

Council Meeting

**Wednesday, 20th
March, 2024**

HASTINGS BOROUGH COUNCIL

Dear Councillor

You are hereby summoned to attend a meeting of the Hastings Borough Council to be held in the Council Chamber, Muriel Matters House, Breeds Place, Hastings, East Sussex, TN34 3UY, on Wednesday, 20th March, 2024 at 6.00 pm at which meeting the business specified below is proposed to be transacted.

Yours sincerely,

Chief Legal Officer

Muriel Matters House
Breeds Place
Hastings

12 March 2024

AGENDA

1. Apologies for Absence
2. To approve as a correct record the minutes of the last meeting
3. Declarations of Interest
4. Announcements from the Mayor and Leader
5. Questions (if any) from:
 - a) Members of the public under Rule 11
 - b) Councillors under Rule 12
6. Motion (Rule 14)
Councillor Jobson to propose:

Climate change is impacting us all. Hastings has been directly impacted by climate change, as increasing rainfall has led to serious and repeated flooding. In February we had the heaviest rainfall in

Hastings for over 100 years. Further flooding is likely.

Serious landslips have been occurring more frequently in recent months, notably on Caves Road, St Margaret's Road and at Old Roar Gill. While the causes are currently unclear, it's certain that the extreme rainfall makes the risk of landslips much worse. Together with the floods they are posing risks to homes and infrastructure and affect decisions about the future of our town.

We have to do all we can to make sure our town is resilient in the face of rising climate challenges as well as in the face of the complete lack of action or long term funding streams for this work by national government. Currently there is no national funding to help us secure our many miles of cliffs. It's clear we need a national joined up environmental plan to tackle the climate crisis that is already affecting our town and communities across the world.

Last year's soaring temperatures made it clear the 1.5 degrees Celsius benchmark is slipping away. International climate officials confirmed that 2023 was the planet's hottest year on record, and 2024 may be even hotter. These rises are having extensive consequences. The average global temperature has already increased by 1.2°C above pre-industrial levels and—alongside this—the natural world has reached crisis point, with 28% of plants and animals threatened with extinction. The UK is already one of the most nature-depleted countries in the world as more than one in seven of our plants and animals face extinction, and more than 40% are in decline.

The Climate and Ecology Bill, which is scheduled to be reintroduced to Parliament in April 2024, requires the United Kingdom to take its responsibility for our fair share of greenhouse gas emissions and to commit to a carbon budget that would keep temperature rises below 1.5 degrees Celsius.

The Bill has been introduced in the UK Parliament on four occasions since 2020, including most recently in the House of Commons 10 May 2023. The Bill is backed by about 180 cross-party MPs and Peers, and about 237 local authorities, alongside the support of eminent scientists, such as Sir David King; NGOs, such as the Wildlife Trusts, the Doctors' Association, Oxfam, the W.I. and CPRE; businesses, such as The Co-operative Bank, Riverford and The Body Shop; and 42,000 members of the public.

The CE Bill would require the UK Government to develop and achieve a new environmental strategy, which would include:

1. Delivering a joined-up environmental plan, as the crises in climate and nature are deeply intertwined, and require a plan that considers both together;

2. Reducing greenhouse gas emissions in line with 1.5°C to ensure the best chance of meeting the UK's Paris Agreement obligations;
3. Not just halting, but reversing the decline in nature, setting nature measurably on the path to recovery by 2030;
4. Taking responsibility for our overseas footprint, both emissions and ecological;
5. Prioritising nature in decision-making, and ending fossil fuel production and imports as rapidly as possible;
6. Providing for re-training for those people currently working in fossil fuel industries; and
7. Giving the British people a say in finding a fair way forward via a temporary, independent and representative Climate & Nature Assembly, as part of creating consensus and ensuring that no one and no community is left behind.

Hastings Borough Council therefore resolves to:

1. Support the Climate and Ecology Bill;
2. Inform local residents and local press/media of this decision;
3. Write to our MP Sally-Ann Hart to inform her that this motion has been passed, and to urge her to support the CE Bill;
4. Write to Zero Hour, the organisers of the cross-party campaign for the CE Bill, expressing Hasting Borough Council's support;
5. Pledge to work with our communities and partners to reverse the decline in biodiversity and protect our town, ensuring that these related issues are taken into account in all decision-making;
6. Draw upon our Green Levy reserve to appoint a Climate Adaptation Officer, whose first task will be to work with partners to develop a Climate Adaptation Action Plan and ensure that the Council makes substantive progress on our Climate Strategy and Action Plan.

7. Work with community groups across the town to identify funding for a local citizen's assembly on developing a town wide climate action plan that includes all the major stakeholders so we can create ways of joint working across the business, community, health and education sectors as well as empowering local residents.

7. Membership of Committees

To give effect to any request received from a political group for a change in their representation on committee(s).

8. Treasury Management Strategy and Capital Strategy 2024/25

9. Amendments to the Council's Constitution

10. Reports of Committees

- a) To resolve that the public be excluded from the meeting during the discussion of any items considered while the public were excluded by the relevant committee because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in the respective paragraphs of Schedule 12A to the Local Government Act 1972 referred to in the minutes of the relevant committee.
- b) To receive and consider the recommendations and any decisions of the following committees.

Minute No.	Subject	Cabinet Member / Chair
CABINET – 29 JANUARY 2024		
28.	Financial Monitoring Report	Barnett
29.	The Future of Internal Audit	Barnett
30. (C)	Pay Policy Statement	Haffenden
31.	Review of the Gating Public Space Protection Order (PSPO)	Haffenden
32.	Land off Sidney Little Road	Barnett
33.	Housing Allocations Scheme	Willis
34.	Cornwallis Street Hotel Part 1	Willis
35. (E)	Cornwallis Street Hotel Part 2	Willis
CABINET – 4 MARCH 2024		

47.	Financial Monitoring Report	Barnett
48.	Update on various key government external initiatives	Hilton
49.	Climate Change progress update	Hilton
50.	Energy Procurement – Gas Contract 2024	Barnett

Notes:

1. The Mayor will call over the minutes and members will rise and indicate those items which they wish to have discussed.
 2. No discussion shall take place at this stage upon part II minutes covered by the resolution 10a) above. Any such discussion shall be deferred to item 11 on the agenda.
11. To consider the recommendations and decisions of committees (if any) which the Council has resolved should be discussed after the exclusion of the public from the meeting.

Note: Nothing contained in this agenda or in the attached reports and minutes of committees constitutes an offer or acceptance of an offer or an undertaking or contract by the Borough Council

Agenda Item 2 Public Document Pack

FULL COUNCIL

21 FEBRUARY 2024

Present: Councillors O’Callaghan (Chair), Bishop (Vice-Chair), Arthur, Barnett, Batsford, Beaney, Beaver, Cannan, Carr, Collins, Cooke, Edwards, Evans, Fernando, Foster, Haffenden, Hay, Hilton, Jobson, Marlow-Eastwood, Patmore, Pragnell (from 6.13pm), Rankin, Roark, Roberts, Rogers, Sinden, Turner, Webb, Williams, and Willis.

In attendance: Jane Hartnell (Chief Executive), Mary Kilner (Chief Legal Officer), and Kit Wheeler (Chief Finance Officer).

50. APOLOGIES FOR ABSENCE

Apologies received from Councillor Bacon for absence, and from Councillor Pragnell for lateness.

51. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE LAST MEETING

RESOLVED that the minutes of the Full Council meetings held on 17th and 24th January 2024 be signed by the Mayor as a correct record of the proceedings.

52. DECLARATIONS OF INTEREST

Councillor	Item	Interest
Rogers	53. Revenue Budget 2024/25 and Capital Programme 2024/25 to 2026/27	Personal – Is a marshall for Jack in the Green, a member of Carnival Committee, Deputy Chair of Hastings Week Committee and a member of the Bonfire Society

53. REVENUE BUDGET 2024/25, AND CAPITAL PROGRAMME 2024/25 TO 2026/27

The Mayor proposed suspending Rule 16.6b of the Council’s Constitution, seconded by Councillor Beaver.

RESOLVED that council suspends Rule 16.6b of the Constitution to permit the original motion and any proposed amendments to be on the table and open for discussion at the same time.

Councillor Barnett proposed a motion to approve the Revenue Budget 2024/25, and Capital Programme, seconded by Councillor Collins.

Councillor Patmore, Leader of the Conservative Group spoke in relation to the budget and capital programme, followed by Councillor Bishop, Leader of the Labour Group.

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Councillor Bishop proposed an amendment, seconded by Councillor Rogers, as follows:

1. Appendix K section 1.b) is amended to remove the deletion of the vacant warden post (1 FTE).
2. Appendix K Section 1.b) is amended to remove the deletion of the vacant Customer Services Officer (CCC) 1 FTE.
3. Appendix K Section 5. Remove the reduction of £15,000 to events budget & continue to support our well attended cultural events.

Councillor Barnett rejected the motion.

The amendment was rejected by 7 for, to 23 against with 1 abstention.

Councillors Arthur, Bishop, Carr, O'Callaghan, Roberts, Rogers and Webb voted for the amendment.

Councillors Barnett, Batsford, Beaney, Beaver, Cannan, Collins, Cooke, Edwards, Evans, Foster, Haffenden, Hay, Hilton, Jobson, Marlow-Eastwood, Patmore, Pragnell, Rankin, Roark, Sinden, Turner, Williams, and Willis voted against.

Councillor Fernando abstained.

The Revenue Budget 2024/25 and Capital Programme 2024/25 to 2026/27 was agreed by 14 for, to 6 against with 11 abstentions.

Councillors Arthur, Barnett, Batsford, Cannan, Collins, Evans, Haffenden, Hilton, Jobson, Rankin, Roark, Sinden, Turner, and Willis voted for.

Councillors Bishop, Carr, O'Callaghan, Roberts, Rogers, and Webb voted against.

Councillors Beaney, Beaver, Cooke, Edwards, Fernando, Foster, Hay, Marlow-Eastwood, Patmore, Pragnell, and Williams abstained.

RESOLVED (by 14 for, to 6 against, with 11 abstentions):

(i) Approve the draft 2024/25 revenue budget (Appendix B)

(ii) Approve a 2.99% increase in the Borough Council's part of the Council Tax (Appendix C).

(iii) Approve the detailed recommendations in Appendix C, which relate to the setting of Council Tax in accordance with Sections 31 to 36 of the Local Government Act 1992 (Appendix C – to be provided/updated for full Council).

(iv) Approve the Capital Programme 2024/25 to 2026/27 (Appendix E) and that any marked with an asterisk can proceed without further reference to Cabinet or Council.

(v) Approve the proposed use of Reserves as detailed in Appendix J that can proceed without further reference to Cabinet or Council. (vi) Approve that the budget be amended as necessary to reflect the final grant figures including Disabled Facility Grants - once received.

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(vii) Full Council adopt the existing Council Tax Support Scheme subject to amendments to allowances in line with any national changes. Determination of the allowances to be delegated to the Chief Finance Officer in line with prior year practice.

(viii) The application of the current premium of 100% for all dwellings which are unoccupied and substantially unfurnished (empty dwellings) from a period of one year with effect from 1st April 2024.

(ix) The application of a premium of 100% for all dwellings which are unoccupied but substantially furnished (second homes) with effect from 1st April 2025; and

(x) That the Section 151 Officer is given delegated powers to implement the policy in line with the Council's requirements and any guidance given by the Secretary of State or regulation.

Reasons:

1. The Council has a statutory responsibility to set a balanced Budget and Council Tax in advance of the start of the new financial year.
2. The report identifies that a balanced budget in 2024/25 can only be achieved by using £700k of General reserve funding.
3. The level of grant funding, Council Tax increases and income from fees and charges is insufficient to meet the annual increases in costs e.g. inflation, pay increases, demand pressures, in particular the costs of meeting our statutory homelessness.
4. The Council is only able to increase Council Tax by a maximum of 2.99% without a referendum.
5. The Council remains exposed to a much greater degree of volatility in terms of its income from Non Domestic Rates and expenditure in terms of Council Tax Support claims – the cost falling directly on the Council and the preceptors.
6. The Council needs to manage its Capital Financing requirements carefully to avoid unnecessary and costly interest charges. Therefore, it has been necessary to reduce the aspirations for the Capital Programme accordingly, and the council will need to continue to maximise any potential Capital receipts.

54. REPORTS OF COMMITTEES

Minute 42 of Cabinet on 12th February 2024, Cabinet appointments to committees, working groups and partnerships, was not called for discussion.

FULL COUNCIL

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(The Chair declared the meeting closed at 7.29pm)

Agenda Item 8



Report To: Full Council

Date of Meeting: 20 March 2024

Report Title: Treasury Management Strategy and Capital Strategy 2024/25

Report By: Kit Wheeler
Chief Finance Officer

Key Decision: Yes

Classification: Open

Purpose of Report

To consider the draft Treasury Management Strategy, Annual Investment Strategy, Minimum Revenue Provision (MRP) Policy and Capital Strategy.

This is to ensure that there is an effective framework for the management of the Council's investments, cash flows and borrowing activities prior to the start of the new financial year.

The Council is expected to have £64.9 million of external debt (as at 31 March 2024), and there is no planned increase in the level of debt for 2024/25.

Recommendations

- A. The Council approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy, Annual investment Strategy.**
- B. Note the draft Capital Strategy.**
- C. The strategies listed are updated as necessary during 2024/25 in the light of changing and emerging risks and the Council's evolving future expenditure plans.**

Reasons for Recommendations

1. The Council seeks to minimise the costs of borrowing and maximise investment income whilst ensuring the security of its investments.
2. The 2024/25 Budget included significant reductions in the Capital Programme to help the Council address its financial deficit including agreeing to asset sales, with the primary focus being on financial stability and addressing the housing crisis.
3. The CIPFA Treasury Management Code of Practice, previously adopted by the Council, takes account of the more commercialised approach being adopted by councils and the enhanced levels of transparency required. The Code has represented best practice and helps ensure compliance with statutory requirements.
4. The Council can diversify its investments and must carefully consider the level of risk against reward. Investments can help to close the gap in the budget in the years ahead and thus help to preserve services, assist in the regeneration of the town, provide additional housing, and enhance the long-term sustainability of the town. However, over reliance on such income streams would involve taking unnecessary risks with the future of the Council and its ability to deliver statutory services.

Introduction

5. 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.
6. 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 needs of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
7. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity and the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will result in a loss to the General Fund balances.

8. Treasury management in this context is defined by CIPFA as:

"The management of the organisation's borrowing, 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"

9. This report and subsequent strategy has been delayed, owing to the substantial changes to the Capital programme as a result of the decision around the sale of Cornwallis site on 29 January at Cabinet. This has such a material impact on the Councils financial position and therefore the Treasury Management Strategy that it needed to be completed after that decision had been agreed.

Revisions to the Prudential Code and Treasury Management Code

10. CIPFA published the revised Codes on 20th December 2021 and has stated that revisions need to be included in the reporting framework from the 2023/24 financial year and has been applying these changes throughout 2023/24 financial year as reported to Audit Committee on a Quarterly basis through the regular reporting cycle.

11. The Treasury Management Strategy details the requirements of the code.

Borrowing / Borrowing Levels

Investment guidance

12. The Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The Primary Requirements of the Code

13. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
14. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
15. 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 Capital Strategy, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
16. 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.
17. 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.
18. Publication of the Strategies on the Council's website.

Reporting Arrangements

19. The reporting arrangements proposed, in accordance with the requirements of the Code, are summarised below:-

Area of Responsibility	Council/ Committee/ Officer	Frequency
Treasury Management Strategy / Annual Investment Strategy / MRP policy/ Capital Strategy (in future years)	Cabinet and Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy / Capital Strategy/MRP policy – Mid Year report	Cabinet and Council	Mid-year
Treasury Management Strategy/Capital 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,

20. The CIPFA Code of Practice on Treasury Management (2021) was adopted by this Council in February 2022. The main clauses adopted are included in Appendix 8.

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

Capital Strategy

The Capital strategy is currently in draft form and requires further discussion. It will be revised after the Asset Management Plan is completed.

22. In the light of the increasing commercialisation within local government in particular, in December 2017, CIPFA issued revised Prudential and Treasury Management Codes. The codes require all local authorities to produce detailed Capital Strategies.

23. The Capital Strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

24. The development of such a strategy allows flexibility to engage with full council to ensure that the overall strategy, governance procedures and risk appetite are fully understood by all elected members.

25. The Capital Strategy should be tailored to the authority's individual circumstances but should include capital expenditure, investments and liabilities and treasury management. The Capital Strategy should include sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability, and affordability will be secured and to meet legislative requirements on reporting.

26. The Capital strategy being a high-level document that summarises in appropriate detail the requirements for specific investment appraisals. As a minimum such requirements being:

- The capital schemes that are proposed and their objectives
- The legal power to undertake a particular scheme
- The key aspects of the financial appraisal, including any significant risks that have been identified
- Qualitative criteria that have underpinned the recommendation for a scheme to proceed e.g. links to Corporate plan, economic growth, job retention, etc.
- Likely source of funding
- Long term implications

- Risks and affordability

27. In assessing new income generating proposals the Council does already consider the above list of issues as part of the due diligence checklist and decisions are fully documented.
28. This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.
29. The Capital Strategy looks to cover a much longer planning period than the existing capital programme. The future expenditure plans continue to evolve. The capital strategy and all the prudential indicators and controls are attached for the known schemes. Borrowing limits will need to be determined by full Council based on affordability and risk in due course.
30. Given the timing of the Cornwallis decision and its impact on the Capital Programme as well as the upcoming new Asset Strategy Plan the Capital Strategy will be updated in the new financial to take account of any changes and recommendations that come out as part of that strategy to ensure there is a clear link between all strategies for the Council.

Risk Management

31. The Investment 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 years as and when these have been further developed by its advisers.
32. 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.
33. 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.
34. The training needs of treasury management officers will also be reviewed in the light of the Code's requirements and experience of new staff.
35. The additional risks that the Council has taken on with commercial property, housing and energy investments needs to be considered in the context of the totality of risk that the Council faces e.g. unexpected expenditure demands, robustness of income streams, loans and guarantees to other parties, economic downturns, pandemics 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.

36. The Council spreads its risk on investments by limiting the amount of monies with any one institution or group and limiting the timeframe of the exposure. In determining the level of the investment and period the Council considers formal credit ratings (Fitch) along with its own advisers (Link Group) ratings advice.
37. The security of the principal sum remains of paramount importance to the Council and it has a good history of protecting this investment income to date.

Economic/Financial Implications

38. The Council generally has investments in the year of between £15 million and £35 million at any one time and is estimated to have longer term borrowings of £64.9m by the end of March 2024 (if no further external borrowing is undertaken). 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

39. The Cabinet is responsible for the development and review of the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy, Investment Strategy and the future Capital 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 and for the Capital Strategy.
40. 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, Investment Strategy or Capital Strategy. The Chief Finance Officer will determine the Treasury Management Practices and associated schedules.
41. There are responsibilities placed on the Council and the Chief Finance officer from the 2021 Codes of Practice which relate to governance arrangements, ensuring robustness of business cases, and risk management.
42. The risk management requirements relate to asset related properties which the Council has borrowed to finance, and assessments of overall risk.
43. There are specific requirements to maintain schedules of counterparties and of any guarantees that the Council may give or have given in the past in order to fully assess the potential risks that the Council may be exposed to when making investment decisions.

Timetable of Next Steps

Please include a list of key actions and the scheduled dates for these:

Report Template v30.0

Action	Key milestone	Due date (provisional)	Responsible
Arrange Training for new and existing members / officers	For Mid-Year Review and prior to setting strategies for the forthcoming year Report	July 2024 & January 2025	Chief Finance Officer

Wards Affected

None

Policy Implications

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

Additional Information

Documents Attached:

(i) Treasury Management Strategy (including Investment Strategy)

Includes the following 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

(ii) Draft Capital Strategy

(iii) Glossary of Terms

Other Supporting Documents:-

CIPFA - Treasury Management Code of Practice (2021)

CIPFA - The Prudential Code (2021)

Budget Report - Cabinet 12 February 2024

Officer to Contact

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Treasury Management Strategy Statement 2024/25

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

Introduction

1. 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.
2. 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. There is also the requirement to produce a Capital Strategy – also for determination by full Council.
3. The Treasury Management strategy covers two main areas:
 - (i) Capital issues:
 - the capital plans (in summarised form) 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.
4. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance.
5. It should be noted that DLUHC is proposing to tighten up regulations around local authorities financing capital expenditure on investments in commercial projects for yield and has already closed access to all PWLB borrowing if such schemes are included in an authority's capital programme. The CIPFA codes have adopted a similar outlook to discourage further capital expenditure on commercial investments for yield.
6. DLUHC is also finalising a consultation on amending MRP regulations/guidance for England, it is likely that any changes will take effect from 2024/25 at the earliest.
7. The strategy for 2024/25 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 advisor, Link Group.

Revisions to the Prudential Code and Treasury Management Code

8. CIPFA published the revised Codes on 20th December 2021 and has stated that revisions need to be included in the reporting framework from the 2023/24 financial year. The Council, therefore, has to have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to full Council for approval.

9. The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes:

Treasury Management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service Delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration, and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose."

Commercial Return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

10. The revised Treasury Management Code requires an authority to implement the following:
1. **Adopt a new liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained.
 2. **Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case.
 3. **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year.
 4. Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority.
 5. **Reporting to members is to be done quarterly**. Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to full Council and should be reported as part of the authority's integrated revenue, capital, and balance sheet monitoring.
 6. **Environmental, social and governance (ESG)** issues to be addressed within an authority's treasury management policies and practices (TMP1).
11. The main requirements of the Prudential Code relating to service and commercial investments are:
1. The risks associated with service and commercial investments should be proportionate to their financial capacity, i.e., that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services.
 2. An authority must not borrow to invest for the primary purpose of commercial return.
 3. It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.

4. An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt.
 5. A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream.
 6. Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).
12. The authority's Capital Strategy or Annual Investment Strategy should include:
1. The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence.
 2. An assessment of affordability, prudence, and proportionality in respect of the authority's overall financial capacity (i.e., whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services).
 3. Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed.
 4. Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments).
 5. Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy).
 6. State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return.
13. This Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments are addressed as part of the Capital Strategy.
14. However, as investments in commercial property have implications for cash balances managed by the treasury team, a high-level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three-year time horizon of this report.

Background

15. The Council is required to operate a balanced budget, which broadly means that cash raised during the year 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.
16. 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 it 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, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.
17. The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested,

as a loss of principal will in effect result in a loss to the General Fund Balance.

18. CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, including 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.”

19. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

Reporting Requirements

Capital Strategy

20. The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services,
- an overview of how the associated risk is managed,
- The implications for future financial sustainability.

21. The aim of the strategy is to ensure that all the Councils’ elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

Treasury Management Reporting

22. The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:

- the capital plans, (including prudential indicators),
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time),
- the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators, and
- an Annual Investment Strategy, (the parameters on how investments are to be managed).

b. **A mid-year treasury management report** – This is primarily a progress report and will update members **on** the capital position, amending prudential indicators as necessary, and **whether** any policies require revision. In addition, the Council will report performance against all forward-looking prudential indicators quarterly as part of the quarterly budget monitoring process.

c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

23. The above reports are required to be adequately scrutinised before being recommended to the full Council. This role is undertaken by the Audit Committee.

Quarterly reports

24. In addition to the three major reports detailed above, from 2024/25 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to full Council but do require to be adequately scrutinised. The Overview & Scrutiny Committee undertake this role.

Treasury Management Strategy for 2024/25

25. The strategy for 2024/25 covers two main areas:

Capital issues:

- the capital expenditure plans and the associated prudential indicators.
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position.
 - treasury indicators which limit the treasury risk and activities of the Authority.
 - prospects for interest rates.
 - the borrowing strategy.
 - policy on borrowing in advance of need.
 - debt rescheduling.
 - the investment strategy.
 - creditworthiness policy; and
 - the policy on use of external service providers.
26. These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Training

27. The CIPFA Treasury Management 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.
28. Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance, and decision making.
29. As a minimum, authorities should carry out the following to monitor and review knowledge and skills:
- Record attendance at training and ensure action is taken where poor attendance is identified.
 - Prepare tailored learning plans for treasury management officers and board/council members.
 - Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
 - Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”
30. The training needs of treasury management officers are periodically reviewed.
31. A formal record of the training received by officers central to the Treasury function will be maintained by People and Places. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by the Chief Finance Officer.
32. Treasury Management Training was offered to all members on 11th January 2023 with further training arranged, as required.

Treasury Management Consultants

33. The Authority uses Link Group, Link Treasury Services Limited as its external treasury management advisors.
34. The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services

of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

35. It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

PRUDENTIAL INDICATORS AND TREASURY LIMITS FOR 2023/24 TO 2025/26

36. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

The Council's Capital Position (Prudential Indicators)

37. The prudential code requires the local authority to identify prudential indicators that enable members, officers, and the public to make a meaningful judgement on the Council's total exposure from borrowing and investment decisions. The indicators are required to cover both the Council's current position and the expected position assuming all planned investments in the forthcoming years are completed.

Capital Expenditure and Financing

38. This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The table below summarises how the capital expenditure plans and how these are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

	Actual 2022/23 £'000s	Budget 2023/24 £'000s	Forecast 2023/24 £'000s	Budget 2024/25 £'000s	Budget 2025/26 £'000s	Budget 2026/27 £'000s
Capital Expenditure	9,661	22,194	17,144	12,652	6,090	3,799
Financed by:						
Capital receipts	3,778	952	2,579	5,130	300	50
Capital grants	5,883	3,533	8,907	4,861	2,433	2,064
Reserves	0	0	271	0	0	0
Revenue	0	0	0	0	0	0
Net financing need for the year	0	17,709	5,387	2,661	3,357	1,685

39. Other long-term liabilities - the above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.
40. The schemes in the capital programme which may require additional financing (at least in part) in 2024/25 are:
- Housing Acquisition Programme 50 units of Temporary Accommodation (£4.7m)
 - Energy generation - Unallocated (£1m)
 - Roof Refurbishment programme (£700k)
 - Energy – Solar Panels (£500k)
 - Priors Meadow Contribution to Capital Works (£250k)
 - Restoration of Pelham Crescent / Pelham Arcade (£340k)
 - Groyne Refurbishment (£35k)

Borrowing Needs (the Capital Financing Requirement)

41. The second prudential indicator is the Council's Capital Financing Requirement (CFR). 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

indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

42. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
43. The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Authority currently has no such schemes within the CFR.
44. The Council is asked to approve the CFR projections below, the table provides an estimate of the Council's Capital Financing Requirement (CFR) for the current and next 3 years.

