/18 and beyond;
- Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4th August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in the value of sterling, and an increase in inflation expectations. The policy of avoiding new borrowing by running down spare cash balances, has served the Council well over the last few years. However, this position needs to be carefully reviewed to avoid incurring higher borrowing costs in later years when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt;

8. This challenging and uncertain economic outlook has several key treasury management implications:

- Even though the Eurozone seems to have calmed down in the short term the Eurozone sovereign debt difficulties provide a clear indication of higher counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2017/18 and for a period beyond;
- The rates at which money can be borrowed are expected to rise over the next few years and so it is necessary consider the timing of any borrowing to ensure the best deals are obtained;
- There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

APPENDIX 4 Prudential Indicators

The Council's Capital expenditure plans are the key driver of treasury management activity. The output of the Capital expenditure plans (detailed in the budget) is reflected in the prudential indicators below.

PRUDENTIAL INDICATOR	2015/16	2016/17*	2017/18	2018/19	2019/20
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt -					
borrowing	£20,000	£35,000	£65,000	£75,000	£85,000
other long term liabilities	£10,000	£5,000	£5,000	£5,000	£5,000
TOTAL	£30,000	£40,000	£70,000	£80,000	£90,000
Operational Boundary for external debt -					
borrowing	£20,000	£35,000	£65,000	£75,000	£85,000
other long term liabilities	£10,000	£ 5,000	£ 5,000	£ 5,000	£ 5,000
TOTAL	£30,000	£40,000	£70,000	£80,000	£90,000
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/deposited for over 364 days e.g.LAMS Scheme, Coastal Space	£5,620	£6,000	£9,000	£9,000	£9,000
	2016/17* - proposed revision to operational and authorised boundaries from £30m to £40m.				

Maturity structure of fixed rate borrowing during 2017/18	upper limit	lower limit
under 12 months	100%	0%
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%

APPENDIX 5 Specified and Non-Specified Investments

Specified Investments:

The idea of specified investments is to identify investments offering high security and high liquidity. All these investments should be in sterling and with a maturity of less than one year.

Schedule A

	Security / Minimum Credit Rating	Maximum Maturity Period
Local authorities	N/A	1 year
DMADF – UK Government	N/A	1 year
Money market funds	AAA	Liquid
Term deposits with banks and building societies	Blue Orange Red Green No Colour	Up to 1 year Up to 1 year Up to 6 months Up to 3 months Not for use
Certificates of deposits (CDs) issued by credit rated deposit takers (banks and building societies)	Blue Orange Red Green No Colour	Up to 1 year Up to 1 year Up to 6 months Up to 3 months Not for use
UK Government Gilts	UK sovereign rating	364days
UK Government Treasury Bills	UK sovereign rating	364days

Non-Specified Investments

These are any investments which do not meet the specified investment criteria. The aim is to ensure that proper procedures are in place for undertaking risk assessments of investments made for longer periods or with bodies which do not have a "high" credit rating. As far as this Council is concerned the risks are in relation to the value of the investments, which may rise or fall, rather than deficient credit rating.

There is no intention to invest in Non-Specified Investments, other than those Property Funds where there are no Capital accounting implications, without taking specialist advice first. The limits on Investments in Property Funds will need to be agreed as part of this Treasury Management Strategy and Investment Policy. For clarity any increase in the level of the investment would need Council approval.

Schedule B

Investment	Security / Minimum credit rating	(A) Why use it? (B) Associated risks
Property Funds	*The use of these instruments can be deemed capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.*	
UK Government Gilts with maturities in excess of 1 year Custodial arrangement required prior to purchase	Government backed	(A) (i) Excellent credit quality. (ii) Very liquid. (iii) if held to maturity, known yield (rate of return) per annum – aids forward planning. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (v) No currency risk. (B) (i) 'Market or interest rate risk': Yield subject to movement during life of sovereign bond which could negatively impact on price of the bond i.e. potential for capital loss.

APPENDIX 6 Approved Countries for Investments

Countries that meet our criteria 1, 2, 3 (at 16.12.2016)

1. AAA
   - Australia
   - Canada
   - Denmark
   - Germany
   - Luxembourg
   - Netherlands
   - Norway
   - Singapore
   - Sweden
   - Switzerland

2. AA+
   - Finland
   - Hong Kong
   - U.S.A.

3. AA
   - Abu Dhabi (UAE)
   - France
   - Qatar
   - U.K.

4. AA-
   - Belgium

Examples of Countries that do not meet our criteria:

Japan
Abu Dhabi (U.A.E)
Qatar
Kuwait
Greece
Spain

APPENDIX 7 Treasury Management Policy Statement

The Council defines its treasury management activities as: “The management of the 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”.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.”

APPENDIX 8 Purpose and Requirements of the Code

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.

2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

3. 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 and an Annual Report (stewardship report) covering activities during the previous year.

4. 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.

5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee.

APPENDIX 9 Treasury Management Scheme of Delegation

(i) Full Council

1.Approval of the Treasury Management Strategy - prior to the new financial year

2.Approval of the Investment Strategy - prior to the new financial year

3.Approval of the MRP Policy - prior to the start of the new financial year

4.Approval of any amendments required to the Strategy during the year

5. Receipt of a Midyear report on the Treasury Management Strategy, to include consideration of any recommendations of the Cabinet or Audit Committee arising from any concerns since the original approval.

(ii) Cabinet

1. Developing and determining the Treasury Management strategy, Investment Strategy and MRP policy and recommending them to full Council - prior to the start of the new financial year

2. Receipt of a midyear report on the Treasury Management Strategy and any concerns since the original approval and making recommendations to Council as appropriate.

3. Receiving, and reviewing reports on treasury management policies, practices, activities, and performance reports (based on quarterly reporting).

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(iii) Audit Committee

1. Scrutinising the Council's Treasury Management Strategy, Investment Strategy and MRP policy, Treasury Management Policy Statement and Treasury Management Practices and making recommendations to Cabinet and Council as appropriate.

2. Receiving and reviewing monitoring reports (based on quarterly reporting) and making recommendations as appropriate.

APPENDIX 10 The Treasury Management Role of the Section 151 Officer

Chief Finance Officer (S151 Officer)

- recommending clauses, treasury management policy for approval, detemining Treasury Management Practices, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.