Table 1 - Capital Financing Requirement (CFR)

CFR	2022/23 (Unaudited) £'000s	2023/24 (Estimate) £'000s	2024/25 (Estimate) £'000s	2025/26 (Estimate) £'000s	2026/27 (Estimate) £'000s
CFR-Opening	71,970	71,099	70,195	69,229	68,208
Less MRP	(870)	(904)	(966)	(1,021)	(1,125)
Plus, New Borrowing	-	-	-	-	-
CFR Closing	71,099	70,195	69,229	68,208	67,083

45. The Council has at the time of writing, c£64.9m of PWLB debt. To borrow for the remainder of the 2023/24 capital programme i.e., up to the projected level of the CFR (£70.1m) it would need to fund a further £5.3m by the end of March 2024. The Capital Financing Requirement will gradually decrease over the next few years. It is expected to reach £68.7m by 2026/27 (based on the capital programme).
46. As a key indicator the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.
47. The total CFR can also be reduced by:
 - (i) the application of additional capital financing resources (such as unapplied capital receipts), or
 - (ii) charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
48. The Council had achieved a near fully funded position at the start of 2022/23. This means that the capital borrowing need (the Capital Financing Requirement), has been fully funded with loan debt. This strategy had been considered prudent as borrowing costs had been increasing. However, there is a cost of doing this as investment returns albeit currently higher than in previous years are unlikely to remain at current levels.
49. During 2021/22 and much of 2022/23, interest rates on were on the rise, thus there was a strong case to not borrow externally. until we really had to, i.e., temporarily. This was the strategy that was proposed for 2023/24 (as far as practical) and has saved on borrowing costs and assisted the Council's revenue account. There is however only a limited ability to do this given the depletion of Council reserves, and funds already invested for longer periods.
50. For 2023/24 the Council started the year with internal borrowing of £5.4m - cash supporting the Council's reserves balances and cash flow has been used as a temporary measure to fund Capital expenditure. With recent interest rate increases, and forecast that they will remain static, or fall slightly in the short to medium term, the Council will need to continue to minimise external borrowing.

51. To finance the future Capital program, it is envisaged that no new long-term external borrowing will be required by the Council. The key consideration is the level of internal borrowing. The Chief Finance Officer will make these decisions in conjunction with advice and guidance from our treasury advisors. Current guidance suggest that interest rates have peaked, and will remain at current levels, in the short-term, so the strategy will be to utilise internal borrowing as much as possible to see us through until an expected lower rate environment. Where borrowing is required the option of borrowing short-term will be considered rather than locking into higher rates for a prolonged period. Some longer-term borrowing might be required and will be advantageous where affordable as it reduces the risk of future adverse movements in interest rates.
52. The table below highlights the Council's projected gross borrowing position against the CFR (showing the level that is financed from internal borrowing).

Table 2 - Council's Projected Gross Borrowing Position Against the CFR

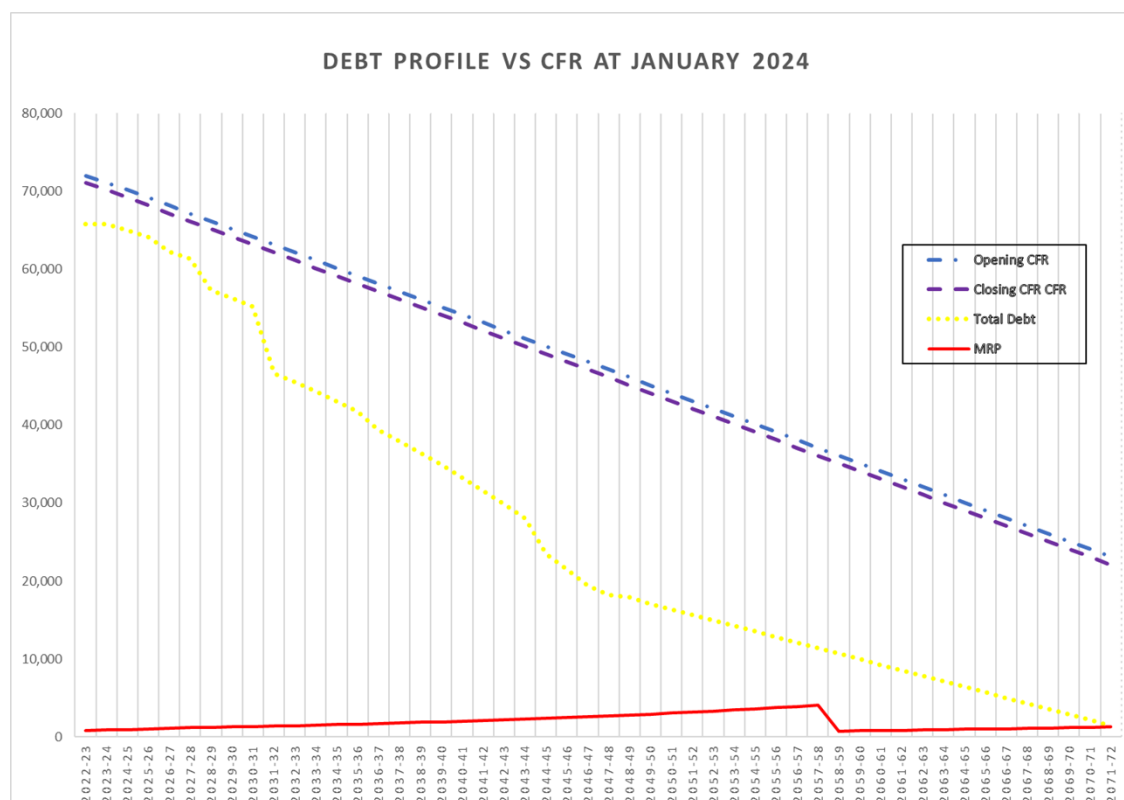
Internal Borrowing	2023/24 Forecast £000's	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's
Capital Financing Requirement (CFR)	71,099	70,195	69,229	68,208
External Funding	65,712	67,534	65,872	66,523
Net Internal Funding	5,387	2,661	3,357	1,685

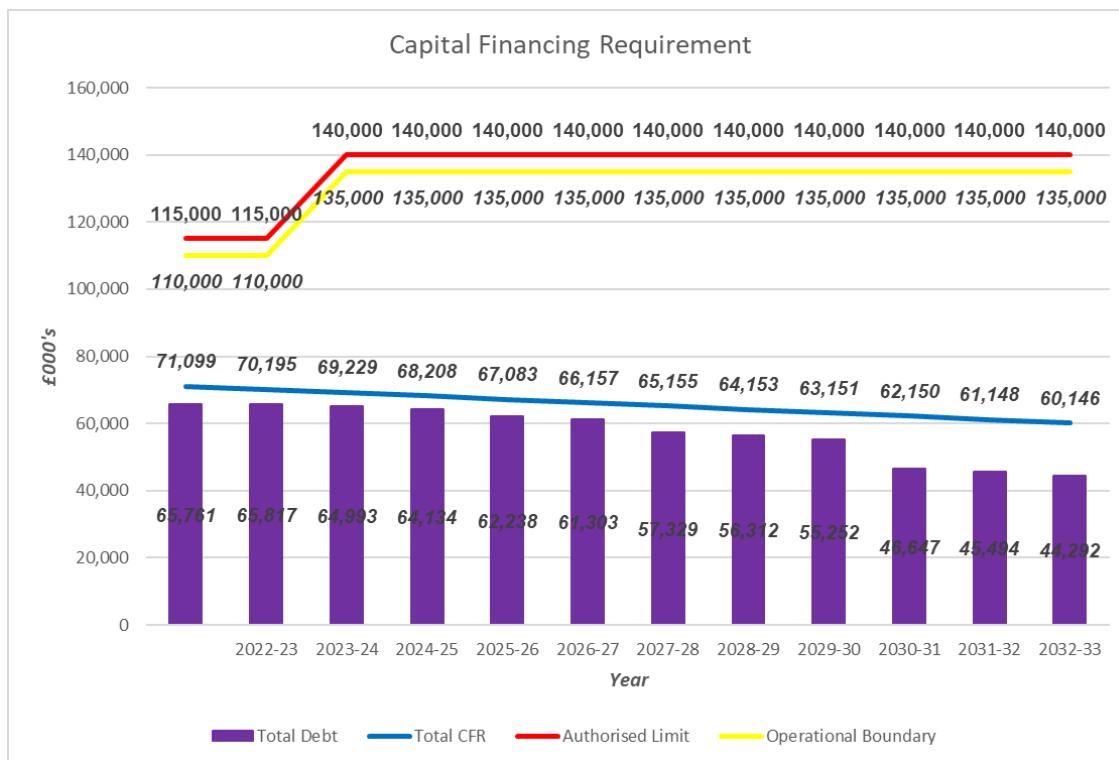
53. The Council is now (20 January 2024) maintaining an under-borrowed position. Borrowing activity is constrained by prudential indicators particularly the CFR, and by the authorised limit. The Council's long-term borrowing must only be for a capital purpose. This essentially means that the Council cannot borrow to support revenue expenditure.

Debt Profile and CFR

54. The graph below shows how the CFR (blue and purple lines) reduce over time as MRP payments are made. The yellow line shows the level of external debts reducing as principal repayments are made (see debt maturity graph below).

Table 3 - External Debt, Authorised Limits and CFR Projections





55. The graph above is based on the current known capital programme up to 2026/27. If further capital expenditure is finance by borrowing, which is highly likely, then this will push the trajectory of the graph out into further years and increase future MRP payment.

Liability Benchmark

56. The Authority is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

57. There are four components to the LB:

- **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
- **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
- **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its **approved** prudential borrowing, planned MRP and any other major cash flows forecast.
- **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

Core Funds and Expected Investment Balances

58. The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

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

60. 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 (1) of the Local Government Act 2003 and supporting regulations. It reflects the level of borrowing which, while

not desired, could be afforded in the short term. It is the expected maximum borrowing need with some headroom for unexpected movements.

Authorised Limit	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Debt	110,000	135,000	135,000	135,000	135,000
Other long-term liabilities	5,000	5,000	5,000	5,000	5,000
TOTAL	115,000	115,000	140,000	140,000	140,000

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

Operational Boundary	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Debt	105,000	130,000	130,000	130,000	130,000
Other long-term liabilities	5,000	5,000	5,000	5,000	5,000
TOTAL	110,000	110,000	135,000	135,000	135,000

62. 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.'
63. Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion in the Capital programme incorporate financing by both external borrowing as well as other forms of liability e.g., Credit arrangements (such as leases).
64. The Authorised Limit and Operational Boundary are to be set, on a rolling basis, for the forthcoming financial year and two successive financial years by full Council as part of this strategy.
65. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
66. Given the current level of capital expenditure plans for the years ahead it is recommended that the limits are maintained at the existing levels to allow sufficient headroom for our capital aspirations.

Minimum Revenue Provision (MRP)

67. 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.
68. 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. Where an annuity loan is taken, the Council's policy (Appendix 1) was amended to reflect the matching, as far as possible, of the MRP with the actual principal repaid (within each debt repayment).
69. The MRP for 2024/25 is estimated at £966,000 (the statutory charge to revenue that remains within the accounts).
70. The Government are consulting on amending MRP regulations/guidance for England. One of the revisions likely is to make it clear to all authorities that where loans have been made for capital purposes to other organisations e.g., local authority companies, housing providers, then provision for debt repayments must be made. Hastings BC has always done so and is not

caught out by this sensible requirement. The latest information we have is that any changes to the guidance will take effect from 2024/25 at the earliest.

PROSPECTS FOR INTEREST RATES

71. The Authority has appointed Link Group as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Link provided the following forecasts on 08 January 2024. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

72. The central forecast for interest rates was previously updated on 7 November and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by keeping Bank Rate at 5.25% until at least H2 2024. We expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and when there is a likelihood of the overall economy enduring at least a slowdown or mild recession over the coming months (although most recent GDP releases have surprised with their on-going robustness).
73. Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
74. In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

Public Works Loan Board (PWLB) Rates

75. The short and medium part of the gilt curve has rallied since the start of November as markets price in a quicker reduction in Bank Rate through 2024 and 2025 than held sway back then. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone. At the time of writing there is c70 basis points difference between the 5- and 50-year parts of the curve.

The balance of risks to the UK economy:

- The overall balance of risks to economic growth in the UK is even.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, could keep gilt yields high for longer).
- **The Bank of England** has increased Bank Rate too fast and too far over recent months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **Geopolitical risks**, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran, and North Korea, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates:

- Despite the tightening in Bank Rate to 5.25%, the **Bank of England allows inflationary pressures to remain elevated** for a long period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.

- **The pound weakens** because of a lack of confidence in the UK Government's pre-election fiscal policies, which may prove inflationary, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields compensating.

LINK GROUP FORECASTS

76. We expect the MPC will keep Bank Rate at 5.25% until the second half of 2024, to combat on-going inflationary and wage pressures, even if they have dampened somewhat of late. We do not think that the MPC will increase Bank Rate above 5.25%.

Gilt yields and PWLB rates

77. The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, as inflation continues to fall through 2024.
78. Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below:

PWLB debt	Current borrowing rate as at 08.01.24 p.m.	Target borrowing rate now. (end of Q4 2025)	Target borrowing rate previous. (end of Q3 2025)
5 years	4.53%	3.70%	3.80%
10 years	4.67%	3.90%	3.80%
25 years	5.19%	4.20%	4.20%
50 years	4.97%	4.00%	4.00%

79. **Borrowing advice:** Our long-term (beyond 10 years) forecast for Bank Rate remains at 3% and reflects Capital Economics' research that suggests AI and general improvements in productivity will be supportive of a higher neutral interest rate. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to factor in Bank Rate reductions for 2024 and later.
80. Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now	Previously
2023/24 (residual)	5.30%	5.30%
2024/25	4.55%	4.70%
2025/26	3.10%	3.20%
2026/27	3.00%	3.00%
2027/28	3.25%	3.25%
2028/29	3.25%	3.25%
Years 6 to 10	3.25%	3.25%
Years 10+	3.25%	3.25%

81. As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.
82. Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

Borrowing Strategy

83. The Authority is currently 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 Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains elevated through to the second half of 2024.
84. Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed,
 - if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
85. Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

Current Portfolio Position

86. The Council's forecast debt position for 31 March 2024, if no further borrowing is taken for the rest of the financial year, as at 15 January 2024, amounted to £65.4m (See Table X below).

Table 4 - Borrowing

Debt	1 April 2023 Principal	Start Date	Maturity Date	31 March 2024 Principal	Rate
PWLB (493322)	£7,500,000	25/05/2007	01/02/2033	£7,500,000	4.80%
PWLB (503271)	£909,027	04/09/2014	02/09/2044	£909,027	3.78%
PWLB (Optivo) (503272)	£1,788,235	04/09/2014	02/09/2044	£1,788,235	3.78%
PWLB (FT)(Annuity) (504807)	£95,262	21/03/2016	20/03/2026	£79,712	1.66%
PWLB (504956)	£1,000,000	11/05/2016	11/05/2056	£1,000,000	2.92%
PWLB (504957)	£1,000,000	11/05/2016	11/05/2046	£1,000,000	3.08%
PWLB (504958)	£1,000,000	11/05/2016	11/05/2036	£1,000,000	3.01%
PWLB (504959)	£1,000,000	11/05/2016	11/05/2026	£1,000,000	2.30%
PWLB (505143)	£2,000,000	24/06/2016	24/06/2054	£2,000,000	2.80%
PWLB (505144)	£1,000,000	24/06/2016	24/06/2028	£1,000,000	2.42%
PWLB (505893)	£2,000,000	21/03/2017	21/03/2057	£2,000,000	2.53%
PWLB (505894)	£2,000,000	21/03/2017	19/09/2059	£2,000,000	2.50%
PWLB (505913)	£2,000,000	23/03/2017	23/03/2060	£2,000,000	2.48%
PWLB (Annuity) (506101)	£6,652,722	01/06/2017	01/06/2057	£6,530,042	2.53%
PWLB (Annuity) (506643)	£7,729,610	22/11/2017	22/11/2057	£7,595,155	2.72%
PWLB (508201)	£2,000,000	12/12/2018	12/06/2028	£2,000,000	1.98%
PWLB (Annuity) (508233)	£3,756,930	13/12/2018	13/12/2058	£3,692,214	2.55%
PWLB (Annuity) (508423)	£2,348,400	31/01/2019	31/01/2059	£2,308,028	2.56%
PWLB (Annuity) (508424)	£4,226,034	31/01/2019	31/01/2069	£4,177,042	2.56%

Debt	1 April 2023 Principal	Start Date	Maturity Date	31 March 2024 Principal	Rate
PWLB (Annuity) (508851)	£8,827,583	20/03/2019	20/03/2059	£8,751,881	2.54%
PWLB (Annuity) (509809)	£4,587,401	02/09/2019	02/09/2069	£4,555,098	1.83%
PWLB (469524)	£2,000,000	13/01/2022	13/01/2062	£2,000,000	1.89%
Total Debt	£65,421,204			£64,887,244	2.81%

87. The Council has loaned money to four other organisations. Six longer-term loans are outstanding. Namely:

Table 5 - Loans to Other Organisations

3rd Party Organisations	Rate/Return (%)	Start Date	End Date	Principal Outstanding as at 31/03/2024 £	Type
Amicus /Optivo	3.78%	04/09/2014	02/09/2044	£1,788,235	Maturity
The Foreshore Trust (504807)	1.66%	21/03/2016	20/03/2026	£79,712	Annuity
The Source	2.43%	17/12/2015	17/12/2025	£8,144	Annuity
			Sub-Total	£1,876,091	
Hastings Housing Company					
Hastings Housing Company - Loan 1	4.48%	28/02/2018	28/02/2058	£784,676	Maturity
Hastings Housing Company - Loan 2	4.84%	12/02/2019	12/02/2059	£344,810	Maturity
Hastings Housing Company - Loan 3	4.84%	13/06/2019	13/06/2059	£4,359,912	Maturity
			Sub-Total	£5,489,398	
			Total	£7,365,489	

88. Borrowing from the PWLB was taken to fund the Amicus Horizon (now Optivo) loan (£1,788,235 - maturity loan) and the loan to the Foreshore Trust (£300,000 originally borrowed – annuity loan); these correspond to PWLB loans in Table 1 above. The £25,000 loan to the Source is repayable over a 10-year period and is financed from HBC reserves.
89. Borrowing from the PWLB was taken to fund the loans to Hastings Housing Company Ltd (HHC). The three loans, totalling £5,489,398, are maturity loans and will be due for repayment by HHC at the end of their term.
90. It should be noted that the Liability Benchmark is only a snapshot in time and as capital expenditure plans evolve further borrowing is likely to be incurred which will increase the CFR and push the point at which the lines move towards zero further out into future years.

Borrowing – Overall Limits

91. In determining what is 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 50 years would currently cost the Council some 5.5% p.a. (based on an annuity loan with a 5% interest rate) i.e., £55,000 p.a.
92. In taking on significant 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. It is considered 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.

Borrowing – Certainty Rate

93. 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 annually – for as long as it remains available.

Policy on Borrowing in Advance of Need

94. The Authority 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 within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.
95. In determining whether borrowing will be undertaken in advance 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.
 - 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.
96. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Rescheduling

97. Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.
98. If rescheduling is to be undertaken, it will be reported to the Cabinet, at the earliest meeting following its action.

New Financial Institutions as a Source of Borrowing and / or Types of Borrowing

99. Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:
 - Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
 - Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
 - UK Municipal Bonds Agency and UK Infrastructure Bank
100. Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

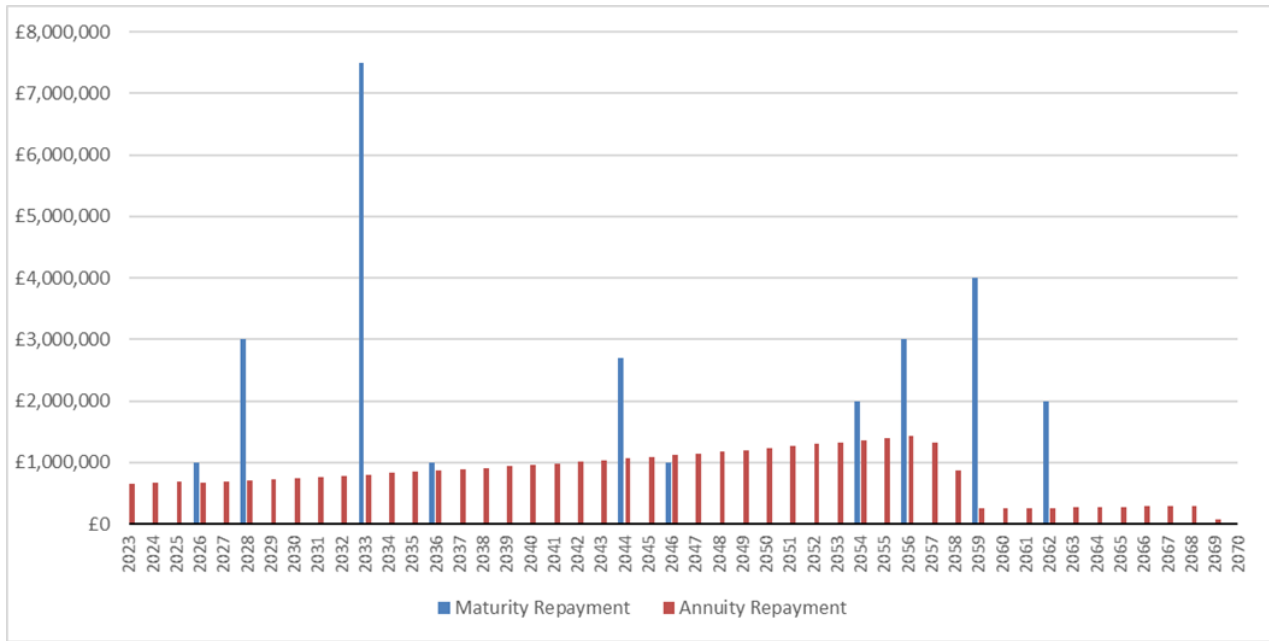
Borrowing – Timing

101. 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 (internal borrowing). However, to minimise longer term costs it needs to borrow when rates are at lower levels. The timing of new borrowing is therefore important to minimise the overall costs to the Council.

102. The Council has previously sought to achieve near full financing of the Capital programme via external debt over recent years in order to take advantage of the historically low borrowing rates and avoid the risk of having to lock into high interest rates when it has no option but to borrow. For the last year, a higher level of internal borrowing was adopted to temporarily finance long life assets. Currently, with interest rates looking likely to increase further the Council is considering externalising some of the internal debt to lock in rates at lower levels.

Debt Maturity

103. The Graph below shows the profile of when debt (loans from the PWLB) become repayable. Blue lines indicate maturity loans and red lines indicate annuity loans.



104. The Council will need to carefully consider the structure and timing of any new borrowing to ensure debt does not exceed the CFR in the years ahead.

Approved Sources of Long and Short-term Borrowing

105. The following are the approved sources of long and short-term borrowings permitted by the council:

On Balance Sheet	Fixed	Variable
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●

Stock Issues	●	●
Local Temporary	●	●
Local Bonds	●	
Local Authority Bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance Leases	●	●

Summary

106. No new external borrowing has been taken over the last 12 months but instead the council has been utilising internal borrowing to minimise interest costs.
107. The capital expenditure plans require no further new borrowing by the Council. The plans play a large part in the consideration as to when to borrow and the level of internal borrowing. The Council has taken advantage of other investment opportunities which have been providing higher returns than the cost of borrowing e.g., property funds. To date the Council has increased the level of internal funding in order to save on interest payments as the cost of these exceeds returns that can be achieved by investing surplus funds in the short term.
108. For the last few years, the cheapest borrowing has been internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, the Council may not have sufficient balances to temporarily finance all the capital expenditure in 2024/25 and may need to borrow before March 2025. In view of the overall forecast for long-term borrowing rates to remain static in the medium term, consideration has been given to weighing the short-term advantage of internal borrowing against the potential increase in long term costs if rates rise.
109. Where required, the use of PWLB variable rate loans for up to 10 years will still 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.
110. The use of fixed rate market loans will also be considered should rates be below PWLB rates for the equivalent maturity period. The use of either PWLB maturity or annuity loans will be considered in order to minimise annual borrowing costs.

ANNUAL INVESTMENT STRATEGY

Investment Policy

111. The Department of Levelling Up, Housing and Communities (DLUHC - formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
112. The Council's investment policy has regard to the DLUHC's Guidance on Local Government Investments ("the Guidance"), the CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code") and the CIPFA Treasury Management Guidance Notes 2021.
113. The Council has had various investment limits depending upon the credit rating e.g., £5m with any one institution with a minimum short-term rating of F+, and a long-term rating of A+ or above, supported by a red (6 month) rating by Link Group. The £5m limit generally represents a level of up to 25% of the investment portfolio with any one institution or group at any one time. It is also necessary, at times, to invest sums of this size in order to attract the larger institutions which have the higher credit ratings.
114. The guidance from the DLUHC and CIPFA places a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:
 - a) Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
 - b) **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.
 - c) **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
 - d) This Council has defined the list of **types of investment instruments** that the treasury **management** team are authorised to use. There are two lists in Appendix 5 under the categories of 'specified' and 'non-specified' investments:

Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.

Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or **are** more complex instruments which require greater consideration by members and officers before being authorised for use.
 - e) **Lending limits**, (amounts and maturity), for each counterparty as set out in the **creditworthiness** policy below.
 - f) **Transaction limits** are set for each type of investment.
 - g) Investments will only be placed with counterparties from countries with a **specified minimum sovereign rating**.
 - h) This Council has engaged **external consultants** (Link Group), to provide expert advice on how to optimise an appropriate balance of security, liquidity, and yield, given the risk

appetite of the council in the context of the expected level of cash balances and need for liquidity throughout the year.

- i) All investments will be denominated in **sterling**.
 - j) Consideration will be given to organisations Environmental, Social & Governance (ESG) credentials, although no scoring will be applied.
 - k) As a result of the change in accounting standards for 2023/24 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. More recently, a further extension to the over-ride to 31.3.25 has been agreed by Government.
115. However, the Council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.
116. There are no changes in our risk management policy and the above criteria remain unchanged from last year.

Creditworthiness Policy

117. This Authority applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's, and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:
1. "watches" and "outlooks" from credit rating agencies,
 2. CDS spreads that may give early warning of changes in credit ratings,
 3. sovereign ratings to select counterparties from only the most creditworthy countries.
118. This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands:
- | | |
|--------------|--|
| • Yellow | 5 years * |
| • Dark pink | 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25 |
| • Light pink | 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5 |
| • Purple | 2 years |
| • Blue | 1 year (only applies to nationalised or semi nationalised UK Banks) |
| • Orange | 1 year |
| • Red | 6 months |
| • Green | 100 days |
| • No colour | not to be used |
119. The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.
120. Typically, the minimum credit ratings criteria the Authority uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
121. All credit ratings will be monitored monthly. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - in addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list.
122. 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, as well as information on any external support for banks to help support its decision-making process.

Creditworthiness

123. Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

CDS prices

124. Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

Limits

125. Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups, and sectors.
- Non-specified treasury management investment limit.** The Council has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being 25% of the total treasury management investment portfolio.
 - Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch (*or equivalent*). 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.

Other limits

126. In addition:
- no more than £10m will be placed with any non-UK country at any time,
 - limits in place above will cumulatively apply to a group of companies/institutions,
 - sector limits will be monitored regularly for appropriateness.

Investment Strategy

127. As at January 2024 the Council had cash balances amounting c£29.2m. The monies held are higher than would normally be expected and include monies that the Council is holding in respect of a number of grant schemes.
128. The Council's investment priorities will be security first, portfolio liquidity second, and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite.
129. 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. The use of Money Market

funds is anticipated, the Council is setup on a portal to allow access to a diversified range of money market funds from different providers.

130. The effects of the pandemic and conflicts continue to impact on countries around the world and in turn on credit ratings. The Council follows the Credit ratings of Link Group, and the ratings now enable the Council to invest £5m with any one institution with a minimum short-term rating of F (rather than F+), and a long-term rating of A+ and above (Unchanged), supported by a red (6 month) rating.
131. In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider “laddering” investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options. The Council is in the position to ensure that its cash balances are spread across numerous counterparties.
132. **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually **obtainable** by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate having peaked in the second half of 2023 and possibly reducing as early as the second half of 2024 so an agile investment strategy would be appropriate to optimise returns.
133. Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

Investment returns expectations.

134. The current forecast shown in paragraph 70, includes a forecast for Bank Rate to have peaked at 5.25%.
135. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year	
2023/24 (residual)	5.30%
2024/25	4.55%
2025/26	3.10%
2026/27	3.00%
2027/28	3.25%
Years 6 to 10	3.25%
Years 10+	3.25%

136. As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.
137. For cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, Money Market Funds, and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

Investment treasury indicator and limit

138. For total principal funds invested for greater than 365 days, these limits are set with regard to the Council’s liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.
139. The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days			
£m	2024/25	2025/26	2026/27
Principal sums invested for longer than 365 days	£5m	£5m	£5m
Current investments as at 31/12/23 in excess of 1 year maturing in each year	£5m	£5m	£5m

Investment Strategy – Property Fund

140. It was agreed in February 2017 that the option for diversification of some of the investments into a property fund be undertaken with CCLA in the sum of £2m. The investment being 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. The £2m was invested in April 2017 and the performance is detailed below:

Table 6: CCLA – LA’s Property Prices and Dividend yields

End of	Sept 23	June 23	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
Offer Price p	303.70	307.30	307.73	368.46	313.45	315.7	327.4
Net Asset Value p	284.50	287.87	288.27	345.17	293.63	295.74	306.7
Bid Price p	280.09	283.41	283.80	339.82	289.08	291.15	301.95
Dividend* on XD Date p	3.74	3.35	3.09	2.7875	2.9797	3.25	3.31
Dividend* - Last 12 Months p	13.27	12.79	12.29	11.22	12.63	13.06	13.08
Dividend Yield on NAV %	4.66	4.44	4.26	3.13	4.3	4.41	4.26

141. The dividend yield is currently around 4.7% p.a. on the net asset value. Dividends for the first 2 quarters of 2023/24 amount to £46,160 (£39,811 at the same point last year). Full year dividends for 2023/24 are estimated at around £86,400 and a similar return is anticipated for 2024/25.

Table 7: CCLA - Property Fund Capital Value

Units (651,063)	Sep-23	Jun-23	Mar-23	Mar-22	Mar-21	Mar-20	Mar-19
Mid-Market Price(£)	1,852,274	1,882,874	1,876,819	2,247,274	1,911,716	1,925,454	1,996,810
Bid Price (£)	1,823,562	1,845,178	1,847,717	2,212,442	1,882,093	1,895,570	1,965,885

142. The Capital value (Net market Value) has decreased by 7.2% between April 2020 and September 2023 and is now below the original investment.

Diversified Income Fund

143. It was agreed in February 2019 that a sum of £3m would be made available for further diversification of the Council’s investments. £1m was invested on 26 July 2019 and a further £2m investment was made on 24 September 2019 into the CCLA Diversified Income Fund. Anticipated returns were around 3% with the added advantage of much higher liquidity than the property fund.
144. The market value of the initial investment was £3,012,479 as at the end of December 2019. In March 2020 the market value had fallen to £2,620,089, this has seen a recovery with a market value of £2,824,439 on 29 December 2023 (6.2% below the initial investment value). Dividend yield on price was 3.25% for December 2023 (3.0% March 2023). Dividends payable for the first 2 quarters of 2023/24 amount to £41,073 (£44,402 for the same period last year). It should be remembered that this is a long-term investment and prices can go up and down.

Investment Performance / Risk Benchmarking

145. This Authority will use an investment benchmark to assess the investment performance of its investment portfolio of overnight, 7 day, 1, 3, 6 or 12 month compounded / SONIA.

End of Year Investment Report

146. At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Regeneration and Economic Development - Income Generation

147. The Council has remained keen to pursue capital schemes that also generate income. Substantial investments in housing and energy projects will necessitate new borrowing. The levels of new borrowing that the Council can afford to take on board will be dependent upon the individual proposals and credit worthiness of the counterparties involved.
148. The additional risks that the Council is taking on need to be considered in the context of the totality of risk that the Council faces e.g., external claims, 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.

Policy on Use of External Service Providers

149. The Council uses Link Group, Treasury solutions as its external treasury management advisors. There is currently value in employing external providers of treasury management services in order to acquire access to credit worthiness information and specialist advice.

Training

150. The CIPFA Code requires the responsible officer (Chief Financial Officer) to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. In terms of treasury management in general, training has been undertaken by members on an annual basis to date.
151. Furthermore, the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance, and decision making.
152. As a minimum, authorities should carry out the following to monitor and review knowledge and skills:
- Record attendance at training and ensure action is taken where poor attendance is identified.
 - Prepare tailored learning plans for treasury management officers and key members.
 - Require treasury management officers and key members to undertake self- assessment against the required competencies.
 - Have regular communication with officers and key members, encouraging them to highlight training needs on an ongoing basis.
153. Treasury Management Training was offered to all members on 11th January 2023 with further training arranged, as required.
154. The training needs of treasury management officers are periodically reviewed.
155. A formal record of the training received by officers and members central to the Treasury function is maintained by the Deputy Chief Finance Officer.

MiFID II (Markets in Financial Instruments Directive)

156. In brief, this directive requires the Council to distinguish itself as either a retail or professional client. In order to qualify for professional status, the Council is required to show that it has more than £10m in investments, invests regularly (more than 10 times a quarter), as well as having appropriately trained and experienced staff.
157. To date only two counterparties have required us to complete the forms in order to maintain the existing professional status. The directive became law on 1 January 2018.
158. The two parties to date are Link Group and CCLA. A schedule of such counterparties will be maintained, as per the requirements of the Code, should the list expand further.

Scheme of Delegation

159. Please see Appendix 9.

Role of the Section 151 Officer

160. Please see Appendix 10.

APPENDIX 1

Minimum Revenue Provision – An Introduction

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.

Statutory duty

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Authority can use any other reasonable basis that it can justify as prudent.

The MRP policy statement requires full Council approval in advance of each financial year.

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

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 Supported Capital Expenditure (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 2024/25

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) regulations 2008 require the Authority to calculate a prudent provision of MRP whilst having regard to the current MRP Guidance (2018). The broad aim of prudent provision is to ensure that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The Guidance gives four ready-made options for calculating MRP, but the Authority can use any other reasonable basis that it can justify as prudent.

The MRP policy statement requires full Council approval in advance of each financial year.

It is recommended that Council approves the following MRP Policy Statement.

- Supported borrowing incurred before 1st April 2008 will apply the Asset Life Method using an annuity calculation over 50 years.
- Unsupported borrowing will be subject to MRP using the Asset Life Method, which will be charged over a period which is reasonably commensurate with the estimated useful life of the assets. An annuity method will be applied for the MRP calculation.
- The interest rate applied to the annuity calculations will reflect the market conditions at the time. For the 2024/25 financial year the interest rate used will be average PWLB rate for the year.
- MRP will commence in the financial year following the one in which the expenditure was incurred, or in the year after the asset becomes operational.
- MRP in respect of unsupported borrowing taken to meet expenditure, which is treated as capital expenditure by virtue of either a capitalisation direction or regulations, will be determined in accordance with the asset life method as recommended by the MRP guidance.

- MRP in respect of assets acquired under PFI or Finance Leases will be charged at a rate equal to the principal element of the annual lease rental for the year in question.
- MRP Overpayments - The MRP Guidance allows that any charges made in excess of the statutory MRP, i.e., voluntary revenue provision (VRP) or overpayments, can be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. The VRP overpayments up to 31st March 2023 are £0.
- On an annual basis the Section 151 Officer shall review the level of MRP to be charged, to determine if this is at a level which is considered prudent based on the Authority's circumstances at that time, taking into account medium / long term financial plans, current budgetary pressures, current and future capital expenditure plans. Dependant on this review the Section 151 officer will adjust the annual MRP charge by making VRP or reclaiming previous VRP. The amount of MRP charged *shall not be less than zero in any financial year.*

APPENDIX 2 - Interest Rate Forecasts

Link Group Interest rate forecast – March 2024 – March 2027

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

Note: PWLB forecasts are based on PWLB certainty rates.

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APPENDIX 3 - Economic Review (by Link Group)

ECONOMIC BACKGROUND

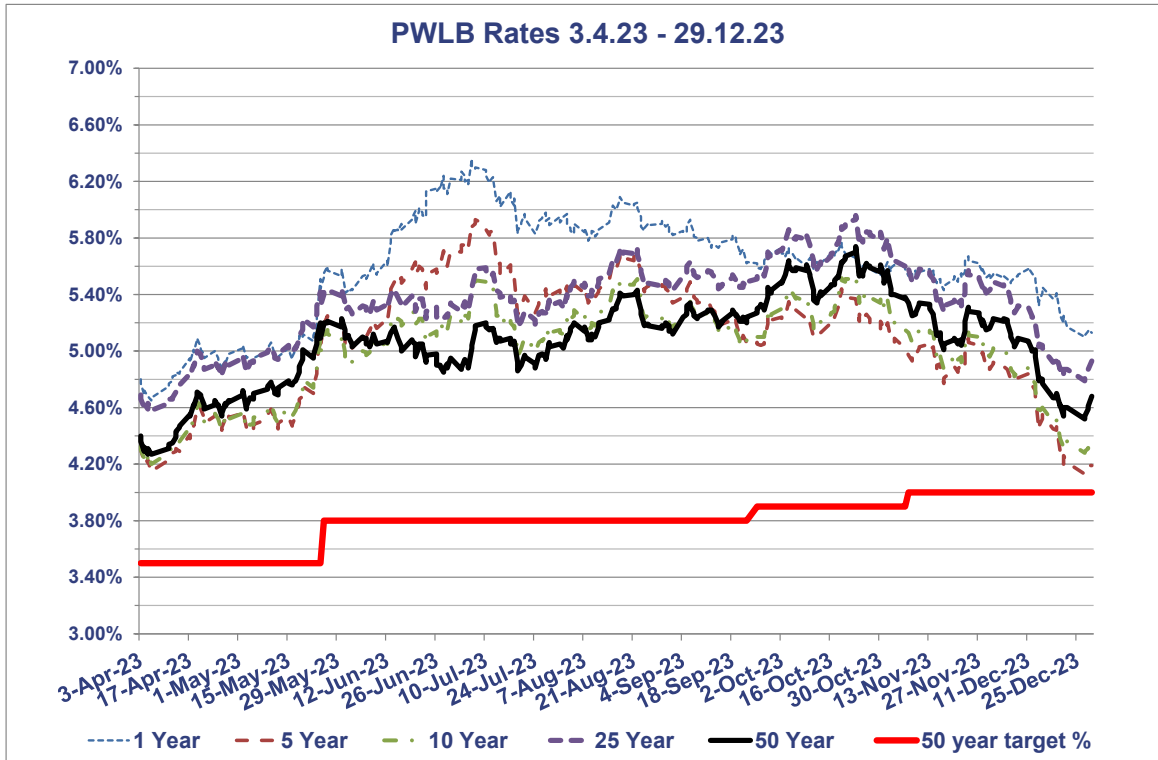
- The third quarter of 2023/24 saw:
 - A 0.3% m/m decline in real GDP in October, potentially partly due to unseasonably wet weather, but also due to the ongoing drag from higher interest rates. Growth for the second quarter, ending 30th September, was revised downwards to -0.1% and growth on an annual basis was also revised downwards, to 0.3%.
 - A sharp fall in wage growth, with the headline 3myy rate declining from 8.0% in September to 7.2% in October, although the ONS “experimental” rate of unemployment has remained low at 4.2%.
 - CPI inflation continuing on its downward trajectory, from 8.7% in April to 4.6% in October, then again to 3.9% in November.
 - Core CPI inflation decreasing from April and May’s 31 years’ high of 7.1% to 5.1% in November, the lowest rate since January 2022.
 - The Bank of England holding Bank Rate at 5.25% in November and December.
 - A steady fall in 10-year gilt yields as investors revised their interest rate expectations lower.
- The revision of GDP data in Q2 to a 0.1% q/q fall may mean the mildest of mild recessions has begun. Indeed, real GDP in October fell 0.3% m/m which does suggest that the economy may stagnate again in Q3. The weakness in October may partly be due to the unseasonably wet weather. That said, as the weakness was broad based it may also be the case that the ongoing drag from higher interest rates is more than offsetting any boost from the rise in real wages.
- However, the rise in the flash composite activity Purchasing Managers Index, from 50.7 in November to 51.7 in December, did increase the chances of the economy avoiding a contraction in Q3. The improvement was entirely driven by the increase in the services activity balance from 50.9 to 52.7. (Scores above 50 points to expansion in the economy, although only tepid in this instance.) The press release noted that this was primarily driven by a revival in consumer demand in the technological and financial services sectors. This chimes with the further improvement in the GfK measure of consumer confidence in December, from -24 to -22. The services PMI is now consistent with non-retail services output growing by 0.5% q/q in Q3, but this is in stark contrast to the manufacturing sector where the output balance slumped from 49.2 to 45.9 and, at face value, the output balance is consistent with a 1.5% q/q fall in manufacturing output in Q3.
- The 0.3% m/m fall in retail sales volumes in October means that after contracting by 1.0% q/q (which was downwardly revised from -0.8% q/q) in Q2, retail activity remained weak at the start of Q3. That suggests higher interest rates are taking a bigger toll on real consumer spending.
- Higher interest rates have filtered through the financial channels and weakened the housing market but, overall, it remains surprisingly resilient with the Halifax house price index recently pointing to a 1.7% year on year increase whilst Nationwide’s December data pointed to a -1.8% year on year decrease. However, the full weakness in real consumer spending and real business investment has yet to come as currently it is estimated that around two thirds to a half of the impact of higher interest rates on household interest payments has yet to be felt.
- Overall, we expect real GDP growth to remain subdued throughout 2024 as the drag from higher interest rates is protracted but a fading of the cost-of-living crisis and interest rate cuts in the second half of 2024 will support a recovery in GDP growth in 2025.

- The labour market remains tight by historical standards, but the sharp fall in wage growth seen in October will reinforce the growing belief in markets that interest rates will be cut mid-2024. Wage growth eased in October much faster than the consensus expected. Total earnings fell by 1.6% m/m, which meant the headline 3myy rate eased from 8.0% in September to 7.2% in October. This news will be welcomed by the Bank of England. Indeed, the timelier three-month annualised rate of average earnings growth fell from +2.4% to -1.2%. Excluding bonuses, it fell from 5.3% to 2.0%. Furthermore, one of the Bank's key barometers of inflation persistence, regular private sector pay growth, dropped from 7.9% 3myy to 7.3%, which leaves it comfortably on track to fall to 7.2% by December, as predicted by the Bank in November.
- The fall in wage growth occurred despite labour demand being stronger in October than expected. The three-month change in employment eased only a touch from +52,000 in September to +50,000 in October. But resilient labour demand was offset by a further 63,000 rise in the supply of workers in the three months to October. That meant labour supply exceeded its pre-pandemic level for the first time, and the unemployment rate remained at 4.2% in October. In the three months to November, the number of job vacancies fell for the 17th month in a row, from around 959,000 in October to around 949,000. That has reduced the vacancy to unemployment ratio as demand for labour eases relative to supply, which may support a further easing in wage growth in the coming months.
- CPI inflation fell from 6.7% in September to 4.6% in October, and then again to 3.9% in November. Both these falls were bigger than expected and there are clear signs of easing in domestic inflationary pressures. The fall in core CPI inflation from 5.7% to 5.1% in November was bigger than expected (consensus forecast 5.6%). That is the lowest rate since January 2022. Some of the decline in core inflation was due to the global influence of core goods inflation, which slowed from 4.3% to 3.3%. But some of it was due to services inflation falling from 6.6% to 6.3%. The Bank views the latter as a key barometer of the persistence of inflation and it came in further below the Bank's forecast of 6.9% in its November Monetary Policy Report. This will give the Bank more confidence that services inflation is now on a firmly downward path.
- The Bank of England sprung no surprises with its December monetary policy committee (MPC) meeting, leaving interest rates at 5.25% for the third time in a row and pushing back against the prospect of near-term interest rate cuts. The Bank continued to sound hawkish, with the MPC maintaining its tightening bias saying that "further tightening in monetary policy would be required if there were evidence of more persistent inflationary pressures." And it stuck to the familiar script, saying that policy will be "sufficiently restrictive for sufficiently long" and that "monetary policy is likely to need to be restrictive for an extended period of time." In other words, the message is that the MPC is not yet willing to endorse investors' expectations that rates will be cut as soon as May 2024.
- Looking ahead, our colleagues at Capital Economics forecast that the recent downward trends in CPI and core inflation will stall over the next few months before starting to decline more decisively again in February. That explains why we think the Bank of England will not feel comfortable cutting interest rates until H2 2024.
- The fall in UK market interest rate expectations in December has driven most of the decline in 10-year gilt yields, which have fallen in line with 10-year US Treasury and euro-zone yields. 10-year gilt yields have fallen from 4.68% in October 2023 to around 3.70% in early January, with further declines likely if the falling inflation story is maintained.
- Investors' growing expectations that the Fed will cut interest rates soon has led to an improvement in risk sentiment, which has boosted the pound and other risky assets. In addition, the rise in the pound, from \$1.21 in November to \$1.27 now, has also been supported by the recent relative decline in UK wholesale gas prices.

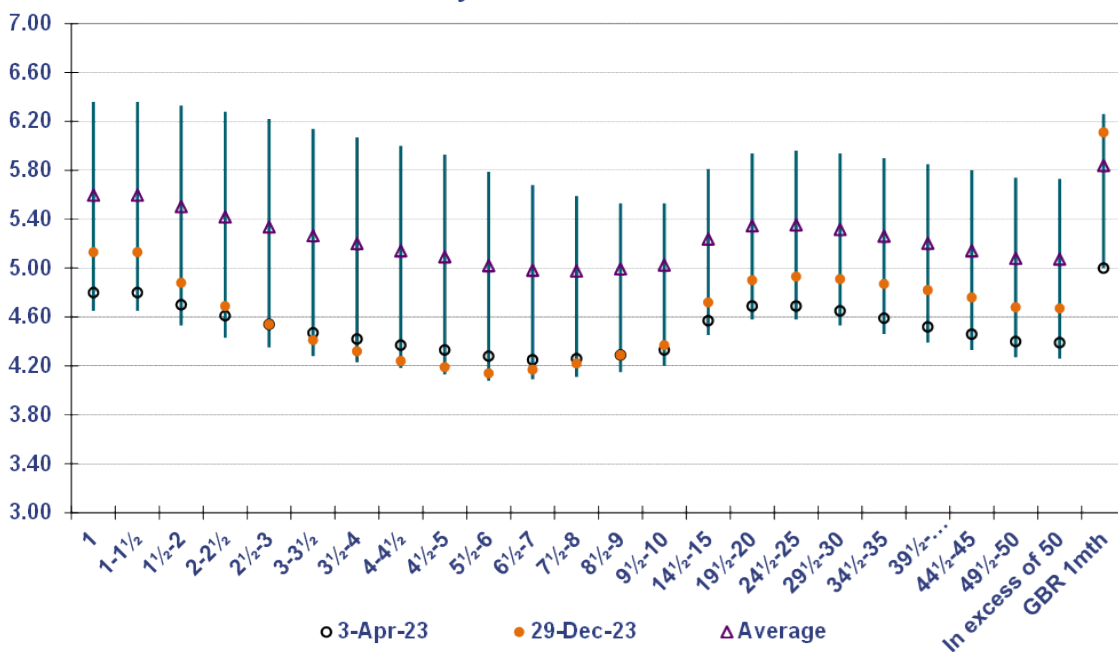
- The further fall in 10-year gilt yields in December has supported the recent rise in the FTSE 100. That said, the index remains 5% below its record high in February 2023. This modest rise in equities appears to have been mostly driven by strong performances in the industrials and rate-sensitive technology sectors. But UK equities have continued to underperform US and euro-zone equities. The FTSE 100 has risen by 2.2% in December, while the S&P 500 has risen by 3.8%. This is partly due to lower energy prices, which have been a relatively bigger drag on the FTSE 100, due to the index's high concentration of energy companies.

In the chart below, the rise in gilt yields across the curve in the first half of 2023/24, and therein PWLB rates, is clear to see, prior to the end of year rally based on a mix of supportive domestic and international factors.

PWLB RATES 3.4.23 - 29.12.23



PWLB Certainty Rate Variations 3.4.23 to 29.12.23



HIGH/LOW/AVERAGE PWLB RATES FOR 3.4.23 – 29.12.23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.13%	4.20%	4.58%	4.27%
Date	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.53%	5.96%	5.74%
Date	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
Average	5.60%	5.09%	5.03%	5.35%	5.08%
Spread	1.71%	1.80%	1.33%	1.38%	1.47%

MPC meetings 2nd November and 14th December 2023

- On 2nd November, the Bank of England's Monetary Policy Committee (MPC) voted to keep Bank Rate on hold at 5.25%, and on 14th December reiterated that view. Both increases reflected a split vote, the latter by 6 votes to 3, with the minority grouping voting for an increase of 0.25% as concerns about "sticky" inflation remained in place.
- Nonetheless, with UK CPI inflation now at 3.9%, and core inflating beginning to moderate (5.1%), markets are voicing a view that rate cuts should begin in Q1 2024/25, some way ahead of the indications from MPC members. Of course, the data will be the ultimate determinant, so upcoming publications of employment, wages and inflation numbers will be of particular importance, and on-going volatility in Bank Rate expectations and the gilt yield curve can be expected.
- In addition, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has kept short-term rates in the range of 5.25%-5.50%, whilst the ECB has moved its Deposit rate to a probable peak of 4%. Markets currently expect both central banks to start cutting rates in 2024.

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.

TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt					
borrowing	110,000	135,000	135,000	135,000	135,000
other long-term liabilities	5,000	5,000	5,000	5,000	5,000
TOTAL	115,000	140,000	140,000	140,000	140,000
Operational Boundary for external debt					
borrowing	105,000	130,000	130,000	130,000	130,000
other long-term liabilities	5,000	5,000	5,000	5,000	5,000
TOTAL	110,000	135,000	135,000	135,000	135,000

Interest Rate Exposures	2023/24 Upper	2024/25 Upper	2025/26 Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	100%	100%	100%
Limits on fixed interest rates:			
· Debt only	100%	100%	100%
· Investments only	100%	100%	100%
Limits on variable interest rates			
· Debt only	30%	30%	30%
· Investments only	100%	100%	100%
Maturity Structure of fixed interest rate borrowing 2024/25			
	Lower	Upper	
Under 12 Months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years to 20 years	0%	100%	
20 years to 30 years	0%	100%	
30 years to 40 years	0%	100%	
40 years to 50 years	0%	100%	
Maturity Structure of variable interest rate borrowing 2024/25			
	Lower	Upper	
Under 12 Months	0%	30%	
12 months to 2 years	0%	30%	
2 years to 5 years	0%	30%	
5 years to 10 years	0%	30%	
10 years to 20 years	0%	10%	
20 years to 30 years	0%	10%	
30 years to 40 years	0%	10%	
40 years to 50 years	0%	10%	

Affordability Prudential Indicator - Ratio of financing costs to net revenue stream.

This indicator assesses the affordability of the capital investment plans. It provides an indication of the impact of the capital investment plans on the Council's overall finances. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Prudential Indicator: Financing Cost to Net Revenue Stream	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Financing Costs	£'000	£'000	£'000	£'000	£'000
1. Interest Charged to General Fund	1,862	2,435	1,817	1,817	1,817
2. Interest Payable under Finance Leases and any other long-term liabilities	-	-	-	-	-
3. Gains and losses on the repurchase or early settlement of borrowing credited or charged to the amount met from government grants and local taxpayers	-	-	-	-	-
4. Interest and Investment Income	(540)	(808)	(824)	(618)	(618)
5. Amounts payable or receivable in respect of financial derivatives	-	-	-	-	-
6. Minimum Revenue Provision (MRP) / Voluntary Revenue Provision (VRP)	870	904	966	1,021	1,125
7. Depreciation/Impairment that are charged to the amount to be met from government grants and local taxpayers	-	-	-	-	-
Total	1,591	2,009	1,483	1,538	1,642
Net Revenue Stream					
Amount to be met from government grants and local taxpayers	14,743	15,752	14,829	14,404	16,122
Ratio Financing Cost to Net Revenue Stream	11%	13%	10%	11%	10%

This prudential indicator shows that the ratio of financing costs to the net revenue stream is increasing. This is not unexpected given that the Council has had an income generation strategy that has resulted in increased Capital expenditure over the period 2017/18 to 2021/22 and that the Council agreed a programme for over £54m of Capital expenditure over the period 2020/21 to 2023/24 - thus increasing borrowing costs. The above ratio does not take into account the income is being generated from some of the initiatives and commercial property acquisitions as these are not treated as investment income.

Other Prudential Indicators

Internal Borrowing and Gearing ratios for the authority are included in the Capital Strategy.

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 up to a maximum of 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 (CNAV, LVAV, VNAV)	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	12 months
UK Government Treasury Bills	UK sovereign rating	12 months

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 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	<p>Security / Minimum credit rating</p> <p>(A) Why use it? (B) Associated risks</p>
Property Funds	<p><i>The use of these instruments can be deemed capital expenditure, and as such will be an application (spending) of capital resources. This Authority will check on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken. These are longer term investments and will extend beyond 365 days (expected to be invested for 5 years or more)</i></p>
UK Government Gilts with maturities in excess of 1-year Custodial arrangement required prior to purchase	<p>Government backed</p> <p>(A) Why use it?</p> <ul style="list-style-type: none"> (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. <p>(B) Associated risks</p> <ul style="list-style-type: none"> (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

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's, and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)

AA-

- Belgium
- France
- Qatar
- **U.K.**

APPENDIX 7 - Treasury Management Policy Statement

The Council defines the policies and objectives of its treasury management activities as:

“The management of the organisation’s borrowing, investments and cash flows, including 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.”

This 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, and any financial instruments entered into to manage these risks.

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 - Key Principles and Clauses formally adopted.

The Code identifies three key principles:

Key Principle 1

Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

Key Principle 2

Their policies and practices should make clear that the effective management and control of risk are the prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.

Key Principle 3

They should acknowledge that the pursuit of value for money in treasury management and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

Clauses formally adopted.

1. This organisation will create and maintain, as the cornerstones for effective treasury management:
 - A Treasury Management Policy Statement, stating the policies, objectives, and approach to risk management of its treasury management activities.
 - Suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
 - Investment Management Practices (IMPs) for investments which are not for treasury management purposes.

The content of the policy statement TMPs and IMPs will follow the recommendations contained in Sections 6, 7 and 8 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Codes key principles.

2. This organisation (i.e., full Council) will receive reports on its treasury management policies, practices, and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid- year review and an annual report after its close, in the form prescribed in its TMPs and IMPs.
3. This council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury decisions to the Chief Financial Officer, who will act in accordance with the organisations policy statement, TMPs, and IMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. This Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

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 mid-year 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 mid-year 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).
4. Approval of/amendments to the organisation's adopted clauses, treasury management policy statement.
5. Budget consideration and approval.
6. Approval of the division of responsibilities.

(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) responsibilities:

- recommending clauses, treasury management policy for approval, determining 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.

Additional Responsibilities following new Codes of Practice/ Investment Guidance

The above list of specific responsibilities of the S151 officer in the 2021 Treasury Management Code has not changed. However, implicit in the changes in both the Prudential and the Treasury Management Codes, is a major extension of the functions of this role, especially in respect of non-financial investments, (which CIPFA has defined as being part of treasury management). Namely:-

1. preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments, and treasury management, with a long-term timeframe (say 20+ years – to be determined in accordance with local priorities).
2. ensuring that the capital strategy is sustainable, affordable, and prudent in the long term and provides value for money.
3. ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority.
4. ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing.
5. ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources.
6. ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities.
7. provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans, and financial guarantees.
8. ensuring that members are adequately informed and understand the risk exposures taken on by an authority.
9. ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above.
10. creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following): -
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios.
 - Performance measurement and management (TMP2 and schedules),

including methodology and criteria for assessing the performance and success of non-treasury investments.

- Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making.
- Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken.
- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

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Capital Strategy (2024/25)

Introduction

1. Hastings Borough Council has a range of capital resources at its disposal which is used in the delivery of its strategic priorities and objectives. These resources include iconic assets such as Hastings Castle and the Cliff Railways, to parks and open spaces, leisure facilities and entertainment venues.
2. The council's ability to ensure that these vital assets are well maintained is crucial to the future financial stability and resilience of the council. If assets fall into disrepair and are no longer fulfilling their maximum potential and primary purpose, then the ability to deliver our objectives and priorities is severely hindered.
3. The Capital Strategy should provide a high-level overview of how capital expenditure, capital financing, investments, liabilities and treasury management activity contribute to the provision of services. Together with an overview of how associated risk is managed and the implications for future financial sustainability.
4. It is therefore imperative that the council manages and plans its use of capital resources wisely and why one of the stated corporate objectives is to develop a full and detailed Corporate Asset Management Plan which will feed into future capital strategies, along with a Housing Strategy to deal with the Housing crisis that the Council finds itself in currently.
5. With all capital expenditure comes associated risk, and this comes in different forms and needs to be managed by the council when appraising different options. The risks could be from:
 - Will the Asset deliver the projected outcome?
 - Are the estimates for running costs and income accurate?
 - What is the most prudent way of financing the asset i.e. borrowing?

Regulation

6. The CIPFA revised Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which seeks to provide the following:
 - a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
 - an overview of how the associated risk is managed.
 - the implications for future financial sustainability.
7. The aim of this capital strategy is to ensure that all elected members on the full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
8. This Capital Strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the Capital Strategy and the budget report. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.
9. The capital strategy seeks to identify:
 - The corporate governance arrangements for these types of activities:
 - Service objectives relating to the Capital expenditure:
 - The expected income, costs and resulting contribution:
 - The debt related to the activity and the associated interest costs:
 - The payback period (MRP policy):
 - For non-loan type investments, the cost against the current market value:
 - The risks associated with each activity.
10. Where a physical asset is being bought, details of market research, advisers used, ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.
11. To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are identified.
12. The Capital strategy, and in particular the capital programme supports the Council's Corporate plan and is closely tied to the Medium-Term Financial Strategy and the budget. The Capital Strategy is required to be compiled for a longer timeframe – generally 10 to 20 years although not specified.
13. The Council's future spending plans are continuing to evolve and as such the Capital Strategy and other strategies may need to be re-determined by full Council when the future plans are sufficiently robust – given the impact of the Towns Fund monies and the potential housing schemes. The report does detail

the Council's borrowing commitments until 2069/70 that result from past and current capital programmes.

Objectives of the Capital Strategy

14. The Capital Strategy is one of the council's key documents in providing a medium to long term plan. It needs to be consistent with other key plans such as the following:
 - Corporate Asset Strategy
 - Corporate Plan
 - Capital Programme
 - Treasury Management Strategy
 - Medium Term Financial Plan
 - Revenue Budget
 - Resources Plan
15. The Capital Strategy is therefore the policy framework document that sets out the principles to be used to guide the allocation of capital investment across all of the councils' priorities and informs the decisions on capital spending priorities.
16. In addition, and as part of the strategy, the Chief Financial Officer reports explicitly on the affordability and risk associated with the Capital Strategy.

High Level Overview of how Capital Expenditure, Capital Financing and Treasury Management Activity Contribute to the Provision of Services

17. As detailed in the Council's Medium Term Financial Strategy (MTFS), the Council continues to be in a difficult financial position requiring service reforms in its journey to becoming a lower spending council. The Council seeks to use capital investment in the borough to not only achieve key corporate objectives but also to generate additional income in order to continue to provide services to its residents. The expenditure plans for the next three years are detailed below along with the expected outcomes.

Capital Expenditure 2024/25

18. Capital Investment is defined as 'Expenditure on the acquisition, creation, or enhancement of 'non-current assets' i.e.items of land, property and plant which have a useful life of more than 1 year'. Expenditure outside of this definition will therefore be revenue expenditure.

19. The Council's Capital programme amounts to some £12.652m (£7.791m net of grants and contributions) in 2024/25. The major areas of expenditure include:-
- (I) Housing Acquisition Programme (£11,866,000 of which £5.933m is expected to be spent in 2024/25)**
A programme to potentially acquire up to 50 housing units of various bedroom sizes to use as Temporary Accommodation to reduce the cost to the council of using privately owned accommodation.
 - (II) Energy Generation – Unallocated (£4.3m of which £1.0m is expected to be spent in 2024/25)**
An additional £4.3m has been allocated for energy generation projects but remains unallocated.
 - (III) Disabled Facility Grants (£2.056m (Est) – all grant funding)**
Property related grants for adapting homes. In 2023/24 the Council received funding of £2.1m. The figure for 2024/25 is not yet known – but is not expected to be less. Unspent grant from previous years can be carried forward to use for future spend.
 - (IV) Annual programme of roof refurbishment (£1.7m of which £0.7m is expected to be spent in 2024/25)**
An annual programme of roof refurbishment is required for our commercial and industrial buildings to ensure they remain watertight for their tenants and the council is able to maintain their rental income over the coming years.
 - (V) Energy – Solar Panels (£1.7m of which £0.5m is expected to be spent in 2024/25)**
The installation of solar panels on non-domestic rooftops within the borough – providing cheaper energy for businesses. An additional £4.3m has been allocated for energy generation projects in future years but remains unallocated.
 - (VI) Priory Meadow Contribution to capital works (£250,000 for 2024/25)**
The Council owns 10% of the Priory Meadow shopping centre. The money represents its share of any capital investment costs for 2022/23. The Council receives 10% of the net income for the centre which provides a significant contribution towards meeting the service costs of the council.
 - (VII) Pelham Crescent / Pelham Arcade – Building/Restoration Works (£1.1m in 2024/25)**
In line with the strategic priority of an attractive town, the council is working with property owners to restore the crescent and roadway. Much of the work is conditional on receipt of external grants and contributions.
 - (VIII) IT Upgrade Programme (£600k of which £200k is expected to be spent in 2024/25)**
Working to upgrade the IT Systems – Anticipating spend of £100k on Hardware and £100k on Software in 2024/25.

(IX) Groyne Refurbishment (£35k for 2024/25)

Preserving sea defences and the town is a key priority. The Council funds the groyne refurbishment/ sea defence works and sets aside £35,000 p.a. for this – sometimes packaged together over several years.

Capital Expenditure 2025/26

- 20. The 2025/26 Capital programme amounts to some £6.090m (£3.4m net of grants and contributions).
- 21. The main areas of expenditure are Disabled Facility Grants (£2.056m fully grant funded), Energy Generation (£1.8m unallocated, £638k for Solar Panels), Annual programme of roof refurbishment (£500k), Pelham Arcade (£600k), Priory Meadow (£250k), IT Upgrade Programme (£200k) and Groyne refurbishment (£35k).

Capital Expenditure 2026/27

- 22. The Council’s current capital expenditure plans for 2026/27 amount to some £3.8m (£1.7 net of grants and contributions).
- 23. The main areas of expenditure are currently Disabled Facility Grants (£2.056m fully grant funded), Energy Generation Unallocated (£1m), IT Upgrade Programme (£200k), Annual programme of roof refurbishment (£500k) and Groyne Refurbishment (£35k).

Summarised Capital Expenditure and Funding - 2023/24 to 2026/27

- 24. The table below shows a summary of the expenditure for the current and next three years, along with the projected borrowing requirements.

	2023/24 Forecast £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Gross Capital Expenditure	17,144	12,652	6,090	3,799
Funded By				
Capital Grants & Contributions	8,907	4,861	2,433	2,064
S106	271	0	0	0
Capital Receipts	2,579	5,130	300	50
Other Funding	5,387	2,661	3,357	1,685
Total	17,144	12,652	6,090	3,799

Financing the Capital Programme

25. The Council can invest in a capital programme so long as its capital spending plans are “affordable, prudent and sustainable”.
26. The main sources of finance for capital projects are as follows:
- Capital receipts (from asset sales)
 - Capital grants (e.g. Disabled Facilities Grant)
 - External contributions (e.g. Section 106 developers’ contributions)
 - Earmarked Reserves
 - Revenue contributions
 - Borrowing including internal (Capital Financing Requirement).
27. Borrowing (or Capital Financing Requirement) makes up the most significant element. While the Council has sufficient cash and investment balances in the near term it is able to internally borrow but, in the future, will need to borrow externally in addition to the estimated £64.9m borrowing which will be outstanding at 31 March 2024.
28. The Capital Financing Requirement is reduced over the life of individual assets by an annual contribution from revenue (Minimum Revenue Provision). Further information including borrowing forecasts, the provision for the repayment of debt, and borrowing limits are set out in the Treasury Management Strategy. The table below shows the projected indebtedness of the Council based on the current Capital programme and expected levels of capital receipts, grants and contributions.

Table: Capital Financing Requirement (CFR) less Minimum Revenue Provision (MRP)

CFR	2022/23 (Unaudited) £'000s	2023/24 (Estimate) £'000s	2024/25 (Estimate) £'000s	2025/26 (Estimate) £'000s	2026/27 (Estimate) £'000s
CFR-Opening	71,970	71,099	70,195	69,229	68,208
Less MRP	(870)	(904)	(966)	(1,021)	(1,125)
Plus, New Borrowing	-	-	-	-	-
CFR Closing	71,099	70,195	69,229	68,208	67,083

29. The table above highlights that by the end of 2025/26 the level of debt will have reduced to some £68.2m (subject to viability and the approval of schemes within the Capital programme).

Revenue Consequences of the Capital Programme on the General Fund

30. Borrowing has long term revenue consequences. The overall indebtedness of the Council is reduced by the MRP each year. The overall level of debt needs to be viewed against the overall Long-Term Assets of the authority which stood at

£191.9m at 31 March 2023 (unaudited) (£185.4m as at 31 March 2022).

31. The Council have significantly reduced the borrowing requirement over the last 2 years will need to continue to carefully consider the structure and timing of any new borrowing to ensure debt does not exceed the CFR in the years ahead.

Financial Risk Management

32. The treasury management strategy outlines in some detail the economic environment and the risks that the Council faces in managing its investments and borrowing activities.
33. Where borrowing money to finance economic development or regeneration schemes the Council is increasingly dependent upon the income streams to finance the debt repayments. No matter how good the business cases, and how much of the debt is at fixed rates, there is a limit to the exposure that is acceptable without putting the Council at complete risk of being unable to provide key services in the event of a significant recession.
34. To arrive at an overall borrowing level (Authorised and Operational borrowing limits), the Council needs to take a considered view of its other potential liabilities, future borrowing requirements, guarantees and loans given, bad debts, claims against the Council, future funding, security and diversity of the existing income streams, and unforeseen events e.g. a pandemic.
35. The full Council determine the total limits on borrowing.
36. In terms of cash backed investments, the Investment Policy provides strict guidance on the counterparties the Council is prepared to invest with and for what periods. The Council invested £2m in a property fund (CCLA) in April 2017 and a further £3m tranche of monies in a diversified investment fund in 2020/21.
37. In terms of asset backed investments and projects e.g. involving commercial property and housing, the business cases look to identify the alternative options and uses of the premises should they become vacant.
38. Some projects such as the solar panel installations have some asset backed values, but the ability to meet the debt repayments from energy savings and sale of the surplus energy will remain a risk unless long term forward sale agreements are made. However, such long-term agreements come at the cost of not necessarily obtaining the maximum income. A balance of risk and reward needs to be achieved.

Loans and Guarantees

39. The Council is required to maintain a schedule of loans and guarantees to other organisations.

Table: Loans to Other Organisations

3rd Party Organisations	Rate/ Return (%)	Start Date	End Date	Principal Outstanding as at 31/03/2024 £	Type
Amicus /Optivo	3.78%	04/09/2014	02/09/2044	£1,788,235	Maturity
The Foreshore Trust (504807)	1.66%	21/03/2016	20/03/2026	£79,712	Annuity
The Source	2.43%	17/12/2015	17/12/2025	£8,144	Annuity
			Sub-Total	£1,876,091	
Hastings Housing Company					
Hastings Housing Company - Loan 1	4.48%	28/02/2018	28/02/2058	£784,676	Maturity
Hastings Housing Company - Loan 2	4.84%	12/02/2019	12/02/2059	£344,810	Maturity
Hastings Housing Company - Loan 3	4.84%	13/06/2019	13/06/2059	£4,359,912	Maturity
			Sub-Total	£5,489,398	
			Total	£7,365,489	

40. The above table shows a series of loans to the Hastings Housing Company in respect of property purchases. As at 31 December 2023 the Capital loans amount to £5,489,398. The company has access to a revenue loan facility from the Council; the company fully repaid the revenue loan but has outstanding commitments regarding the capital advances.
41. The Housing Service provides loans and guarantees to individuals for rent in advance and rental deposits and the Council also provides a limited loan facility to staff for car loans, season tickets, and bicycle loans.
42. The Council has other liabilities that need to be considered when assessing the overall financial position of the Council e.g. potential legal claims, pension liabilities.

Reserves

43. The Council maintains reserves for specific purposes (earmarked reserves) and also a general reserve for unavoidable future liabilities. The minimum recommended level of reserves to be maintained has been set at £4m. The adequacy of the reserve levels are reviewed on a regular basis, and particularly when determining the budget.

Risk Appetite & Prudential Indicators

Internal Borrowing

44. When undertaking Capital projects or purchasing new assets, the Council has a number of options as to when and how to finance these. If there are no grants or revenue resources and no capital receipts the Council will finance by borrowing. If it delays the borrowing, then it will be using its own monies (Internal borrowing - generally from reserves) to temporarily fund the assets.
45. If an authority has a large internal borrowing position, this will mean that reserves and balances have temporarily been used to support borrowing positions and therefore the reserves will not be backed by cash in the bank. This position continues to work for many, but as reserves and balances are utilised in the years ahead and balances fall, this will reduce any ability to internally borrow and may bring forward the need to borrow externally (potentially at a time of high interest rates, or when there is limited ability to borrow externally).
46. The Council's Treasury advisers undertook a review of client's balance sheets and the average level of internal borrowing was, from the above graph, just under 20%. The level will vary depending upon when an authority finances expenditure and when debt is refinanced.
47. For Hastings Borough Council it has historically sought to achieve near full financing of the Capital programme over previous years in order to take advantage of the historically low borrowing rates and avoid the risk of having to lock into high interest rates when it has no option but to borrow.
48. For the last few years, a higher level of internal borrowing was adopted. Currently, with interest rates having risen considerably from historic lows, and looking likely to stay at that level for the next financial year the Council will need to carefully consider when the best time to borrow is. Guidance from our external treasury managers will be sought before any borrowing decision are made.
49. For 2024/25 the level of internal borrowing by year end is expected to be £2.7m out of a total borrowing requirement of some £69.2m (3.8%).

Gearing

50. Gearing has predominantly been a debt metric used by the private sector more than the public sector, but recent moves towards commercialism opportunities and investments means that borrowing is a much greater risk and gearing is an appropriate prudential indicator.

51. Gearing provides an early indication of where debt levels are rising, relative to long-term assets held.

Table showing Future Projections of Gearing Ratios – based on Capital programme

Gearing Calculation	Actual 2021-22 £'000	Actual 2022-23 £'000	Estimate 2023-24 £'000	Estimate 2024-25 £'000	Estimate 2025-26 £'000	Estimate 2026-27 £'000	Operational Boundary £'000
Capital Expenditure			17,144	12,652	6,090	3,799	
Additional Financing Required			5,387	2,661	3,357	1,685	
Net Assets	108,409	149,497	166,641	179,293	185,383	189,182	179,293
Long Term Assets	185,420	191,939	209,083	221,735	227,825	231,624	305,084
Capital Financing Requirement	71,790	71,099	70,195	69,229	68,208	67,083	135,000
Ratios:							
Debt : Net Assets	66%	48%	42%	39%	37%	35%	75%
Debt : Long Term Assets	39%	37%	34%	31%	30%	29%	44%

Note: Outturn figures for 2021/22 and 2022/23 are unaudited

52. The Council's position will move from 37% to 29%. If the Council borrowed at the limits to its current Operational Boundary (£135m), then debt to long term assets ratio could rise to 44%.
53. All decisions around debt comes back to affordability, prudence and sustainability principles which are at the heart of the Prudential Code and have been since its inception in 2004.
54. The Chartered Institute of Public Finance and Accountancy have issued a clear statement on the levels of debt that Councils in general are accumulating following the purchase of commercial assets in particular. Such borrowing must be proportionate to the size of the authority. Further detailed guidance was released in autumn 2019, and further changes to the Treasury Management codes have been undertaken to produce revised 2021 editions.
55. The government revised their lending criteria for the Public Works Loan Board (PWLb) on the 25 November 2020 which effectively prevents Councils from borrowing for commercial property investments where the primary purpose is to make a return (yield). The Council has no intention of purchasing commercial property primarily for yield and were it to consider doing so it would need to seek full Council approval to do so.

Ratio of Financing Costs to Net Revenue Stream

56. Financing costs are the element of the budget which an authority is committed to, even before they have run a single service or incurred any other costs as they reflect the current costs of previous/planned capital financing decisions.
57. In Hasting's case the ratio of financing costs in 2024/25 represents, 25%, of the Net Revenue Stream which leaves 75% of the revenue stream for all the other

services to be provided. The higher the percentage, therefore, the less is left for running services.

58. If the Net Revenue Stream is reducing, as funding sources are reduced over time, then even though financing costs may be fixed through fixed-term loans and interest rate certainty, the ratio will potentially continue to climb leaving less available for front-line services and placing further pressures on budget positions.
59. However, the income the Council receives from rents and fees and charges decreases the net expenditure of the Council. The calculation of debt charges to “the amount to be met from Grant and Collection Fund” as a proxy for the “Net Revenue Stream” therefore has to be treated with considerable caution.
60. This leads back then to local decision making and the need/objectives behind capital investment. Business cases must identify ongoing revenue implications and hence affordability. The Treasury Management Strategy includes a prudential indicator that identifies the ratio of financing costs to Net Revenue Stream. This is a further way of ensuring that affordability, prudence and sustainability considerations are kept to the fore in treasury reporting.

Corporate Governance Arrangements – Project Approval Process

61. The Council has to update its current Corporate Plan, but it remains important that the capital programme remains realistic in terms of resources and timescales to achieve the desired outcomes.
62. The Council has a number of project management procedures and tools in place for managing individual projects. Key is the project initiation stage, the approval process and thereafter effective performance monitoring and reporting. A business case is required and a detailed report to Cabinet/Council. Any new Capital proposal requires full Council approval.
63. Major projects are likely to have impacts on other key services such as Legal, Finance and Estates teams depending upon the nature of the projects. External support is commissioned where there is insufficient capacity, knowledge, or expertise within the Council. Cabinet and the Overview and Scrutiny Committee receive quarterly updates on financial performance (including the capital programme).
64. Property developments and purchases are considered by Cabinet, and are subject to full Council approval, with delegated authority normally provided thereafter to the Chief Finance Officer in consultation with the leader to negotiate the final terms. The Council’s legal team, surveyors and Corporate Property Officer are all closely involved. The Council will normally employ the services of an agent to advise on the price and conduct negotiations. Necessary due diligence is conducted and external specialist surveyors and advisors employed as necessary.

Knowledge, Skills and Training

65. In order to deliver the Capital Programme, it is essential that the Council has access to the right knowledge and skills. The Council employs fully qualified and experienced staff such as solicitors, estate managers, surveyors and accountants.
66. The Council maintains a training budget, recognising that it remains critical to the organisation to have a well-trained and motivated workforce. The Council provides on-line training courses, internal and external training, to enable staff to complete their Continuing Professional Development (CPD) requirements.
67. The Council seeks to ensure members have access to training opportunities in order for them to adequately undertake their governance role. Workshops and training events are held on a regular basis.
68. Where specialist knowledge is required, the Council will obtain expert advice, particularly around property specialisms, taxation, and legal advice.

Chief Finance Officer Report

69. Within the Prudential Code it is the responsibility of the Chief Finance Officer to explicitly report on the delivery, affordability and associated risks to the strategy.

Delivery

70. The delivery of the individual schemes in the Capital Programme are directly linked to the original approval and business case for each individual project which has an assigned project manager responsible for delivery.
71. As part of the quarterly financial update report the performance of individual projects are presented to Overview and Scrutiny along with all other financial performance.

Affordability

72. Affordability is critical in applying the capital strategy and approving projects for inclusion in the capital plan. This is mostly demonstrated by a specific report on the project being presented to council for approval supported by a business case

identifying the expenditure and funding, appraisal of alternative options and the risks and rewards for the approval of the scheme.

73. The Capital programme is not heavily reliant on borrowing currently and will continue to be focused on its financial stability longer term and will always seek to secure external funding wherever possible to help reduce borrowing costs.
74. Where borrowing is to be used, the affordability is key, and that affordability has to include the interest costs of that borrowing and the provision for the repayment of the borrowing. This repayment is matched to a prudent asset life and any income streams estimated to fund this asset must be sustainable. The “rules” around the governance of this borrowing is outlined in the prudential code.
75. At no stage should the asset value be lower than the value of outstanding debt, other than for a short period, unless there is a clear plan to mitigate that shortfall or to sell that asset.
76. The Council’s existing borrowing levels are not considered excessive. However, a downturn in the economy with resultant loss of income would require the Council to make greater service cuts to balance the budget.

Risks

77. The risks associated with individual projects are identified and mitigated as part of the initial business case development stage and reported through both the financial reporting process to Overview and Scrutiny as well as being included as part of the Corporate risk register.
78. There are clear links from the capital plan to both the treasury management strategy, prudential indicators, authorised borrowing limits and the revenue budget. These are also subject to review and oversight by members at Audit Committee and Council.
79. For any new borrowing, and this is a greater risk as the value of borrowing increases, this increases the councils overall liabilities that will need to be repaid in the future. In addition, this increases the Council’s level of fixed interest and repayment costs that it will incur each year. This is a clear risk that all members need to be aware of.
80. However, this risk for all assets is mitigated by a robust business case and a full MRP that will repay the borrowing costs over a (prudent) asset life. Any variation in expected income is an issue, however given the wide range of operational assets and different income streams this is not considered a significant risk.
81. This Capital Strategy and the Treasury Management Strategy is likely to be reviewed and updated during the year, and put before full Council, as and when the Council’s spending plans are developed further.

Conclusion

82. The current system of borrowing is still a self-regulatory system which means that responsibility for borrowing decisions, and the level of borrowing incurred by a Council are determined at a local level.

“..the responsibility for decision making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators, remains with full Council”. (Prudential Code December 2017).

83. The Chief Finance Officers' personal view is that borrowing decisions result in a long-term commitment to fund that borrowing, and that all decisions are made as a whole programme perspective and not on an individual basis.
84. However, for transparency and ease of comparison between projects, indicative full figures for borrowing will always be included in all business cases brought forward for decision making regardless of whether or not borrowing will actually be required.

Consultation and Communication

85. The detailed Capital Programme is included within the Council's budget which was agreed on 21st February 2024. The programme supports the Council's current Corporate Plan, which is due to be updated in due course, at which time the Capital programme may well be amended to align with the overall Corporate Strategy and in line with the new Asset Management Plan.
86. The budget for 2024/25 was subject to public consultation.

Equality Impact Assessment

87. Equality Impact assessments are considered as part of the business case when considering individual capital proposals.

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Agenda Item 9



Report To: Full Council

Date of Meeting: 20th March 2024

Report Title: Amendments to the Council's Constitution

Report By: Mary Kilner, Chief Legal Officer and Monitoring Officer

Key Decision: N

Classification: Open

Purpose of Report

To present proposed amendments to the Council's Constitution.

Recommendation(s)

1. That Full Council approves the proposed amendments to the Council's Constitution

Reasons for Recommendations

1. The Council's Constitution is the basis for the Council's corporate governance and is regularly reviewed to ensure effective operation and compliance with working practices and legislation.

1. The Constitution is the basis for the Council's corporate governance and decision-making. The Constitution is regularly reviewed to ensure it continues to meet its purposes and to reflect changes in legislation and working practices.
2. Amendments have been proposed to Parts 4 (Rules of Procedure) and 5 (Appendix 1 - Planning Protocol) of the Constitution. The proposed amendments are outlined below and shown as tracked changes in red in the attached appendices. These amendments are proposed following discussion at the Working Arrangements Group.
3. **Part 4 – Changes to the appointment of the Chair and Vice-Chair of the Overview and Scrutiny Committee**

An amendment is proposed to Rule 29.6 so that the Overview and Scrutiny Committee must be Chaired by a Councillor from an opposition group.

Existing Rule 29.6:

The Council will appoint the Chair and Vice Chair of the Overview and Scrutiny Committee. Chair and Vice Chair may be minority party members. The rules of political balance will apply to these posts.

Proposed amended version:

The Council will appoint the Chair and Vice Chair of the Overview and Scrutiny Committee which will be from members of an opposition group. The rules of political balance will apply to the rest of the Committee.

4. **Part 4 – Changes to Public Question Time**

An amendment is proposed to allow members of the public to give either a statement or ask a supplementary question in response to a written answer at Full Council.

Existing Rule 11.7 - Supplementary question.

A questioner who has submitted a question may also ask one supplementary question, without notice, to the Cabinet member who has replied to their original question. Questions shall be put and answered without debate. A supplementary question must arise directly out of the original question or the reply. The Mayor may reject a supplementary question on any of the grounds in Rule 11.5 above.

Proposed amended version:

11.7 A questioner who has submitted a question may also ask one supplementary question or give a statement, without notice, to the Cabinet member who has replied to their original question. Questions and statements shall be put and answered without debate. A supplementary question or statement must arise directly out of the original question or the reply. The Mayor may reject a supplementary question or statement on any of the grounds in Rule 11.5 above.

5. Part 4 – Length of speeches

An amendment is proposed to sections 2, 3 and 4 of Rule 16.4 so that in addition to the Leader of the Council only opposition Group Leaders may speak for up to 15 minutes on a motion to approve the programme for the year; the revenue budget; or corporate plan.

The amendment also allows the Leader of the Council and opposition Group Leaders to nominate another Councillor to speak on their behalf for 15 minutes and clarifies that a political group can be constituted by two or more Councillors.

Existing wording:

2. on the motion to adopt a programme for the year when the time limit for speeches by the Leader of the Council and the Leader of each Political Group having three or more Councillors, shall be 15 minutes;

3. on the motion to approve the capital programme and revenue budget for the next financial year, when the time limit for speeches by the Leader of the Council and the Leader of each Political Group having three or more Councillors, shall be 15 minutes;

4. on a motion to adopt the Corporate Plan when the time limit for speeches by the Leader of the Council and the Leader of each Political Group having three or more Councillors, shall be 15 minutes;

Proposed amended version:

2. on the motion to adopt a programme for the year when the time limit for speeches by the Leader of the Council (or their nominee) and the Leader of each opposition Political Group (or their nominee) having two or more Councillors, shall be 15 minutes;

3. on the motion to approve the capital programme and revenue budget for the next financial year, when the time limit for speeches by the Leader of the Council (or their nominee) and the Leader of each opposition Political Group (or their nominee) having two or more Councillors shall be 15 minutes;

4. on a motion to adopt the Corporate Plan when the time limit for speeches by the Leader of the Council (or their nominee) and the Leader of each opposition Political Group (or their nominee) having two or more Councillors, shall be 15 minutes;

6. Part 5 – Ward Councillor's addressing Planning Committee

An amendment is proposed to the Planning Protocol to clarify that when both Ward Councillors wish to address the Planning Committee about an application, they may each speak for up to 5 minutes. It is also proposed that the paragraph is separated into two to improve readability.

Existing wording of Rule 61:

If a Ward Councillor wishes to address the Planning Committee about a matter in their ward being considered at the Planning Committee they should advise the Chair (or Vice Chair in

their absence) and the Committee Administrator prior to the meeting itself and will be entitled to speak after the petitioner and applicant have addressed the Committee. Ward Councillors should comply with the procedure for declaration of interests if they speak at a Planning Committee meeting in the same way as members of the Committee. A Ward Councillor may address the Planning Committee for a maximum of five minutes but may not be asked questions by Members of the Planning Committee. County Councillors should direct any County related queries they have in respect of a planning application to East Sussex County Council. Where the Ward Councillor has a prejudicial interest they may only address the Planning Committee if they are the applicant or lead petitioner and must withdraw from the room (or virtual meeting where appropriate) once they have made their representations.

Proposed amended version:

If a Ward Councillor wishes to address the Planning Committee about a matter in their ward being considered at the Planning Committee they should advise the Chair (or Vice Chair in their absence) and the Committee Administrator prior to the meeting itself and will be entitled to speak after the petitioner and applicant have addressed the Committee. Ward Councillors should comply with the procedure for declaration of interests if they speak at a Planning Committee meeting in the same way as members of the Committee. A Ward Councillor may address the Planning Committee for a maximum of five minutes but may not be asked questions by Members of the Planning Committee. If both Ward Councillors wish to address the Planning Committee, they may speak for up to 5 minutes each.

County Councillors should direct any County related queries they have in respect of a planning application to East Sussex County Council. Where the Ward Councillor has a prejudicial interest they may only address the Planning Committee if they are the applicant or lead petitioner and must withdraw from the room (or virtual meeting where appropriate) once they have made their representations.

Wards Affected

n/a

Policy Implications

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

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

Additional information

Appendix A – Draft Constitution – Part 4 Rules of Procedure

Appendix B – Draft Constitution – Part 5 (Appendix 1) Planning Protocol

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The Constitution

**Part 4
Rules of Procedure**

DRAFT

The Constitution, Part 4 - Rules of Procedure

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1. Annual Meeting of the Council

Timing and business

In a year when there is an ordinary election of Councillors, the Annual Meeting will take place within 21 days of the retirement of the outgoing Councillors. In any other year, the Annual Meeting will normally take place in May.

The Annual Meeting will:

- i. elect a person to preside if the Mayor and Deputy Mayor are not present;
- ii. elect the Mayor of Council;
- iii. elect the Deputy Mayor of Council;
- iv. approve the minutes of the last meeting;
- v. receive any announcements from the Mayor;
- vi. elect the Leader where a vacancy has occurred ;
- vii. receive the Leader's report on the appointment of the Deputy Leader of the Council and the number of and the names of the members of Cabinet;
- ix. receive the Leader's report on the Cabinet portfolios and their allocation to members of the Cabinet;
- x. appoint an Overview and Scrutiny Committee, a Standards Committee, a Licensing Committee and such other Committees as the Council considers appropriate to deal with matters which are neither reserved to the Council nor are executive functions (as set out in Part 3, Table 1 of this Constitution);
- xi. appoint to those Committees in accordance with the political balance rules where applicable except where the appointment is exercisable only by the Cabinet;
- xii. to consider the following motion to be proposed by the Leader of the Council and seconded by the Deputy Leader:-

"That the Council agrees the programme for the ensuing municipal year as proposed by the Leader of the Council" to which no amendment may be moved."

2. Ordinary Meetings

Ordinary meetings of the Council will take place in accordance with a programme decided at the Council's Annual Meeting. Ordinary meetings will:

- i. elect a person to preside if the Mayor and Deputy Mayor are not present;
- ii. approve the minutes of the last meeting;
- iii. receive any declarations of interest from Councillors;
- iv. receive any announcements from the Mayor and/or Leader;
- v. receive questions from, and provide answers to, the public;

- vi. deal with any business from the last Council meeting;
- vii. consider motions;
- viii. consider any changes to the membership of Committees;
- ix. receive reports from the Cabinet and the Council's Committees and receive questions and answers on any of those reports;
- x. receive reports about and receive questions and answers on the business of joint arrangements and external organisations; and
- xi. consider any other business specified in the summons to the meeting including consideration of proposals from the Cabinet in relation to the Council's budget and policy framework and reports of the Overview and Scrutiny Committee for debate; and

3. Extraordinary and Special Meetings

Calling extraordinary meetings

- 3.1 Those listed below may request the Chief Legal Officer to call Council meetings in addition to ordinary meetings:
- i. the Council by resolution;
 - ii. the Mayor of the Council;
 - iii. the Monitoring Officer; and

any five members of the Council if they have signed a requisition presented to the Mayor and he/she has refused to call a meeting or has failed to call a meeting within seven days of the presentation of the requisition.

Special Meetings

- 3.2 Special meetings are set in the programme for meetings at the commencement of the municipal year.
- 3.3 The only business which may be considered at an extraordinary or special meeting is the business for which the meeting was called or set as the case may be.
- 3.4 Immediately after any vote is taken at a budget decision meeting of an authority there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

4. Appointment of Substitute Members of Committees and Sub-Committees

- 4.1 There shall be no substitution of members of the Licensing Committee or the Cabinet. Members of the Cabinet may not be substitutes on Overview and Scrutiny Committee. The Leader may not substitute on Standards Committee.

- 4.2 The political groups may appoint substitute members in accordance with this Rule on Committees and Sub-Committees. Only Councillors who have undergone related training may be substituted to Standards Committee, Planning Committee and Environment and Safety Committee. Only members of Cabinet may be substituted to Charity Committee.
- 4.3 Substitute members will have all the powers and duties of any ordinary member of the Committee.
- 4.4 Substitute members may attend meetings in that capacity only:
- i. to take the place of the ordinary member for whom they are the designated substitute;
 - ii. where the ordinary member will be absent for the whole of the meeting or, in the case of the Charity Committee, for such item or items as shall be notified to the Chief Legal Officer under iii. below; and
 - iii. after notifying the Chief Legal Officer no later than the commencement of the relevant meeting in the form supplied.

5. Time and Place of Meetings

The time and place of meetings will be determined by the Chief Legal Officer and notified in the summons. All Council meetings unless otherwise determined shall be held in Muriel Matters House, Breeds Place, Hastings.

6. Notice of and Summons to Meetings

The Chief Legal Officer will give notice to the public of the time and place of any meeting in accordance with the Access to Information Rules. At least five clear days before a meeting, the Chief Legal Officer will send a signed summons by post or electronic mail to every member of the Council or leave it at their usual place of residence. The summons will give the date, time and place of each meeting and specify the business to be transacted, and will be accompanied by such reports as are available.

7. Chair of Meeting

The ruling of the Mayor as to the construction or application of any of these rules, or as to any proceedings of the Council, shall be final. Subject to the requirement that the election of Mayor is to be the first item for discussion at Annual Council the Mayor shall have power to adjust the order of items on the agenda where he or she considers that it would be in the interests of the proper conduct of the meeting.

The Mayor may adjourn a meeting of the Council for such period as he or she considers appropriate. In the event of an adjournment, the Mayor may, at the time of the adjournment or subsequently, fix a date and time for the meeting to resume. If no date and time is fixed the outstanding business shall be dealt with at the next ordinary meeting of the Council.

The person presiding at the meeting may exercise any power or duty of the Mayor. Where these rules apply to Committee and Sub-Committee meetings, references to the Mayor also include the Chair of Committees and Sub-Committees.

In the absence of the Mayor and Deputy Mayor, the Chief Legal Officer shall call on any Councillor present at a Council meeting to move that a Councillor can chair the meeting. If discussion arises, the Chief Legal Officer shall exercise the powers of the person presiding to regulate that discussion, and to maintain order at the meeting. This rule shall apply to Committees and Sub-Committees in the same way except that members of Cabinet are not excluded by virtue of this Rule alone.

8. Quorum

The quorum of a meeting will be one quarter of the whole number of members. During any meeting if the Mayor or Chair counts the number of members present and declares there is not a quorum present, then the meeting will adjourn immediately. Remaining business will be considered at a time and date fixed by the Mayor or Chair. If he/she does not fix a date, the remaining business will be considered at the next ordinary meeting.

The quorum for Committees is one quarter of the membership, subject to a minimum of three.

The Standards Committee and Cabinet have their own rules as to quorum. These are set out in Article 9 of Part 2 and in the Cabinet Procedure Rules.

9. Duration of Meeting

Unless the majority of Councillors present vote for the meeting to continue, any meeting that has lasted for four hours will adjourn immediately. Remaining business will be considered at a time and date fixed by the Mayor. If he/she does not fix a date, the remaining business will be considered at the next ordinary meeting. Virtual Full Council meetings will commence at 18.00 hours and aim to finish at 21.00 hours. Any unfinished business will be completed on a pre-arranged and pre-published adjourned date.

10. Petitions Scheme

The Council welcomes petitions and recognises that petitions are one way in which people can bring their concerns to the attention of the Council. The subject of any petition to be presented must relate to a matter for which the Council has powers, duties or functions or which affects the Borough or part of it or its inhabitants. However, the Council will not deal with a petition which in the opinion of the Monitoring Officer is vexatious, abusive, similar in nature to one previously accepted within the past year or otherwise inappropriate to be considered under this rule.

There are different types of petition as set out below.

Ordinary petitions

10.1 These are petitions which relate to matters for which the Council has powers, duties and responsibilities or which affects the Borough or part of it or people who live work or study in the Borough. These petitions should be presented to the Mayor or to the Chief Legal Officer at Muriel Matters House, Breeds Place, Hastings, TN34 3UY.

A petition shall comply with the following:-

- (a) The wording of the petition will appear at the head of each page of signatures.
- (b) The petition shall bear the signatures of ten or more persons from different households who live, work or study in the Borough.
- (c) The petition presented shall be the original and shall bear the signatures, name and address of each signatory.
- (d) By signing the petition the petitioner is agreeing to have their personal information published in the public domain.

10.2 A petition shall NOT be presented if it relates to:

- (a) matters relating to an individual or relating to a current housing or grant application;
- (b) matters which are the subject of legal proceedings or an appeal to a tribunal or government minister or an investigation by the Local Government Ombudsman or the Standards Committee or through the Council's Corporate Complaints Procedure;
- (c) matters relating to a Council Officer or the conduct of a Councillor; or
- (d) any other matter which would require the release of any exempt information as defined in Part 1 of Schedule 12A of the Local Government Act 1972.

Consultation petitions

10.3 These are petitions compiled in response to consultation by the Council on a proposal such as a planning application, licensing application, proposed policy or strategy. Such petitions should be returned to the address in the consultation and will be considered by the Committee or body with responsibility for making the decision or recommendation.

Governance Petitions

10.4 These petitions are outside the Petitions Scheme. These relate to such matters as a call from electors for the Council to hold a referendum on whether to have an elected Mayor or for the establishment of a parish or community council in part of the Council's area. The legislation governing E-Petitions has not yet been extended to such petitions.

Petitions for Debate

10.5 A petition which can require a debate at a meeting of the Council must comply with Rule 10.1 above except that it must have at least 1,500 signatures or more of persons who live, work or study in the Borough.

This rule does not apply where the petition requires that an Officer be called to account.

A petition for debate at Council will be reported to the next available ordinary meeting of the Council, when the petition organiser will be given 5 minutes in which to address the Council, followed by questions from Councillors. Council will then discuss the subject of the petition for no more than 15 minutes.

The Council then has the following options:-

- a. where it is a decision on which it can make a decision, to make a decision;

- b. where the decision is one which only Cabinet can make, to refer the matter to Cabinet for consideration with or without Council's recommendations; or
- c. refer the matter to another committee with responsibility, such as the Overview and Scrutiny Committee for investigation and, possibly, further report.

Petitions for debate should be addressed to the Council as for Ordinary Petitions.

Petitions to call an Officer to account

10.6 There may be exceptional circumstances where a petition is used to call a relevant Officer of the Council to account so that he or she is required to attend before the Overview and Scrutiny Committee to give evidence and to answer questions on a particular matter.

The petition must satisfy the requirements of Rule 10.1, except that it shall bear at least 750 signatures of persons who live, work or study in the Borough. The petition must also identify the Officer to be called to account either by name or job title. The petition must also give grounds for the request which relate to the discharge of functions for which the Officer is responsible.

Relevant Officers who may be called to account by such a petition are the Chief Officers.

On receipt of such a petition, the Overview and Scrutiny Committee will exercise its powers under Section 21(13) (a) Local Government Act 2000 to require the relevant person to appear before it to answer questions relevant to the petition. It may decide that an Officer other than that Officer identified in the petition would be more appropriate to attend for questioning and the Head of Paid Service, will be consulted on this before another Officer is asked to attend.

Only members of the Committee may address questions to the Officer and the Chair may pose questions provided by the petition organiser to the Chief Legal Officer at least three working days before the meeting.

Following such attendance and questioning, the Committee will then make a report or recommendations to the Council or Cabinet, as appropriate, and send a copy of the report or recommendations to the petition organiser.

Petitions to call an Officer to account should be addressed to the Council as for ordinary petitions.

E-Petitions

10.7 The Council acknowledges that E-Petitions can be a faster, more convenient alternative to a more traditional paper petition and therefore accepts the submission of E-Petitions. The E-Petition facility is facilitated by Modern.Gov and can be accessed using the link on the Hastings Borough Council website. The minimum number of signatures required for an E-Petition to be considered under this rule is ten for ordinary and consultation petitions, 750 for petitions calling Officers to account and 1500 for petitions for debate as described above in paragraphs 10.1 to 10.6. For E-Petitions relating to current planning applications and current licensing applications the minimum number of signatures required for an E-Petition to be considered under this rule is ten from different households. The same rules and procedures apply as for paper petitions and the signatories must all live, work or study in the Borough. Where an identical E-Petition and paper petition and both received in respect of the same matter, the Council will accept the petition which is received first. E-petitions are not accepted for petitions

alleging misconduct by a Councillor or Councillors (complaint to Standards Committee), relating to a Council Officer or Service (Corporate Complaints Process / Disciplinary) or to matters relating to an individual.

Current Planning Applications

10.8 E-Petitions which relate to current planning applications are accepted by the Council subject to the following:-

- a) They must contain a minimum of ten signatories from different households.
- b) All signatories must live, work or study in the Borough. Random checks that signatories meet this criteria will be undertaken.
- c) The E-Petition must clearly state the planning application reference number to which it is referring, giving the full address of the property / site, the reasons for the petition and what action or decision you want the Council / relevant Committee to take.
- d) E-Petitions regarding current planning applications should be submitted within 21 days of the date the application is initially advertised (by press notice / site notice or letter where appropriate). This is to ensure that they are fully taken into account in the assessment of the application. Signatures cannot be collected on an E-Petition beyond this period.
- e) E-Petitions relating to current planning applications must state who the Lead Petitioner is and how they can be contacted.
- f) E-Petitions can be submitted for current planning applications which are scheduled to be determined by the Planning Committee in accordance with the Council's public speaking rights as set out in the Planning Protocol (Part 5 of the Constitution). E-Petitions can only be accepted **at least three clear working days** before the Planning Committee considering the item is due to sit and the petition is contrary to the Officer's recommendation.
- g) An acknowledgement will be sent to the Lead Petitioner within 10 working days of receipt of the petition (excluding E-Petitions submitted following publication of the Planning Committee agenda set out in f) above. The Lead Petitioner will be notified if the application is referred to the Planning Committee and advised of the date of the Planning Committee meeting and their public speaking rights (if relevant).
- h) Validated E-Petitions regarding current planning applications will be uploaded onto the application file and available for public inspection on the Council's website.
- i) Paper petitions will still be accepted for current planning applications.

Current Licensing Applications

10.9 E-Petitions which relate to current licensing applications are accepted by the Council subject to the following:-

- a) They must contain a minimum of ten signatories from different households.
- b) All signatories must live, work or study in the Borough. Random checks that signatories meet this criteria will be undertaken.

- c) The E-Petition must clearly state the name of the business which is subject of the licensing application, giving the full address of the property, the reasons for the petition and what action or decision you want the Council / relevant Committee to take.
- d) E-Petitions regarding current licensing applications under the Licensing Act 2003 should be submitted within 28 consecutive working days commencing the day after the application is submitted. This is to ensure that they are fully taken into account in the assessment of the application. Signatures cannot be collected on an E-Petition beyond this period.
- e) E-Petitions relating to current licensing applications must state who the Lead Petitioner is and how they can be contacted.
- f) An acknowledgement will be sent to the Lead Petitioner within 10 working days of receipt of the petition. The Lead Petitioner will be notified if the application is referred to the relevant Committee and advised of the date of the meeting.

Guidance on the submission of E-Petitions can be found on the Council's website at <https://hastings.moderngov.co.uk/mgEPetitionListDisplay.aspx?bcr=1>

How will the Council respond to petitions? (Excluding E-Petitions relating to current planning and licensing applications which are dealt with separately above)

10.10 An acknowledgement will be sent to the petition organiser within 10 working days of receipt of the petition, notifying how it is intended to deal with the petition and indicating when the petition organiser will be contacted again. This might include setting out the Council's views about the request in the petition

If the Council can do what the petition requests immediately, the Council will acknowledge that it has received the petition and tell the petition organiser that the Council has taken the action requested and the petition will be closed.

Otherwise the Council's response to a petition will depend on what a petition asks for and how many people have signed it. This could include one or more of the following: -

- taking the action requested in the petition
- considering the petition at a council meeting
- holding an inquiry into the matter
- undertaking research into the matter
- holding a public meeting
- holding a consultation
- holding a meeting with petitioners
- referring the petition for consideration by the Council's Overview and Scrutiny Committee
- writing to the petition organiser setting out the Council's views about the request in the petition
- no further action and the petition will be returned to the sender.

If the petitioner is heard at any meeting of the Council they will be given up to 5 minutes in which to address the meeting followed by questions from Councillors (if applicable). Only one member of the delegation presenting the petition should be allowed to speak and must be someone who resides, works or studies in the Borough.

Conclusion of the petition process

10.11 Once the petition has been dealt with in accordance with this rule, the petition organiser will be advised in writing within 10 working days of the outcome of the petition if they were not present at the meeting where the petition was discussed.

Review of steps taken in response to the petition by the Overview and Scrutiny Committee

10.12 If the petition organiser is not satisfied that the petition has been dealt with properly, the petition organiser may request that the Overview and Scrutiny Committee reviews the adequacy of the steps taken or proposed to be taken in response to the petition.

On receipt of a request for a review, the Overview and Scrutiny Committee shall consider the request at its next available meeting or as soon as practicable thereafter.

The Council shall within 10 working days of the decision on review inform the petition organiser of the outcome of the review.

11. Public Question Time

General

11.1 Members of the public who reside or work in the Borough may at ordinary meetings of the Council, in accordance with these rules, ask questions of the Leader and Portfolio Holders (including the Chair of Charity Committee) on any matter within the Borough Council's powers, duties or functions. Public question time will last no longer than 30 minutes. A question asked within the 30 minutes will be answered. When the Full Council meeting is virtual we may undertake Public Question Time wholly in writing for both substantive questions and supplementary questions. The questions and answers will both be published on the Council's website <https://hastings.moderngov.co.uk/ieListMeetings.aspx?Committeeld=168> with the minutes of the full council meeting. The questioner's name will be published. Requests for anonymity from publishing when asking a question are to be made with the initial question and will be entirely at the discretion of the Monitoring Officer.

Order of questions

11.2 Questions will be asked in the order in which they are recorded as being received by the Chief Legal Officer, except that the Mayor may group together similar questions.

Notice of questions

- 11.3 A question may only be asked if notice has been given by delivering it in writing or by electronic mail to the Chief Legal Officer no later than five clear working days before the day of the meeting. Each question must give the name and address of the questioner.

Number of questions

- 11.4 At any one meeting no person or organisation may submit more than one question.

Scope of questions

- 11.5 The Chief Legal Officer may reject a question and the ruling shall be final if:
- it is not about a matter for which the local authority has a responsibility, power, duty or function or which affects the Borough;
 - it is defamatory, frivolous or offensive;
 - it is substantially the same as a question which has been put at a meeting of the Council in the past six months;
 - it requires the disclosure of confidential or exempt information;
 - its purpose is not primarily to seek information.
 - it is about a matter which is the subject of legal proceedings or an appeal to a tribunal or to a government minister or an investigation by the Local Government Ombudsman or the Standards Committee, or through the Council's Corporate Complaints Procedure;
 - the preparation of the answer would require the expenditure of a disproportionate amount of time, money or effort.

Copies of questions

- 11.6 Copies of all questions received together with the written reply from the Leader or relevant Portfolio Holder will be circulated to all Councillors and will be made available to members of the public attending the meeting. The question and answer will be taken as read.

Supplementary question

- 11.7 A questioner who has submitted a question may also ask one supplementary question or give a statement, without notice, to the Cabinet member who has replied to their original question. Questions and statements shall be put and answered without debate. A supplementary question or statement must arise directly out of the original question or the reply. The Mayor may reject a supplementary question or statement on any of the grounds in Rule 11.5 above.

Written answers

- 11.8 Any question which cannot be dealt with during public question time, either because of lack of time or because of the non-attendance of the Cabinet member to whom it was to be put, will be dealt with by a written answer within 10 working days of the Council meeting at which the question was asked.

12. Questions by Councillors

Questions on notice at Full Council

- 12.1 A Councillor may also submit one written question to the Chief Legal Officer five clear working days before the relevant meeting.

A member of the Council may ask:

- the Mayor;
- the Leader or a Portfolio Holder; or
- the Chair of any Committee or Sub-Committee

one question on any matter in relation to which the Council has powers, duties or functions or which affects Hastings Borough. The Chief Legal Officer may reject a question and the ruling shall be final if it:

- It is not about a matter for which the local authority has a responsibility power, duty or function or which affects the Borough;
- It is defamatory, frivolous or offensive;
- It is substantially the same as a question which has been put at a meeting of the Council in the past six months;
- It requires the disclosure of confidential or exempt information;
- It is about a matter which is the subject of legal proceedings or an appeal to a tribunal or to a government minister or an investigation by the Local Government Ombudsman or the Standards Committee, or through the Council's Corporate Complaints Procedure; or
- the preparation of the answer would require the expenditure of a disproportionate amount of time, money or effort.

Response

- 12.2 An answer may take the form of:
- a. a direct oral answer;
 - b. where the desired information is in a publication of the Council or other published work, a reference to that publication; or
 - c. where the reply cannot conveniently be given orally, a written answer circulated later to the questioner.

Supplementary question

- 12.3 A Councillor who has submitted a question may ask one supplementary question, without notice, of the Councillor to whom the first question was

asked. The supplemental question must arise directly out of the original question or the reply. The Mayor may reject a supplementary question on any of the grounds in Rule 11.5 above.

Questions to the Leader, Deputy Leader or other Portfolio Holder

- 12.4 At each ordinary meeting of the Council a maximum period of 30 minutes shall be set aside for oral questions by Councillors to the Leader, Deputy Leader or other Portfolio Holder,(including the Chair of Charity Committee).
- 12.5 The Leaders of the opposition group/s are entitled to ask the first questions, such questions to be received in order of group size.
- 12.6 All other Councillors may, subject to the time limit, ask a question. The Mayor shall determine the order of these questions. If time permits Councillors may ask a further question.
- 12.7 When asking a question the Councillor must identify the Councillor to whom the question is addressed.
- 12.8 The Mayor may disallow a question on any of the following grounds:-
- it is not relevant to the functions, powers and duties of the Council
 - it is wholly or partly frivolous or derogatory to the dignity of Council
 - it is not put with reasonable brevity
 - it comprises more than one part
 - it is identical or moderately similar to another question which has already been put during question time.
- 12.9 No supplementary questions are permitted.

On reports of the Cabinet or Committees

- 12.10 A member of the Council may ask the Leader, Deputy Leader or a Portfolio Holder any question without notice upon an item of the report of the Cabinet when that item is being received or under consideration by the Council.

Ward Councillors to Speak at any Meeting

- 12.11 A Councillor may speak on an item particularly affecting their ward at any meeting of Council bodies of which he or she is not a member, subject to any limitations imposed by law or this Constitution.

13. Reports and Minutes of Cabinet and Committees

- 13.1 At ordinary meetings of the Council when the appropriate agenda item is reached the Mayor will ask the Councillors to state the numbers of the items on which they wish to speak. This process is known as "call-over". Such items are called "reserved items".
- 13.2 When an item is reserved, any other item before the Council ruled by the Mayor to be related to it shall be deemed to be reserved.
- 13.3 No discussion shall take place on any items which have not been

reserved. Items not reserved, including items requiring Council decision, shall be deemed adopted without discussion.

- 13.4 Where the decision to be taken is a decision for the Council, the Leader and Chairs of Committees (starting with the Leader or relevant Cabinet Member) shall move in turn the adoption of the recommendations as set out in the items in the report or minutes of the Cabinet or Committee, which have been reserved, in the order which they appear on the agenda, save that reserved matters requiring Council decision will be called first.
- 13.5 In the absence of the Chair of a Committee or relevant Cabinet member, the Vice Chair or another Member nominated by the Chair may move the recommendations.
- 13.6 A motion to adopt the recommendations of Cabinet or Committee need not be seconded.
- 13.7 Where the Cabinet and Overview and Scrutiny Committee are reporting or making recommendations on the same subject matter, their reports or minutes shall be considered together and, if in the opinion of the Mayor, there is a material difference between the recommendations, the Chair of the Overview and Scrutiny Committee (or nominee) shall move its recommendations as an amendment to the recommendations moved under Rule 13.4 as soon as these have been moved. This amendment need not be seconded and shall then be open for debate.
- 13.8 Where the reports or minutes on a reserved item do not contain any recommendations to the Council, the Mayor shall call the Councillor who reserved the item or their nominee to speak first. The Leader or relevant Cabinet member or Chair of the Committee concerned shall have the right of reply at the end of debate on the reserved item. No motion may be moved in respect of that matter other than to refer it back to the Cabinet for review or to the Overview and Scrutiny Committee for review and report. A motion to refer back a report or minute of the review of a decision previously referred back under this Rule or called-in under Rule 29.15 (unless as part of the call-in process) shall be out of order.

14. Motions on Notice

Notice

- 14.1 Motions must be about matters for which the Council has statutory powers, duties or functions or address the built or natural environment of the Borough of Hastings or address a matter of local, regional or national policy that affects the lives of people in the Borough of Hastings. The ruling of the Monitoring Officer in consultation with the Mayor shall be final as to the relevance of the motion.

Further, a motion may not be tabled in any of the following circumstances:-

- a. any matter relating to an individual or individuals which relates to the application or use of any of the Council's powers, past or present, in respect of that individual, other than in relation to admission to the

honorary freedom of the Borough or in relation to an individual as a Councillor holding office in the Council;

- b. a matter which is the subject of legal proceedings or an appeal to a tribunal or to a government minister or an investigation by the Local Government Ombudsman or the Standards Committee, or through the Council's Corporate Complaints Procedure;
- c. the appointment, promotion, dismissal, salary or other payments, superannuation or conditions of employment or the conduct or ability of any individual employed by the Council or the conduct of a member of the Council;
- d. any other matter which would require the disclosure of exempt information as defined by Schedule 12A to the Local Government Act 1972.

Except for motions which can be moved without notice under Rule 15, written notice of every motion, signed by at least one Councillor, must be delivered to the Chief Legal Officer not later than 8 clear working days before the date of the Council meeting. These will be entered in a book open to public inspection.

Motion set out in agenda

- 14.2 Motions for which notice has been given will be listed on the agenda in the order in which notice of the motion was received and the motion accepted, unless the member giving notice states, in writing, that they propose to move it to a later meeting or withdraw it.
- 14.3 The agenda for each Council meeting, other than the Annual Meeting, shall include all notices of motions which relate to Council functions proposed to be moved at that meeting which have been received in time, accepted by the Chief Legal Officer and have not been withdrawn in writing by the proposer. Motions which are the responsibility of Council will be dealt with in the order upon which they are received.
- 14.4 If a motion set out in the summons is not moved either by a Councillor who gave notice thereof or by some other Councillor on their behalf it shall, unless postponed by consent of the Council, be treated as withdrawn and shall not be moved without fresh notice.
- 14.5 Motions which relate to matters which are not the responsibility of Council (e.g. Cabinet functions) will be referred by the Chief Legal Officer to the responsible body for consideration at its next available meeting. The proposer and seconder (or some other Councillor on their behalf) of the motion are entitled to speak to the motion at the meeting of that body. Only members of that body may move or second a proposition at the meeting of that body.
- 14.6 No notice of motion, which if adopted, will, in the opinion of the Mayor, rescind, or substantially reverse the effect of a Council resolution made within the previous six months, shall be proposed unless the notice is signed by a majority of the members of the Council.

- 14.7 The Chief Legal Officer will, if requested, help Councillors with the wording of motions.
- 14.8 No notice of motion shall be accepted which in the opinion of the Chief Legal Officer relates to a quasi judicial matter before the Council.

15. Motions Without Notice

The following motions may be moved without notice:

- a. to appoint a Chair of the meeting at which the motion is moved;
- b. in relation to the accuracy of the minutes;
- c. to change the order of business in the agenda;
- d. to refer something to an appropriate body or individual;
- e. to appoint a Committee or Councillor arising from an item on the summons for the meeting;
- f. to receive reports or adoption of recommendations of Committees or officers and any resolutions following from them;
- g. to withdraw a motion;
- h. to amend a motion;
- i. to proceed to the next business;
- j. that the question be now put;
- k. to adjourn a debate;
- l. to adjourn a meeting;
- m. that the meeting continue beyond four hours in duration;
- n. to suspend a particular Council procedure rule;
- o. to exclude the public and press in accordance with the Access to Information Rules;
- p. to not hear further a Councillor named under Rule 22.3 or to exclude them from the meeting under Rule 22.4; and
- q. to give the consent of the Council where its consent is required by this Constitution.
- r. questions by Councillors under Rule 12.1;
- s. to move into Committee under Rule 16.14.

16. Rules of Debate

No speeches until motion has been seconded

- 16.1 No speeches may be made after the mover has moved a proposal and explained the purpose of it until the motion has been seconded other than a motion to adopt the recommendations of Cabinet or a committee under

Rule 13.4.

Right to require motion in writing

- 16.2 Unless notice of the motion has already been given, the Mayor may require it to be written down and handed to him/her before it is discussed.

Secunder's speech

- 16.3 When seconding a motion or amendment, a Councillor may reserve their speech until later in the debate.

Content and length of speeches

- 16.4 Speeches must be directed to the question under discussion or to a personal explanation or point of order. No speech may exceed three minutes except:-
1. the Mayor's address to the Annual Council;
 2. on the motion to adopt a programme for the year when the time limit for speeches by the Leader of the Council (or their nominee) and the Leader of each opposition Political Group (or their nominee) having ~~three~~ two-or more Councillors, shall be 15 minutes;
 3. on the motion to approve the capital programme and revenue budget for the next financial year, when the time limit for speeches by the Leader of the Council (or their nominee) and the Leader of each opposition Political Group (or their nominee) having ~~three~~ two or more Councillors shall be 15 minutes;
 4. on a motion to adopt the Corporate Plan when the time limit for speeches by the Leader of the Council (or their nominee) and the Leader of each opposition Political Group (or their nominee) having ~~three~~ two or more Councillors, shall be 15 minutes;
 5. when the Council (following a vote without debate) allows a Councillor's speech to continue for one further period of up to one minute.
 6. the proposer of a motion to Council or item for Council decision will have 5 minutes to propose and 5 minutes for their right of reply. (This does not apply to call over for Cabinet minutes).

When a Councillor may speak again

- 16.5 A Councillor who has spoken on an item may not speak again whilst it is the subject of debate, except:
- a. to speak once on an amendment moved by another Councillor;
 - b. to move a further amendment if the motion has been amended since he/she last spoke;
 - c. if their first speech was on an amendment moved by another Councillor, to speak on the main issue (whether or not the amendment on which he/she

- spoke was carried);
- d. in exercise of a right of reply;
- e. on a point of order; and
- f. by way of personal explanation.

Amendments to motions

16.6

- a. An amendment to a motion must be relevant to the motion and will either be:
 - i. to refer the matter to an appropriate body or individual for consideration or reconsideration;
 - ii. to leave out words;
 - iii. to leave out words and insert or add others; or
 - iv. to insert or add words

as long as the effect of ii. to iv. is not to fully negate the motion.

- b. Only one amendment may be moved and discussed at any one time. No further amendment may be moved until the amendment under discussion has been disposed of
- c. If an amendment is not carried, other amendments to the original motion may be moved.
- d. If an amendment is carried, the motion as amended takes the place of the original motion. This becomes the substantive motion to which any further amendments are moved.
- e. After an amendment has been carried, the Chair will read out the amended motion before accepting any further amendments, or if there are none, put it to the vote.

Alteration of motion

16.7

- a. A Councillor may alter a motion of which he/she has given notice with the consent of the meeting and the seconder. The meeting's consent will be signified by a vote without discussion.
- b. A Councillor may alter a motion which he/she has moved without notice with the consent of both the meeting and the seconder. The meeting's consent will be signified without discussion
- c. Only alterations which could be made as an amendment may be made.
- d. Where a proposed amendment is acceptable to the proposer of the original motion the consent of the seconder is required.

Withdrawal of motion

- 16.8 A Councillor may withdraw a motion which he/she has moved with the consent of both the meeting and the seconder. The meeting's consent will be signified without discussion. No Councillor may speak on the motion after the mover

has asked permission to withdraw it unless permission is refused.

Right of reply

16.9

- a. The mover of a motion has a right to reply at the end of the debate on the motion, immediately before it is put to the vote.
- b. If an amendment is moved, the mover of the original motion has the right of reply at the close of the debate on the amendment, but may not otherwise speak on it.
- c. The mover of the amendment has no right of reply to the debate on their amendment.

Motions which may be moved during debate

16.10 When a motion is under debate, no other motion may be moved except the following procedural motions:

- a. to withdraw a motion;
- b. to amend a motion;
- c. to proceed to the next business;
- d. that the question be now put;
- e. to adjourn a debate;
- f. to adjourn a meeting;
- g. that the meeting continue beyond four hours in duration
- h. to exclude the public and press in accordance with the Access to Information Rules; and
- i. to not hear further a Councillor named under Rule 22.3 or to exclude them from the meeting under Rule 22.4.

Closure motions

16.11

- a. A Councillor may move, without comment, the following motions at the end of a speech of another Councillor:
 - i. to proceed to the next business;
 - ii. to amend a motion
 - iii. that the question be now put;
 - iv. to adjourn a debate; or
 - v. to adjourn a meeting
- b. In a motion to proceed to next business, if the Mayor thinks the item has been sufficiently discussed, he or she will give the mover of the original motion a

right of reply and then put the procedural motion to the vote.

- c. In a motion that the question be now put, if the Mayor thinks the item has been sufficiently discussed, he/she will put the procedural motion to the vote. If it is passed he/she will give the mover of the original motion a right of reply before putting their motion to the vote.
- d. If a motion to adjourn the debate or to adjourn the meeting is seconded and the Mayor thinks the item has not been sufficiently discussed and cannot reasonably be so discussed on that occasion, he/she will put the procedural motion to the vote without giving the mover of the original motion the right of reply.

Point of order

- 16.12 A Councillor may raise a point of order at any time. The Councillor must indicate the rule or law and the way in which he/she considers it has been broken. A point of order may only relate to an alleged breach of these Council Rules of Procedure or the law. The ruling of the Mayor, who shall hear the Councillor immediately, will be final.

Personal explanation

- 16.13 A Councillor may make a personal explanation at any time. A personal explanation may only relate to some material part of an earlier speech by the Councillor which may appear to have been misunderstood in the present debate. The ruling of the Mayor on the admissibility of a personal explanation will be final.

Council proceeding as if in committee

- 16.14 When the Council is debating some matter requiring a decision by the Council and the Council feels it is appropriate, it may resolve to proceed for all or some of that item as if it were a committee. This will enable the Council to take advice from officers, and such other persons as it sees fit, in order to inform its decision making. On closure of the debate in committee, the Mayor will invite Council to move to a vote on the matter in accordance with Rule 18.

17. Previous Decisions and Motions

Motion to rescind a previous decision

- 17.1 A motion or amendment to rescind a decision made at a meeting of Council within the past six months cannot be moved unless the notice of motion is signed by a majority of Councillors.

Motion similar to one previously rejected

- 17.2 A motion or amendment in the same or similar terms to one that has been rejected at a meeting of Council in the past six months cannot be moved

unless the notice of motion or amendment is signed by a majority of Councillors. Once the motion or amendment is dealt with, no one can propose a similar motion or amendment for six months.

18. Voting

Majority

- 18.1 Unless this Constitution or the law provides otherwise, any matter will be decided by a simple majority of those Councillors voting at the time the question was put. For the avoidance of doubt, an abstention from voting does not constitute a vote and the majority, or such greater proportion otherwise required by law or this Constitution, shall be calculated from those voting for or against the motion.

Mayor's casting vote

- 18.2 If there are equal numbers of votes for and against, the Mayor will have a second or casting vote. There will be no restriction or assumption made on how the Mayor chooses to exercise a casting vote.

Show of hands

- 18.3 Unless a recorded vote is demanded under Rules 18.4, the Mayor will take the vote by show of hands, or if there is no dissent, by the affirmation of the meeting. During all virtual council meetings voting will be undertaken by roll call.

Recorded vote

- 18.4 If six or more Councillors present at the meeting stand and request it before the vote is taken, the names for and against the motion or amendment or abstaining from voting will be taken down in writing and entered into the minutes. During all virtual council meetings if a Councillor requests a recorded vote and five more Councillors indicate agreement with that request then the vote will be recorded in the minutes in accordance with this paragraph.

Right to require individual vote to be recorded

- 18.5 Where any Councillors requests it immediately after the vote is taken, their vote will be so recorded in the minutes to show whether they voted for or against the motion or abstained from voting.

Voting on appointments

- 18.6 If there are more than two people nominated for any position to be filled and there is not a clear majority of votes in favour of one person, then the name of the person with the least number of votes will be taken off the list and a new vote taken. The process will continue until there is a majority of votes for one person.

19. Minutes

Signing the minutes

- 19.1 The Mayor will sign the minutes of the proceedings at the next suitable meeting. The Mayor will move that the minutes of the previous meeting be signed as a correct record. The only part of the minutes that can be discussed is their accuracy.

No requirement to sign minutes of previous meeting at extraordinary and special meetings

- 19.2 Where in relation to any meeting, the next meeting for the purpose of signing the minutes is a meeting called under paragraph 3 of schedule 12 to the Local Government Act 1972 (an Extraordinary Meeting) or a Special Meeting, then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purposes of paragraph 41(1) and (2) of schedule 12 relating to signing of minutes.

Form of minutes

- 19.3 Minutes will contain all motions and amendments in the exact form and order the Mayor put them.

20. Record of Attendance

A record of attendance shall be kept at every formal council meeting.

21. Exclusion of Public

Members of the public and press may only be excluded either in accordance with the Access to Information Rules in Part 4 of this Constitution or Rule 23 (Disturbance by Public).

22. Councillors' Conduct

Standing to speak

- 22.1 When a Councillor speaks at Full Council they must stand and address the meeting through the Mayor. If more than one Councillor stands, the Mayor will ask one to speak and the others must sit. Other Councillors must remain seated whilst a Councillor is speaking unless they wish to make a point of order or a point of personal explanation. The Mayor may excuse a Councillor from standing at their discretion. Whilst the Council is conducting Virtual Full

Council meetings there is no need for a councillor to stand to speak.

Mayor standing

- 22.2 When the Mayor stands during a debate, any Councillor speaking at the time must stop and sit down. The meeting must be silent. Councillor not to be heard further. During Virtual Full Council meetings the equivalent of this Rule is that the Mayor will ask the Councillor/s to be silent. The Councillor is not to be heard further.

Member not to be heard further

- 22.3 If a Councillor persistently disregards the ruling of the Mayor by behaving improperly or offensively or deliberately obstructs business, the Mayor may move that the Councillor be not heard further. If seconded, the motion will be voted on without discussion. During Virtual Full Council meetings the equivalent of this Rule is for the Mayor to mute the particular Councillor/s.

Member to leave the meeting

- 22.4 If the Councillor continues to behave improperly after such a motion is carried, the Mayor may move that either the Councillor leaves the meeting or that the meeting is adjourned for a specified period. If seconded the motion will be voted on without discussion. During Virtual Full Council meetings the equivalent of this Rule is for the Mayor to end the Councillor/s live stream to the meeting

General disturbance

- 22.5 If there is a general disturbance making orderly business impossible, the Mayor may adjourn the meeting for as long as he/she thinks necessary.

23. Disturbance by Public

Removal of member of the public

- 23.1 If a member of the public interrupts proceedings or behaves in an inappropriate manner the Mayor may warn the person concerned. If they continue to interrupt or behave inappropriately the Mayor may order their removal from the meeting room. During Virtual Full Council meetings the equivalent of this Rule is for the Mayor to end the member of the public's live stream to the meeting.

Clearance of part of meeting room

- 23.2 If there is a general disturbance in any part of the meeting room open to the public, the Mayor may call for that part to be cleared.
- 23.3 Members of the public may not bring placards or banners into a meeting room.

24. Suspension and Amendment of Council Procedure Rules

Suspension

- 24.1 All of these Council Rules of Procedure except Rule 16.6, save to permit all proposals to be considered together when the Council is considering the budget and the corporate plan, and 17.2 may be suspended by motion on notice or without notice if at least two thirds of the whole number of members of the Council are present. Suspension can only be for the duration of the meeting.

Amendment

- 24.2 Any motion to add to, vary or revoke these Council Rules of Procedure will, when proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Council.

25. Application to Committees and Sub-Committees

All of the Council Rules of Procedure apply to meetings of full Council. Rules 9, 10, 12.11, 13.3, 16.1, 16.3, 16.6, 16.7, 16.8, 16.9, 16.10, 18, 19, 20, 21, 22.3, 22.4, 22.5, 23 and 24 apply to Cabinet. Rules 4-10 and 16, 18-21, 22.3, 22.4, 22.5, 23-25 apply to meetings of committees and sub-committees.

26. Access to Information Procedure Rules

Scope

Cabinet Arrangements

- 26.1. These rules apply to all meetings of the Council, Overview and Scrutiny Committee, the Standards Committee and regulatory committees and public meetings of the Cabinet (together called meetings).

Additional Rights to Information

- 26.2. These rules do not affect any more specific rights to information contained elsewhere in this Constitution or the law.

Rights to Attend Meetings

- 26.3. Members of the public may attend all meetings subject only to the exceptions in these rules. For Virtual council meetings this means that they can view the meetings at <https://www.hastings.gov.uk/my-council/cm/>

Notices of Meeting

- 26.4. The Council will give at least five clear days notice of any meeting by posting details of the meeting at Muriel Matters House and on its website.

Access to Agenda and Reports before the Meeting

- 26.5. The Council will make copies of the agenda and reports open to the public available for inspection at the designated office at least five clear days before the meeting. If an item is added to the agenda later, the revised agenda will be open to inspection from the time the item was added to the agenda. It will also be circulated to Councillors.

Supply of Copies

- 26.6. The Council will supply copies of:
- a. any agenda and reports which are open to public inspection;
 - b. any further statements or particulars necessary to indicate the nature of the items in the agenda; and
 - c. if the proper officer thinks fit, copies of any other documents supplied to Councillors in connection with an item
- to any person on payment of a charge for postage and any other costs.

Access to Minutes etc after the Meeting

- 26.7. The Council will make available copies of the following for six years after a meeting:
- a. the minutes of the meeting or records of decisions taken, together with reasons, for all meetings of the Cabinet, excluding any part of the minutes of proceedings when the meeting was not open to the public or which disclose exempt or confidential information;
 - b. a summary of any proceedings not open to the public where the minutes open to inspection would not provide a reasonably fair and coherent record;
 - c. the agenda for the meeting; and
 - d. reports relating to items when the meeting was open to the public.

Background Papers

List of background papers

- 26.8 Council Officers will set out in every report a list of those documents (called background papers) relating to the subject matter of the report which in their opinion:
- a. disclose any facts or matters on which the report or an important part of the report is based; and
 - b. which have been relied on to a material extent in preparing the report but does not include published works or those which disclose exempt or

confidential information (as defined in Rule 26.11) and in respect of Cabinet reports, the advice of a political advisor.

Public Inspection of Background Papers

26.9 The Council will make available for public inspection for four years after the date of the meeting one copy of each of the documents on the list of background papers.

Summary of Public's Rights

26.10 A written summary of the public's rights to attend meetings and to inspect and copy documents must be kept at and available to the public at Muriel Matters House. These rules constitute that written summary

Exclusion of Access by the Public to Meetings

Confidential information – Requirement to Exclude Public

26.11 The public must be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed.

Exempt information – discretion to exclude public

26.12 The public may be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that exempt information would be disclosed. Where the meeting will determine any person's civil rights or obligations, or adversely affect their possessions, Article 6 of the Human Rights Act 1998 establishes a presumption that the meeting will be held in public unless a private hearing is necessary for one of the reasons specified in Article 6.

Meaning of confidential information

26.13 Confidential information means information given to the Council by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

Meaning of exempt information

26.14 Exempt information means information falling within the following paragraphs (with Paragraphs 7a-7c being applicable only to the Standards Committee), but subject to the qualifications set out under 8-10 below.

1. Information relating to any individual.
2. Information which is likely to reveal the identity of an individual.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals that the authority proposes –
 - a. to give under any enactment a notice under or by virtue of which requirements are imposed on a person: or
 - b. to make an order or direction under any enactment.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.
 - a. Information which is subject to any obligation of confidentiality.
 - b. Information which relates in any way to matters concerning national security.
 - c. The deliberations of a standards committee or of a sub-committee of a standards committee established under the provisions of the Localism Act 2011.

Qualifications:-

8. Information falling within paragraph 3 above is not exempt information by virtue of that paragraph if it is required to be registered under –
 - a. the Companies Act 1985;
 - b. the Friendly Societies Act 1974;
 - c. the Friendly Societies Act 1992;
 - d. the Industrial and Provident Societies Acts 1965 to 1978;
 - e. the Building Societies Act 1986; or
 - f. the Charities Act 1993.
9. Information is not exempt information if it relates to proposed development for which the local planning authority may grant itself planning permission pursuant to regulation 3 of the Town and Country Planning General Regulations 1992.
10. Information which –
 - a. falls within any of paragraphs 1 to 7 above; and
 - b. is not prevented from being exempt by virtue of paragraph 8 or 9 above, is exempt information if and so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Exclusion of Access by the Public to Reports

- 26.15 If the Chief Legal Officer thinks fit, the Council may exclude access by the public to reports which in their opinion relate to items during which, in accordance with Rule 26.11 and Rule 26.12, the meeting is likely not to be open to the public. Such reports will be marked “Not for publication” together with the category of information likely to be disclosed.

Application of Rules

- 26.16 The Access to Information rules apply to all council committees and the Cabinet.

Procedure Before Taking Key Decisions

- 26.17 Subject to Rule 26.20 (general exception) and Rule 26.21 (special urgency), a key decision may not be taken unless:
- a. a notice (called here a Forward Plan) has been published in connection with the matter in question;
 - b. at least five clear days have elapsed since the publication of the Forward Plan; and
 - c. where the decision is to be taken at a meeting of the Cabinet or its committees, notice of the meeting has been given in accordance with Rule 26.4 (notice of meetings).

The Forward Plan

Period of Forward Plan

- 26.18 Forward Plans will be prepared by the Leader to cover a period of four months, beginning with the first day of any month. They will be prepared on a monthly basis and subsequent plans will cover a period beginning with the first day of the second month covered in the preceding plan.

Contents of Forward Plan

- 26.19 The Forward Plan will contain matters which the Leader has reason to believe will be subject of a key decision to be taken by the Cabinet, a committee of the Cabinet, individual members of the Cabinet, Officers or under joint arrangements in the course of the discharge of Cabinet functions during the period covered by the plan. It will describe the following particulars in so far as the information is available or might reasonably be obtained:
- a. the matter in respect of which a decision is to be made;
 - b. where the decision taker is an individual, their name and title, if any and where the decision taker is a body, its name and details of membership;
 - c. the date on which, or the period within which, the decision will be taken;

- d. the identity of the principal groups whom the decision taker proposes to consult before taking the decision;
- e. the means by which any such consultation is proposed to be undertaken;
- f. the steps any person might take who wishes to make representations to the Cabinet or decision taker about the matter in respect of which the decision is to be made, and the date by which those steps must be taken; and
- g. a list of the documents submitted to the decision taker for consideration in relation to the matter.

The Forward Plan must be published at least 28 days before the start of the period covered.

Exempt information need not be included in a Forward Plan and confidential information cannot be included.

General Exception

26.20 If a matter which is likely to be a key decision has not been included in the Forward Plan, then subject to Rule 26.21 (special urgency), the decision may still be taken if:

- a. the decision must be taken by such a date that it is impracticable to defer the decision until it has been included in the next Forward Plan and until the start of the first month to which the next Forward Plan relates;
- b. the Chief Legal Officer has informed the chair of the Overview and Scrutiny Committee, or if there is no such person, each member of that committee in writing, by notice, of the matter to which the decision is to be made;
- c. the Chief Legal Officer has made copies of that notice available to the public at the offices of the Council; and
- d. at least five clear days have elapsed since the Chief Legal Officer complied with b. and c.

Where such a decision is taken collectively, it must be taken in public.

Special Urgency

26.21 If by virtue of the date by which a decision must be taken Rule 26.20 (general exception) cannot be followed, then the decision can only be taken if the decision taker (if an individual) or the chair of the body making the decision, obtains the agreement of the Chair of the Overview and Scrutiny Committee that the taking of the decision cannot be reasonably deferred. If there is no Chair of the Overview and Scrutiny Committee, or if the Chair of the Overview and Scrutiny Committee is unable to act, then the agreement of the Mayor or, in their absence, the Deputy Mayor will suffice.

Emergency Situations

- 26.22 In urgency and/or emergency situations whereby Cabinet or Council and their respective Committees cannot meet to determine the Council's business, delegated authority is given to the Council's Chief Executive (or nominee) in consultation with a minimum of 4 members of Cabinet, one of whom to be the Leader or Deputy Leader of the Council. The Chief Executive (or nominee) should also consult with the Leader or Deputy Leader of the opposition. These emergency powers require the Chief Executive to make a risk assessment as to the holding of all Council, Cabinet or Committee meetings 'in person' in such emergency situations and putting in place the necessary arrangements to be able to conduct those meetings in safety and in compliance with the current government and legal guidance. The delegation is to cover all Cabinet's, Council's and Committee's powers, duties and functions not currently covered by Part 8 of the Council's Constitution. In relation to Regulatory Committees, the Chief Executive should also consult with the Chair of the relevant Committee and the Council's Monitoring Officer to make a decision as to the conduct of that Committee meeting and the manner in which it is to be held. In circumstances where the Chief Executive's nominee is exercising these emergency powers (in the absence of the Chief Executive) he or she must also consult with the Council's Monitoring Officer and Section 151 Officer. Emergency circumstances would include the sorts of events covered by our Emergency Plan as well as unprecedented episodes, such as pandemics. "Urgency" would in most cases be confined to essential decision making during such emergency situations. This change to apply from 13th October 2021 for a period of no more than 6 months. Any proposed extension or reinstatement of this change must be put to Full Council with full reasons outlined.

Report to Council

When the Overview and Scrutiny Committee can require a Report

- 26.23 If the Overview and Scrutiny Committee thinks that a key decision has been taken which was not:
- included in the Forward Plan; or
 - the subject of the general exception procedure; or
 - the subject of an agreement with the Overview and Scrutiny Committee Chair, or the Chair/Vice Chair of the Council under Rule 26.21;

the committee may require the Cabinet to submit a report to the Council within such reasonable time as the committee specifies. The power to require a report rests with the committee, but is also delegated to the Chief Legal Officer who shall require such a report on behalf of the committee when so requested by the Chair or any two members of the committee. Alternatively the requirement may be

raised by resolution passed at a meeting of the Overview and Scrutiny Committee.

Cabinet's Report to Council

26.24 The Cabinet will prepare a report for submission to the next available meeting of the Council. However, if the next meeting of the Council is within eight clear working days of receipt of the written notice, or the resolution of the committee, then the report may be submitted to the meeting after that. The report to Council will set out particulars of the decision, the individual or body making the decision, and if the Leader is of the opinion that it was not a key decision the reasons for that opinion.

Half Yearly Reports on Special Urgency Decisions

26.25 In any event the Leader will submit half yearly reports to the Council on the Cabinet decisions taken in the circumstances set out in Rule 26.21 (special urgency) in the preceding six months. The report will include the number of decisions so taken and a summary of the matters in respect of which those decisions were taken.

Record of Decisions

26.26 After any meeting of the Cabinet or any of its committees, whether held in public or private, the Chief Legal Officer or, where no officer was present, the person presiding at the meeting, will produce a record of every decision taken at that meeting as soon as practicable. The record will include a statement of the reasons for each decision and any alternative options considered and rejected at that meeting.

Notice of Meeting of the Cabinet

26.27 Members of the Cabinet or its committees will be entitled to receive five clear working days notice of a meeting to which they are summoned, unless the meeting is convened at shorter notice as a matter of urgency.

Overview and Scrutiny Committee Access to Documents

Rights to copies

26.27 Subject to Rule 26.28 below, the Overview and Scrutiny Committee will be entitled to copies of any document which is in the possession or control of the Cabinet or its committees and which contains material relating to

- a. any business transacted at a public or private meeting of the Cabinet or its committees; or
- b. any decision taken by an individual member of the Cabinet.

Limit on rights

26.28 The Overview and Scrutiny Committee will not be entitled to:

- a. any document that is in draft form;
- b. any part of a document that contains exempt or confidential information, unless that information is relevant to an action or decision the committee is reviewing or scrutinising or intends to scrutinise.

Additional Rights of Access for Councillors

Material relating to previous business

- 26.29 All Councillors will be entitled to inspect any document which is in the possession or under the control of the Cabinet or its committees and contains material relating to any business previously transacted at a private meeting unless (a) below applies:
- a. it contains exempt information falling within paragraphs 1 to 7 of the categories of exempt information.

Material relating to key decisions

- 26.30 All members of the Council will be entitled to inspect any document (except those available only in draft form) in the possession or under the control of the Cabinet or its committees which relates to any key decision unless Rule 26.29a above applies.

Nature of rights

- 26.31 These rights of a Councillor are additional to any other right he/she may have.

27. Budget and Policy Framework Procedure Rules

The framework for Cabinet decisions

- 27.1 The Council will be responsible for the adoption of its budget and policy framework as set out in Article 4. Once a budget or a policy framework is in place, it will be the responsibility of the Cabinet to implement it.

Process for developing the framework

- 27.2 The process by which the budget and policy framework shall be developed is:
- a. The Cabinet will publicise, by including in the Forward Plan and any other appropriate means depending upon the circumstances, a timetable for making proposals to the Council for the adoption of any plan, strategy or budget that forms part of the budget and policy framework and its arrangements for consultation after publication of those initial proposals.
 - b. Before a plan/strategy/budget needs to be adopted, the Leader or relevant Portfolio Holder will publish initial proposals for the budget and policy framework in a manner suitable to the matter under consideration.
 - c. The initial proposals shall be referred to the Overview and Scrutiny

Committee for advice and consideration. The views of local stakeholders will also be canvassed. The Overview and Scrutiny Committee shall report to the Cabinet on the outcome of its deliberations. The Overview and Scrutiny Committee shall have four weeks to respond to the proposals of the Cabinet.

- d. Having considered the report of the Overview and Scrutiny Committee, the Cabinet, if it considers it appropriate, may amend its proposals before submitting them to the Council for consideration.
- e. The Council will consider the proposals of the Cabinet and may adopt them, amend them, refer them back to the Cabinet for further consideration, or substitute its own proposals in their place. In considering the matter, the Council shall have before it the Cabinet's proposals and any report from the Overview and Scrutiny Committee.
- f. The Council's decision will be published and a copy shall be given to the Leader to the Council. The notice of decision shall be dated and shall state either that the decision shall be effective immediately, if the Council accepts the Cabinet's proposals without amendment or, if the Cabinet's proposals are not accepted without amendment, that the Council's decision will become effective on the expiry of five working days after the publication of the notice of decision, unless the Leader objects to it in that period.
- g. If the Leader objects to the decision of the Council, he/she shall give written notice to the Chief Legal Officer to that effect prior to the date upon which the decision is to be effective. The written notification must state the reasons for the objection. Where such notification is received, the Chief Legal Officer shall convene a further meeting of the Council to reconsider its decision and the decision shall not be effective pending that meeting.
- h. The Council meeting must take place within eight working days of the receipt of the Leader's written objection. At that Council meeting, the decision of the Council shall be reconsidered in the light of the objection, which shall be available in writing for the Council.
- i. The Council shall at that meeting make its final decision on the matter on the basis of a simple majority. The decision shall be made public and shall be implemented immediately.
- j. Where before 8 February in any financial year, Cabinet submits to Council for its consideration in relation to the following financial year
 1. estimates of the amounts to be aggregated in making a calculation (whether originally or by way of substitute) in accordance with any of sections 32 to 37 or 43 to 49 Local Government Finance Act 1992 ("the calculation");
 2. estimates of other amounts to be used for the purposes of the calculation;
 3. estimates of such a calculation; or
 4. amounts required to be stated in a precept under Chapter IV of Part I Local Government Finance Act 1992and Council objects to such estimates, Council shall, before it makes the calculation, take the following action. It shall inform the Leader of its

objections and require Cabinet to reconsider the estimates and amounts in light of those objections, specifying a period of no less than eight working days, beginning with the date on which the Leader receives the instruction, within which the Leader may

- submit revised estimates or amounts to Council with Cabinet's reasons for the amendments; or
- inform Council of any disagreement Cabinet has with Council's objections and giving its reasons.

At the end of the period for objection, when considering the calculation, Council shall take account of Cabinet's responses.

(This paragraph does not apply to calculations made in accordance with Section 52I, 52J, 52T or 52U Local Government Finance Act 1992.)

- k. In approving the budget and policy framework, the Council will also specify the degree of in-year changes to the policy framework which may be undertaken by the Cabinet, in accordance with Rule 27.5. Any other changes to the budget and policy framework are reserved to the Council.

Decisions outside the budget or policy framework

27.3

- a. Subject to the provisions of the rules on virement contained in Financial Rules, the Cabinet, committees of the Cabinet, and any Officers, or joint arrangements discharging Cabinet functions may only take decisions which are in line with the budget and policy framework. If any of these bodies or persons wishes to make a decision which is contrary to the policy framework, or contrary to or not wholly in accordance with the budget approved by Full Council, then that decision may only be taken by the Council, subject to 27.4 below
- b. If the Cabinet, committees of the Cabinet, any Officers, or joint arrangements discharging Cabinet functions want to make such a decision, they shall take advice from the Monitoring Officer and/or the Chief Finance Officer as to whether the decision they want to make would be contrary to the policy framework, or contrary to or not wholly in accordance with the budget. If the advice of either of those Officers is that the decision would not be in line with the existing budget and/or policy framework, then the decision must be referred by that body or person to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in paragraph 27.4 (urgent decisions outside the budget and policy framework) shall apply.

Urgent decisions outside the budget or policy framework

27.4

- a. The Cabinet, a committee of the Cabinet, individual members of the Cabinet or Officers or joint arrangements discharging Cabinet functions may take a decision which is outside the Council's policy framework or contrary to or not wholly in accordance with the budget approved by full Council if the decision is a matter of urgency. However, the decision may only be taken if the chair of the Overview and Scrutiny Committee agrees

that the decision is a matter of urgency.

The chair of the Overview and Scrutiny Committee's consent to the decision being taken as a matter of urgency must be noted on the record of the decision. In the absence of the chair of the Overview and Scrutiny Committee the consent of the Mayor and in the absence of both the Deputy Mayor will be sufficient.

- b. Following the decision, the decision taker will provide a full report to the next available Cabinet meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

In year changes to policy framework

- 27.5 The responsibility for agreeing the budget and policy framework lies with the Council, and decisions by the Cabinet, a committee of the Cabinet, Officers, or joint arrangements discharging Cabinet functions must be in line with it. No changes to any policy and strategy which make up the policy framework may be made by those bodies or individuals except those changes:
- a. which will result in the closure or discontinuance of a service or part of service to meet a budgetary constraint;
 - b. necessary to ensure compliance with the law, ministerial direction or government guidance;
 - c. in relation to the policy framework in respect of a policy which would normally be agreed annually by the Council following consultation, but where the existing policy document is silent on the matter under consideration.

Call-in of decisions outside the budget or policy framework

- 27.6
- a. If the decision has yet to be made, or has been made but not yet implemented, and the advice from the Monitoring Officer and/or the Chief Financial Officer is that the decision is or would be contrary to the policy framework or contrary to or not wholly in accordance with the budget, the Chair of the Overview and Scrutiny Committee may refer the matter to Council. In such cases, no further action will be taken in respect of the decision or its implementation until the Council has met and considered the matter. The Council shall meet within five days of the request by Chair of the Overview and Scrutiny Committee. At the meeting it will receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the Chief Finance Officer. The Council may either:
 - i. endorse a decision or proposal of the Cabinet as falling within the existing budget and policy framework. In this case no further action is required, save that the decision of the Council be minuted and circulated to all Councillors in the normal way;

or

- ii. amend the Council's financial rules or policy concerned to encompass the

decision or proposal of the body or individual responsible for that Cabinet function and agree to the decision with immediate effect. In this case, no further action is required save that the decision of the Council be minuted and circulated to all Councillors in the normal way;

or

- iii. where the Council accepts that the decision or proposal is contrary to the policy framework or contrary to or not wholly in accordance with the budget, and does not amend the existing framework to accommodate it, require the Cabinet to reconsider the matter in accordance with the advice of either the Monitoring Officer / Chief Finance Officer.

28. Cabinet Procedure Rules

How the Cabinet operates.

Who can make Cabinet decisions

28.1 The arrangements for the discharge of Cabinet functions are set out in the arrangements adopted by the Council and explained in Part 3 of the Constitution. The arrangements may provide for executive functions to be discharged by:

- i. the Cabinet as a whole;
- ii. a committee of the Cabinet;
- iii. an individual member of the Cabinet;
- iv. an Officer;
- v. a neighbourhood forum;
- vi. joint arrangements with another local authority;
- vii. another local authority.

28.2 The Council appoints the Leader. The Leader appoints the Deputy Leader and members of the Cabinet. The Leader is also the Chair of Cabinet meetings. The Leader allocates portfolios to Cabinet members.

Delegation of Cabinet Functions

28.3 The Cabinet may delegate its functions to a committee of the Cabinet and may delegate decisions on matters of urgency to an individual Member of the Cabinet.

Where the Cabinet or a committee of the Cabinet is responsible for a Cabinet function, they may delegate further to an Officer.

Conflicts of Interest

28.4 Any conflict of interest by a member of the Cabinet will be dealt with in accordance with the Council's Code of Conduct for Councillors in Part 5 of

this Constitution.

Cabinet meetings

28.5 The Cabinet shall meet at Muriel Matters House, Breeds Place, Hastings, TN34 3UY, or another location to be agreed by the Leader.

Cabinet meetings will be held in public, in accordance with the Council's principles of openness in decision making set out in Article 12 of this Constitution, Part 2. The Access to Information Rules in Part 4 of this Constitution set out the requirements covering public and private meetings.

Quorum

28.6 The quorum of the Cabinet will be three.

The Conduct of Cabinet Meetings

Chair

28.7 If present, the Leader will chair the meeting. In their absence, the Deputy Leader will chair the meeting. In the absence of the Leader and the Deputy Leader a member appointed to do so by those present shall chair the meeting.

Attendance

28.8 These details are set out in the Access to Information Rules in Part 4 of this Constitution. Meetings are usually open to the public. During Virtual meetings this means that the public can view the meetings at <https://www.hastings.gov.uk/my-council/cm/> . A Councillor (who is not a member of Cabinet) may speak at meetings of the Cabinet where a decision affects that Councillor's ward. Petitioners also have an opportunity to address Cabinet where the subject of the petition relates to a Cabinet function. Councillors who have proposed a motion on notice which has been referred to Cabinet, may address Cabinet on their motion. The seconder of the motion may also speak at Cabinet.

Cabinet business

28.9 At each meeting of Cabinet the following business will be conducted:

- i. consideration of the minutes of the last meeting;
- ii. declarations of interest, if any;
- iii. matters referred to Cabinet (whether by the Overview and Scrutiny Committee or by the Council) for reconsideration by Cabinet in accordance with the provisions contained in the Overview and Scrutiny Procedure Rules or the Budget and Policy Framework Procedure Rules set out in Part 4 of this Constitution;

- iv. consideration of reports from the Overview and Scrutiny Committee; and
- v. matters set out in the agenda for the meeting, which shall indicate which are key decisions and which are not, in accordance with the Access to Information Procedure Rules set out in Part 4 of this Constitution.

Items for the Cabinet agenda

28.10

- a. Agenda items for meetings of Cabinet will be agreed by the Leader of the Council and the Chief Executive or, in their absence her nominee. The advice of the Council's Monitoring Officer and Chief Finance Officer will also be relevant in considering what items should be put on the agenda by the Chief Legal Officer.
- b. The Chief Legal Officer will make sure that an item is placed on the agenda of the next appropriate meeting of Cabinet where the Overview and Scrutiny Committee or the Full Council have resolved that an item be considered by Cabinet.
- c. The Monitoring Officer and/or the Chief Finance Officer may include an item for consideration on the agenda of a Cabinet meeting and may require the Chief Legal Officer to call such a meeting in pursuance of their statutory duties.

28.11 The conduct of Cabinet meetings is at the discretion of the Chair and the following Council procedure rules apply: 9, 10, 12.11, 16.1, 16.3, 16.6, 16.7, 16.8, 16.9, 16.10, 18, 19, 20, 21, 22.3-5, 23 and 24.

29. Overview and Scrutiny Procedure Rules

Arrangements for Overview and Scrutiny Committee

29.1

- a. The Council will have one Overview and Scrutiny Committee: It will perform all overview and scrutiny functions on behalf of the Council.
- b. The terms of reference of the Overview and Scrutiny Committee will be:
 - i. the performance of all overview and scrutiny functions on behalf of the Council relating to the service areas specified in Article 6 (The Constitution, Part 2);
 - ii. To agree an annual overview and scrutiny work programme for the Overview and Scrutiny Committee in consultation with the Chief Executive and Chief Legal Officer;
 - iii. To ensure that referrals from Overview and Scrutiny Committee to the Cabinet, either by way of report or for reconsideration, are managed efficiently and do not exceed the limits set out in this Constitution;

- iv. in the event of reports to the Cabinet exceeding limits in this Constitution, or if the volume of such reports creates difficulty for the management of Cabinet business or jeopardises the efficient running of Council business, at the request of the Cabinet, to make decisions about the priority of referrals made.
- v. To receive requests from the Cabinet and/or the Full Council for reports from Overview and Scrutiny Committee.
- vi. To call in decisions of the Cabinet, made but not implemented, where those decisions are within the scope of the Terms of Reference of the Overview and Scrutiny Committee.
- vii. To review the performance of the Council's departments in delivering services which are relevant to the work of the Overview and Scrutiny Committee.
- viii. To consider Scrutiny Reviews and make recommendations to the Cabinet and/or Council
- ix. To appoint elected Members to the Review Groups.
- x. The Overview and Scrutiny Committee is the Council's crime and disorder committee for the purposes of Section 19 Police and Justice Act 2006 and the Crime and Disorder (Overview and Scrutiny) Regulations 2009.
- xi. The committee can exercise its function in relation to the Charity Committee, a committee of the Cabinet.

Membership of Overview and Scrutiny Committee

- 29.2 There will be eleven members on the Overview and Scrutiny Committee. All Councillors except members of the Cabinet, the Mayor and Deputy Mayor may be members of the Overview and Scrutiny Committee. However, no member may be involved in scrutinising a decision in which he/she has been directly involved.

All members appointed to Overview and Scrutiny Committee must commit to be trained in order to perform the specialist role required.

Co-optees

- 29.3 The Overview and Scrutiny Committee shall be entitled to recommend to Council the appointment of a number of people as non-voting co-optees.

The Hastings and St Leonards Museum Association may appoint persons who are for the time being members of the Association to attend any meeting of an Overview and Scrutiny Committee at which the management of the Hastings Museum Collection is the subject of consideration. These members will be entitled to vote and to speak at the meeting on any question relating to the management of the Collection. The number appointed may be up to 40% of the size of the original Overview and Scrutiny Committee. (These members may not speak, other than at the invitation of the committee chair, or vote on any question other than one

relating to the management of the Collection). Attendance by members of the Association at the Overview and Scrutiny Committee will not affect the continuing role of the Museums Committee.

(Reference: Statutory Instrument 2000 No. 2853)

Meetings of the Overview and Scrutiny Committee

- 29.4 There shall be four formal regular public meetings of the Overview and Scrutiny Committee in each year.

There will also be up to five reserve dates for the committee in each year. These reserve dates are for work on policy development discussions, service reviews and training. If required, any of these reserve dates may be used as formal public meetings to deal with the call-in of a Cabinet decision under Rule 26.20 of this part of the constitution.

The decision to use a reserve date as a formal meeting must be taken by the Chair of the Overview and Scrutiny Committee, or by request from any three members of the committee or by the Chief Legal Officer if he/she considers it necessary.

Quorum

- 29.5 The quorum for the Overview and Scrutiny Committee shall be as set out for committees in the Council Procedure Rules in Part 4 of this Constitution.

The Chair of Overview and Scrutiny Committee meetings

- 29.6 The Council will appoint the Chair and Vice Chair of the Overview and Scrutiny Committee which will be from members of an opposition group. ~~Chair and Vice-Chair may be minority party members.~~ The rules of political balance will apply to the rest of the Committee these posts.

Work programme

- 29.7 Shortly after Annual Council there will be an annual public meeting of the Overview and Scrutiny Committee to set a work programme for the overview and scrutiny function for the municipal year and to review the results of the previous year's work programme.

The Overview and Scrutiny Committee will be responsible for setting their own work programme and in doing so they shall take into account wishes of members on that committee who are not members of the largest political group on the Council.

Agenda items

- 29.8 Any member of the Overview and Scrutiny Committee or sub-committee shall be entitled to give notice to the Chief Legal Officer that he/she wishes an item relevant to the functions of the committee to be included on the agenda for the

next available meeting of the committee. On receipt of such a request the Chief Legal Officer will ensure that it is included on the next available agenda.

The Overview and Scrutiny Committee shall also respond, as soon as its work programme permits, to requests from the Council and if they consider it appropriate, the Cabinet, to review particular areas of Council activity. Where they do so, the Overview and Scrutiny Committee shall report their findings and any recommendations back to the Cabinet and/or Council. The Council and/or the Cabinet shall consider the report of the Overview and Scrutiny Committee at the next available meeting.

The Chair of a Best Value Project Group can refer that Best Value Review back to the Overview and Scrutiny Committee for further consideration at any point in the Review.

Policy review and development

29.9

- a. The role of the Overview and Scrutiny Committee in relation to the development of the Council's budget and policy framework is set out in detail in the Budget and Policy Framework Procedure Rules.
- b. In relation to the development of the Council's approach to other matters not forming part of its policy and budget framework, the Overview and Scrutiny Committee may make proposals to the Cabinet for developments in so far as they relate to matters within their terms of reference.
- c. The Overview and Scrutiny Committee may hold enquiries and investigate the available options for future direction in policy development and may appoint advisers and assessors to assist them in this process. They may go on site visits, conduct public surveys, hold public meetings, commission research and do all other things that they reasonably consider necessary to inform their deliberations. They may ask witnesses to attend to address them on any matter under consideration. The Cabinet is required to meet reasonable requests for funding. Funding should be used for specific activities in support of the functions outlined in the Terms of reference for the Overview and Scrutiny Committee.

Reports from the Overview and Scrutiny Committee

29.10

- a. Once it has formed recommendations on proposals, the Overview and Scrutiny Committee will prepare a formal report and submit it for consideration by the Cabinet if it is a Cabinet matter. If it is a matter for Council then the Cabinet will be invited to comment before the report goes before the Council.
- b. If an Overview and Scrutiny Committee cannot agree on one single final report to the Council or Cabinet as appropriate, then one minority report may be prepared and submitted for consideration by the Council or Cabinet with the majority report.
- c. Where the final outcome of a Best Value Review is reported to the Overview and Scrutiny Committee, the Head of Service may produce an Officer response for consideration by Members.

- d. The Council or Cabinet shall consider the report of the Overview and Scrutiny Committee at the next available meeting.

Forward Plan

- 29.11 The Overview and Scrutiny Committee will have access to the Cabinet's Forward Plan and timetable for decisions and intentions for consultation.

Rights of Overview and Scrutiny Committee members to documents

- 29.12
- a. In addition to their rights as Councillors, members of the Overview and Scrutiny Committee have the additional right to documents, and to notice of meetings as set out in the Access to Information Procedure Rules in Part 4 of this Constitution.
 - b. Nothing in this paragraph prevents more detailed liaison between the Cabinet and Overview and Scrutiny Committee as appropriate depending on the particular matter under consideration.

Councillors and Officers giving account

- 29.13
- a. The Overview and Scrutiny Committee may scrutinise and review decisions made or actions taken in connection with the discharge of any Council functions. As well as reviewing documentation, in fulfilling the scrutiny role, it may require any member of the Cabinet or the Chief Executive to attend before it to explain in relation to matters within their remit:
 - i. any particular decision or series of decisions;
 - ii. the extent to which the actions taken implement Council policy; and/or
 - iii. their performanceand it is the duty of those persons to attend if so required.
 - b. Where any Councillor or officer is required to attend an Overview and Scrutiny Committee under this provision, the chair of that committee will inform the Chief Legal Officer. The Chief Legal Officer shall inform the Councillor or Officer in writing giving at least five working days notice of the meeting at which he/she is required to attend. The notice will state the nature of the item on which he/she is required to attend to give account and whether any papers are required to be produced for the committee. Where the account to be given to the committee will require the production of a report, then the Councillor or Officer concerned will be given sufficient notice to allow for preparation of that report.
 - c. Where, in exceptional circumstances, the Councillor or Officer is unable to attend on the required date, then the Overview and Scrutiny Committee, shall in consultation with the Councillor or Officer, arrange an alternative date for attendance or for an alternative Officer to attend.

Attendance by others

- 29.14 The Overview and Scrutiny Committee may invite people other than those people referred to in Rule 29.13 above to address it, discuss issues of local concern and/or answer questions. It may for example wish to hear from residents, stakeholders and Councillors and officers in other parts of the public sector and shall invite such people to attend. Attendance cannot be made compulsory. During Virtual meetings this means attendance by joining the meeting on Microsoft Teams.

At each programmed meeting of the Overview and Scrutiny Committee, the appropriate Cabinet Members may be questioned by members of that Committee on key issues and respond to questions on those issues. If any members of that Committee wish to question a Cabinet Member on a particular issue, it may be helpful to provide the question in advance.

For the purposes of completing service reviews and policy development, any Councillor may be invited by the Chair of the Overview and Scrutiny to participate, although all decisions and reports will be the responsibility of the members appointed to the Overview and Scrutiny Committee by Annual Council.

Call-in

- 29.15 Call-in should only be used in exceptional circumstances.
- a. When a decision is made by the Cabinet, a committee of the Cabinet or a key decision is made by an officer with delegated authority from the Cabinet the decision shall be published, including where possible by electronic means, and shall be available at the main offices of the Council normally within two working days of being made. Members of the Overview and Scrutiny Committee will be sent copies of the records of all such decisions within the same timescale.
 - b. That notice will bear the date on which it is published and will specify that the decision will come into force, and may then be implemented, on the expiry of three working days after the publication of the decision, unless the Overview and Scrutiny Committee objects to it and calls it in.
 - c. During that period, the Chief Legal Officer shall call-in a decision for scrutiny by the committee if so requested by the chair or any two members of the relevant committee, and shall then notify the decision-taker of the call-in. The meeting will be held within eight working days, where possible after consultation with the chair of the committee.
 - d. If, having considered the decision, the Overview and Scrutiny Committee is still concerned about it, then it may refer it back to the Cabinet for reconsideration, setting out in writing the nature of its concerns or refer the matter to full Council. On receipt of the response from the Overview and Scrutiny Committee the Cabinet or Council may decide to proceed with the original decision or make an amended decision.

- e. If, following an objection to the decision, the Overview and Scrutiny Committee does not meet within eight working days of the decision to call-in or does meet but does not refer the matter back to the Cabinet, the decision shall take effect on the expiry of the period, or the date of the overview and scrutiny meeting, whichever is the earlier.
- f. If the matter was referred to Full Council and the Council does not object to a decision which has been made, then no further action is necessary and the decision will be effective in accordance with the provision below. However, if the Council does object, it has no locus to make decisions in respect of a Cabinet decision unless it is contrary to the policy framework, or contrary to or not wholly consistent with the budget. Unless that is the case, the Council will refer any decision to which it objects back to the Cabinet, together with the Council's views on the decision. The Cabinet shall choose whether to amend the decision or not before reaching a final decision and implementing it.
- g. If the Council does not meet, or if it does but does not refer the decision back to the Cabinet, the decision will become effective on the date of the Council meeting or expiry of the period in which the Council meeting should have been held, whichever is the earlier.

Exceptions

In order to ensure that call-in is not abused, nor causes unreasonable delay, a written request signed by the Chair or any two members of the Overview and Scrutiny Committee is needed for a decision to be called in. The notice shall specify which part or parts of the decision is/are called in and the reason why it/they should be referred to the committee for consideration.

Call-In and Urgency

The call-in procedure set out above shall not apply where the decision being taken by the Cabinet is urgent. A decision will be urgent if any delay likely to be caused by the call in process would seriously prejudice the Council's or the public's interests. The record of the decision, and notice by which it is made public, shall state whether, in the opinion of the decision making person or body, the decision is an urgent one, and therefore not subject to call-in.

The Party Whip

29.16 The Party Whip is defined here as any instruction given by or on behalf of a political group to any Councillor who is a member of that group as to how that Councillor shall speak or vote on any matter before the Council or any committee or sub-committee, or the application or threat to apply any sanction by the group in respect of that Councillor should he/she speak or vote in any particular manner. Government guidance says that the party whip should not apply on Overview and Scrutiny Committee.

Procedure at Overview and Scrutiny Committee meetings

29.17

- a. The Overview and Scrutiny Committee shall consider the following business:
 - i. minutes of the last meeting;
 - ii. declarations of interest (including whipping declarations);
 - iii. consideration of any matter referred to the committee for a decision in relation to call in of a decision;
 - iv. responses of the Cabinet to reports of the Overview and Scrutiny Committee;
 - v. the business otherwise set out on the agenda for the meeting.
- b. Where the Overview and Scrutiny Committee conducts investigations (e.g. with a view to policy development), the committee may also ask people to attend to give evidence at committee meetings which are to be conducted in accordance with the following principles:
 - i. that the investigation be conducted fairly and all members of the committee be given the opportunity to ask questions of attendees, and to contribute and speak;
 - ii. that those assisting the committee by giving evidence be treated with respect and courtesy; and
 - iii. that the investigation be conducted so as to maximise the efficiency of the investigation or analysis.
- c. Following any investigation or review, the Committee shall prepare a report, for submission to the Cabinet and/or Council as appropriate and shall make its report and findings public.

Matters within the remit of Overview and Scrutiny

Councillor Call for Action (CCFA)

29.18 Ward Councillors have the power to request a debate and discussion at the Overview and Scrutiny Committee on the subject of neighbourhood concern. The powers are limited to single issues affecting the Councillor's ward and are there as a longstop when all other attempts at a resolution have failed. The matter must be a local government matter for which the Overview and Scrutiny Committee has a responsibility, relate to the Councillor's ward and not be excluded.

Excluded matters are:

- a. matters relating to a planning or licensing decision;
- b. a matter relating to an individual or entity in respect of which that individual or entity has recourse to a right of appeal conferred by legislation;
- c. any matter which is vexatious, discriminatory or unreasonable.

29.19 The process for the consideration of requests is that the ward Councillor submits the request by e-mail to democraticservices@hastings.gov.uk. The Ward Councillor must specify the exact nature of the issue, what steps have

already been taken to resolve it, how the Overview and Scrutiny Committee can assist and what a successful resolution might be. Relevant Officers would be requested to comment before consideration of the request by the Chair and Vice-Chair at an agenda planning meeting. The agenda planning meeting would consider whether the matter was appropriate for reference to the Overview and Scrutiny Committee. Having regard to the criteria and exclusions set out in Rule 29.18 where it is decided not to be appropriate to refer the matter to the agenda planning meeting reasons for refusal shall be provided in writing.

29.20 At a meeting of the Overview and Scrutiny Committee to consider the matter, the ward Councillor is entitled to address the Committee to present the call for action. Relevant Portfolio Holders, Officers and partner organisations, where appropriate, will be invited to attend and contribute. The Committee will explore the potential options for resolution and decide on their recommendation for certain action. The Committee might consider any delegated decision making powers the ward Councillor may have and representations from the ward Councillor on why it would be appropriate for the Committee to exercise its powers as Overview and Scrutiny Committee. The Committee will direct its recommendation to the Cabinet or the relevant committee of the Council, or relevant Head of Service where there is a delegation to officers. The Cabinet, committee, or relevant Head of Service, in question, is required to report back to the Overview and Scrutiny Committee on actions taken as a result of the reference or the reasons for not taking action. If it decides not to take any action, the Committee shall notify the Councillor of its decision and the reasons for the decision.

29.21 Where the Committee makes recommendations to the Council it must provide a copy of the report to:

- a. the Councillor who referred the matter; and
- b. such of the responsible authorities and co-operating persons and bodies as it shall think appropriate.

When notifying those authorities, persons or bodies of the report recommendations the Committee shall inform them that they are required:

- a. to consider the report and recommendations;
- b. respond indicating what action is proposed; and
- c. have regard to the report or recommendations in exercising their functions.

30. Officer Employment Procedure Rules

Introduction

- 30.1 These rules are intended to give effect to the provisions of the Local Authorities (Standing Orders)(England) Regulations 2001, as amended, and will form the standing orders prescribed regarding employment matters. These rules take effect subject to the provisions of those Regulations.

Interpretation

30.2 For the purposes of these rules the following meaning apply:-

“Head of Paid Service” means the Chief Executive

30.3 “Chief Officer” means the Chief Executive.

Recruitment and appointment

30.4

- a. Declarations
 - i. The Council will draw up a statement requiring any candidate for appointment as an Officer to state in writing whether they are the parent, grandparent, partner, child, stepchild, adopted child, grandchild, brother, sister, uncle, aunt, nephew or niece of an existing Councillor or officer of the Council; or of the partner of such persons.
 - ii. No candidate related to a Councillor or an Officer will be appointed without the authority of the relevant chief officer or an Officer nominated by him/her.
- b. Seeking support for appointment.
 - i. The Council will disqualify any applicant who directly or indirectly seeks the support of any Councillor for any appointment with the Council. The content of this paragraph will be included in any recruitment information.
 - ii. No Councillor will seek support for any person for any appointment with the Council.

Recruitment of Head of Paid Service and Chief Officers

30.5 Where the Council proposes to appoint a Chief Officer and it is not proposed that the appointment be made exclusively from among their existing officers, the Council will:

- a. draw up a statement specifying:
 - i. the duties of the Officer concerned; and
 - ii. any qualifications or qualities to be sought in the person to be appointed;
- b. make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it; and
- c. make arrangements for a copy of the statement mentioned in Rule 30.4a to be sent to any person on request.

Appointment of Head of Paid Service

30.6

- a. The Full Council will approve the appointment of the Head of Paid Service following the recommendation of such an appointment by the Employment Committee of the Council. That Committee must include at least one member of the Cabinet.
- b. The Full Council may only approve the appointment of the Head of Paid

Service where no well-founded objection has been made by any member of the Cabinet.

Appointment of Chief Officers

30.7

- a. The Employment Committee of the Council will appoint Chief Officers of the Council. It must be advised by the Head of Paid Service.
- b. The Committee will not confirm such an appointment if a well-founded objection has been made by any member of the Cabinet or the Head of Paid Service until it has heard the objection.

Other appointments

Officers other than Assistants to Political Groups

30.8

- a. Appointment of Officers other than the Head of Paid Service or Chief Officers is the responsibility of the Head of Paid Service or their nominee

Assistants to Political Groups

- b. Appointment of an assistant to a political group shall be made in accordance with the wishes of that political group

Disciplinary action

30.9

- (i) Where an allegation is made against the Head of Paid Service, Monitoring Officer or Chief Finance Officer (Statutory Officers) relating to conduct or capability or some other substantial issue that requires investigation, the matter will be considered by the Employment Committee
- (ii) The Employment Committee will consider and action suspension, where appropriate to allow for an investigation. Any suspension must not last longer than two months, unless an extension is recommended by a suitably qualified and independent investigator
- (iii) For the purposes of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015, the Employment Committee will operate as the Panel (including two or more independent persons who have accepted the invitation)

- (iv) The Employment Committee will include two or more independent persons who accept the invitation in the following priority order:
 - a) A relevant independent person who has been appointed by the Council and who is a local government elector;
 - b) Any other independent person who has been appointed by the Council;
 and
 - c) An independent person who has been appointed by another council or councils.]
- (v) At the relevant time, the Employment Committee will consider whether potential disciplinary/dismissal issues require investigation and whether the relevant Officer should be suspended. In this regard the authority must ensure that the Panel is in place at least 20 working days before the meeting at which it considers whether to approve a proposal to dismiss.
- (vi) The Employment Committee will inform the relevant Officers of the allegations, and allow him/her to respond in writing and in person. The Employment Committee will then decide whether no further action is required or that the matter requires an investigation by a suitably qualified and independent person and the Committee will use its best endeavours to agree this person with the officer
- (vii) The Employment Committee will review the results of the investigation to consider what action if any is appropriate, after hearing the views of the relevant Officer and the independent persons, and report its recommendations. The independent persons do not have a vote on whether the relevant person should be dismissed. Full Council must consider whether or not to approve such dismissal.

Dismissal

- (viii) Where dismissal is recommended, the Employment Committee will provide advice, views or recommendations to Full Council for the authority to vote on whether it approves the proposal to dismiss. The relevant Officer will be provided with all relevant papers and documents in advance of the meeting and allowed to make their representations. Written representations may also be given by the relevant Officer in advance of the meeting.
- (ix) No notice of dismissal shall be given until the matter has been referred to the Full Council for approval.
- (x) The Council's disciplinary, capability and related procedures, as adapted from time to time, allow a right to appeal for all Officers to Members in respect of dismissals. Such appeals will be heard by the Employment Appeals Committee. Councillors will not be involved in the dismissal of any officer other than the Head of Paid Service, Chief Finance Officer, Monitoring Officer and Chief Officers except where such involvement is necessary to assist any investigation or inquiry being conducted by a Senior Officer or an independent person into alleged misconduct.

In relation to any further appeal for statutory officers, as Full Council has approved the dismissal, there is no one in the authority who has the power to overturn the dismissal

decision. In this respect and as set out above, the relevant Officer will have the opportunity to make representations to the Employment Appeals Committee before any dismissal recommendation is made at Full Council.

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31. Procedural Appendices

Minute's Silence at Council Meetings

Honorary Freedom of the Borough

Appendix 1

Protocol – Minute's Silence at Council Meetings

A minutes silence will be held at the next meeting of Full Council following the death of:

- a. A current member of the Council or one who left office within the preceding 4 years.
- b. Former Mayor of the Borough.
- c. Former MP for Hastings and Rye
- d. Member of the Order of 1066
- e. Freeman/woman of Borough
- f. The Monarch or a significant member of the Royal Family.
- g. Any other person who has made a significant contribution to the Borough and its residents, or to the UK as determined by the Mayor in consultation with leaders of all political groups represented on the Council.
- h. A minute's silence will be held at the next meeting of Full Council following a local, national or international disaster, as determined by the Mayor in consultation with leaders of all political groups represented on the Council.

Where any of the above has been convicted of a criminal penalty, or brought themselves or office into disrepute the Mayor in consultation with leaders of all political groups represented on the Council may decide to withhold this tribute

Appendix 2

HONORARY FREEDOM OF THE BOROUGH

Introduction

1. The Borough Council has power to admit individuals as Freemen of the Borough and this is set out in Section 249(5) Local Government Act 1972:-

“the Council of a ...district having the status of a ...borough ...may, by resolution passed by not less than two-thirds of the members voting thereon at a meeting of the council specially convened for the purpose with notice of the object, admit to be honorary freemen of the...borough....persons of distinction and persons who have, in the opinion of the council, rendered eminent services to the...borough, but the admission of a person to be an honorary freeman shall not confer on him any such rights as are referred to in Section 248(4) above.”

2. The legislation goes on to provide that the Council may spend “such reasonable sum as they think fit for the purposes of presenting an address or casket containing an address to a person upon whom they have conferred the title...”.
3. The title is entirely honorary – there are no rights or privileges arising from the award - and the Council’s powers to spend are strictly limited by the section.

Motion to bestow the Freedom of the Borough

4. In most cases the consideration of the Council admitting a person to the Freedom of the Borough will result from a motion to Council.
5. Under the Constitution a motion, which is required to be considered by Council, would normally be included on the agenda of the next ordinary meeting of the Council. The Act, however, refers to meeting of the Council specially convened for the purpose.
6. The honour has been bestowed by the Borough on just six occasions since 1972. The individuals honoured and the reasons why the Council considered them as persons of distinction or persons who have, in the opinion of the Council, rendered eminent services to the Borough are as follows:-

1978	William Henry Dyer. For services to the town’s old people and encouraging interest in local history.
1986	Victor James Pain. For 60 years work for the Borough of Hastings and as Leader of the Council.
2006	Pam Brown. OBE. In recognition of outstanding service to the Borough and its citizens.
2008	47 Royal Artillery Regiment. In recognition of the great debt owed to the armed forces, serving at home and abroad.
2011	Michael Foster. Member of Parliament for Hastings and Rye.
2016	Maureen Charlesworth. For services as a local Councillor and to voluntary organisations in the Town.

7. The admission to the Freedom of the Borough is an honour that is not to be given lightly, as witnessed by the small number of admissions to the freedom since the introduction of

the power and the need for a two-thirds majority of the Council voting thereon at the meeting. Whilst there has been one admission to a group in 2008, the Councillors considering this procedure note considered that the freedom was more appropriate as a means of honouring individuals of distinction.

8. It is important that, if a motion to admit to the freedom is to be considered, that all members will be in possession of sufficient facts in order to make a decision as to whether the honour should be given. Furthermore, there may be instances where there are strongly held views for and against and that these need to be addressed as far as possible in advance of an extraordinary Council meeting called for the purpose. So far as possible Council would want to be meeting with the clear consensus that the person of distinction is to be honoured and not humiliated by the proceedings. A unanimous decision is desirable, but the absence of unanimity cannot prevent the motion coming forward for consideration by Council.

Criteria for admission to Freedom of the Borough

9. It is in the interests of transparency and public confidence that the Council adopts clear criteria for admission to the freedom of the Borough. It is suggested that one or more of the following are used at the criteria for the award:-
 - evidence of exceptional service to the Borough Council whether as a Councillor or an officer;
 - evidence of exceptional charitable service to the Borough, whether a national or locally based charity;
 - evidence of exceptional voluntary service to the Borough or any part of it or community within it;
 - evidence of exceptional commercial service to the Borough;
 - evidence of exceptional service to the public services working for the residents and businesses of the Borough;
 - evidence of exceptional service to the Borough or the nation

Procedure on receipt of a motion to admit to the Freedom of the Borough

10. On receipt of the motion, the Chief Legal Officer will ask the proposer to provide full reasons why the person is considered:
 - a person of distinction; or
 - a person who has rendered eminent services to the Borough
11. When in possession of sufficient information, the Chief Legal Officer will convene a panel of the leaders of the political groups on the Council or their nominees, with relevant officers (the Freedom Panel) to consider:
 - whether they have sufficient information on which to form a view and, if not, to instruct officers to seek further information;
 - once satisfied that they have adequate information, whether there is sufficient support for the matter to go to full Council for decision.
12. In the event that the Freedom panel concludes that it is unlikely that the motion would

receive sufficient support, the Chief Legal Officer will advise the proposer of the motion of this conclusion and the reasons for reaching that conclusion. The Councillor would then be given the opportunity to withdraw the motion, though the Councillor would still be entitled to have their motion considered by Council.

13. Should the Freedom Panel conclude that there would be likely to be a two thirds majority voting in favour of the motion, the Chief Legal Officer will convene an extraordinary meeting of the Council specifically for the consideration of the one item of business. The timing of the meeting will be such as, so far as it practicable, to meet the availability of the individual concerned to attend and to concord with the Council's diary commitments.
14. The subject of the motion will be invited to attend the extraordinary meeting of Council where the motion is to be considered.
15. At the extraordinary meeting of Council, there will be only the one item of business and Officers will present a report setting out the matters considered by the Panel and the recommendation of the Panel to Council to approve the motion.
16. The Mayor will take a vote on the motion and a two-thirds majority of those present and voting is required.

(Note: abstentions do not count as a vote and the required majority will be deduced from the number of Councillors actually voting on the item).

Then the Mayor will then immediately close the meeting.

17. The ceremonial award of the Freedom with scroll or casket will take place at Annual Council as part of the incoming Mayor's announcements and the new Freeman/woman would be given the opportunity to make a short speech (5 minutes) in response.

APPENDIX 3

Participants Guidance for Virtual Meetings

Participants Guidance – Virtual Meetings

1. Regulations have been introduced to provide local authorities with the power to provide 'virtual' meetings. To ensure the quality and consistency of 'virtual' meetings councillors and officers need to work together to assist the process in every way they can.
2. Council officers have differing roles in 'virtual' meetings. Democratic Service officers are the 'Producers' of the meeting. They need to know who is going to speak and in what order as far as they are able. They need to be able to know who to connect to next. There is a 3 second time lag between speakers. IT support the network and connectivity during the meetings. They 'Enable' the meetings to take place. Legal Services 'Direct' the meetings as they work on the procedure and advise during the meetings. Officers from IT, Democratic Services and Legal Services may be present at Muriel Matters house for the duration of the meetings in order to facilitate the process.
3. To enable the smooth production of a 'virtual' meeting it is necessary for Legal Services and Democratic Services to know the following in advance of each meeting:
 - Apologies for absence and lateness;
 - Items to be called and any changes to the agenda;
 - Proposer and seconder of motions;
 - Who will be presenting and speaking on agenda items.
4. It is necessary for officers to contact participants before the meeting takes place so that we can check that there are no issues with the link and we can see and hear the participant where necessary.
5. All councillors should regularly check their internet connectivity and council issued devices are in working order. If there is a technical issue then Councillors should contact IT Helpdesk without delay. The sooner a problem is reported the sooner it can be resolved. This is important as the meeting may need to be adjourned if not quorate or if councillors are late joining the meeting they may not be able to participate in an agenda item.
6. If equipment or network failure occurs there is a telephone 'dial in' procedure in to the meetings. It is good practice for participants to remain on mute when

they are not speaking. Headsets provided by the council must be worn by all councillors during 'virtual' meetings.

7. Depending on the type of meeting the participants may be visual all of the time or just when they are speaking. Councillors should have their cameras switched on at all times. Councillors need to be aware that what they do in front of the camera is in the public domain such as eating, drinking, using mobile phones, talking to other members of the family etc. Please do not turn your camera off for the duration of the meeting or leave the meeting except if you have a prejudicial interest. Members of the public need to see councillors are present at the meeting and there for the voting process. Please speak clearly when voting. Councillors should ensure that they have the Council's logo as their background without exception.
8. Meeting participants can use the 'raise your hand facility' available on Teams when they wish to speak. For council meetings, a councillors name will be called out when they have raised their hand. Councillors must lower their hand after their name has been called out and not re-raise their hand after their name has been called out.
9. Meeting participants should also consider the lighting arrangements to ensure that their image is clearly seen on screen.
10. When considering Part 2 items councillors should ensure that there is no one else in the room who may be able to hear confidential council information. They need to be aware of their surroundings if they are participating in meetings on mobile devices and generally. Anyone can be seen publicly if they are in view of the camera, children, pets and other persons. Please ensure that the space that you are using remains free for the expected duration of the meeting.
11. It will be necessary for 'virtual' council meetings for political group leaders to work with officers to agree speakers on agenda items before the meeting. It may also be necessary to deal with members questions in a different way procedurally. It is likely, due to the demands of producing each meeting that in future we will have shorter meetings more frequently.
12. All participants should familiarise themselves with the virtual meeting procedure available on the website. Participants need to be very careful that they do not click other screen shots during a meeting as that can be shown to the public as a 'screen shot' breaking Data Protection rules. If in any doubt as to how this could happen please contact IT Helpdesk.

13. Contact between participants within the meeting can take place but remember if you use the chat function for the meeting this is visible by members of the public. If you want to message privately with a participant of a meeting hover over the person's name and then chat. The chair of a meeting is asked to take legal advice as and when required. This is not disclosable under the Freedom of Information Act.

14. All chairs of meetings have or will be given training before they chair a live virtual meeting. Training can also be carried out for any participants on request. Please contact IT Helpdesk. Participants are advised to watch themselves on available recordings as a training exercise.

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Part 5 Appendix 1

Planning Protocol

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Hastings Borough Council Planning Protocol Introduction

1. This Protocol replaces and updates that which was adopted by Council on 18th April 2018.
2. Planning has a positive and proactive role to play at the heart of local government. The planning system works best when Councillors, officers and all other parties essential to its effective operation clearly understand their roles and responsibilities and the context and constraints in which they operate. The purpose of this Protocol is to give clear guidance to Councillors about how they should carry out their duties in relation to planning and development proposals. This Protocol seeks to ensure openness, transparency, fairness and consistency in planning decisions and to ensure that the planning process operates properly, legally and effectively. Planning decisions should be made openly, impartially, with sound judgement and for justifiable reasons. The process should leave no grounds for suggesting that a decision has been partial, biased or not well-founded in any way.
3. Planning decisions involve balancing:
 - a. the needs and interests of individual constituents and the community, with
 - b. the need to maintain an ethic of impartial decision making on what can be highly controversial proposals.

This Protocol provides guidance on achieving this balance. It reflects the enhanced role for Councillors as champions of their local communities and recognises their ability to participate in discussions prior to the receipt of a planning application on behalf of their communities. Councillors may be contacted by members of the public and asked to advise them how to make representations on planning applications or if they would address the Planning Committee on their behalf in their role as Ward Councillor. This Protocol provides guidance on the role of Councillors and how to avoid predetermination or bias in decision making.

4. This Protocol applies to Councillors at all times when involved in the planning process. This includes taking part in decision making meetings of the Planning Committee, or when involved on less formal occasions, such as meetings with officers or the public. It applies equally to planning enforcement matters or the making of compulsory purchase orders.
5. If in any doubt about the application of this Protocol, take immediate advice from the Monitoring Officer or Deputy Monitoring Officer, preferably well before any meeting takes place.

The Relationship to the Council's Code of Conduct for Councillors

6. This Protocol is a Council Protocol under Part 5 of the Constitution of the Council. Breach of this Protocol could lead to a complaint being made to the Council's Standards Committee.
7. This Protocol supplements the Council's Code of Conduct for Councillors (the Code). It is unlikely that there will be any conflict between the two but, if there is, the provisions of the general Code of Conduct will take precedence.

8. Councillors must apply both the general Code of Conduct and this Protocol in dealing with all planning issues. Failure to do so may place the Council at risk of legal challenge or a finding of maladministration by the Local Government Ombudsman.

The General Role and Conduct of Councillors and Officers

9. Councillors and Officers have different but complementary roles. Both serve the public but Councillors are responsible to the electorate, whilst officers are responsible to the Council as a whole. Officers advise Councillors and the Council and carry out the Council's work. They are employed by the Council, not by individual Councillors. It follows that instructions may only be given to officers through a decision of the Council or its Cabinet or a Committee. A successful relationship between Councillors and officers can only be based upon mutual trust and understanding of each other's positions. This relationship, and the trust which it underpins, must never be abused or compromised.
10. The Code sets out the requirements on Councillors in relation to their conduct. It covers issues central to the preservation of an ethical approach to Council business, including the need to register and declare interests, as well as appropriate relationships with other Councillors, staff and the public.
11. In planning terms there is a presumption in favour of sustainable development which must be balanced with that of the wider interest. Much is often at stake in this process, and opposing views are often strongly held by those involved. Whilst Councillors should take account of these views, all Planning Committee members should not favour any person, company, group or locality, nor put themselves in a position where they appear to do so.
12. The Council's Standing Instructions to Authorised Officers (Part 8 of the Constitution of the Council) sets out the functions and responsibilities in respect of Planning and lists the circumstances under which applications as specified in Part 3b paragraph 43 of the Standing Instructions are determined by the Planning Committee and not under delegated authority where:
 - a. The application has attracted five or more written representations from different households or businesses on planning grounds or a petition as defined in Standing Orders and the written representations or petition are contrary to the officers recommendation, or
 - b. The Chair of the Planning Committee has referred any application to the Planning Committee within 21 days after validation of an application or 21 days after the date of any advert placed in the press whichever is the later giving clear planning reasons in writing for the referral, or
 - c. Any Member of the Council with the consent of the Chair or a Ward Councillor, has given written notice to the Head of Strategic Programmes within 21 days after validation of an application or 21 days after the date of any advert placed in the press whichever is the later requiring that application to be considered by the Planning Committee, giving clear planning reasons for the referral, or
 - d. The application relates to or affects Council owned land and the application is submitted by or on behalf of the Council, or

- e. The application is submitted by, or on behalf of, a serving Councillor or officer of the Council where the officer is employed in a politically restricted post and/or within the Council's planning service, or
- f. The Planning Committee otherwise direct in respect of any particular application or reserved matter; or
- g. The Head of Strategic Programmes has referred an application or matter to the Planning Committee within 21 days after validation of an application or 21 days after the date of any advert placed in the press whichever is the later giving clear planning reasons for the referral, or
- h. The application relates to or affects Foreshore Trust land and the application is submitted by or on behalf of the Foreshore Trust.

Gifts or Hospitality

- 13. Councillors shall not accept gifts or hospitality from developers or from any person involved in or affected by a planning proposal, including pre-application proposals. A gift or hospitality might be considered to influence a Councillor's judgment and it is important that there can be no justifiable grounds for suggesting a decision either has been, or appears to have been, influenced or biased in any way. The Code, in any event, requires that the Councillor must within 28 days of receiving any gift or hospitality over the value of £50, provide written notification to the Monitoring Officer of the existence and nature of that gift or hospitality. A gift over £50 will constitute a personal interest and be registerable as such. All details will go on the register of gifts and hospitality, which is open to public inspection and will remain on the register for 3 years. Councillors must consider whether any gift or hospitality over the value of £50 constitutes a prejudicial interest.

Registration and Declaration of Interests

- 14. The Local Government Act 2000 and the national code place requirements on Councillors on the registration and declaration of their interests, as well as the consequences for the Councillor's participation in consideration of an issue, in light of those interests.
- 15. Both Councillors and Officers are required to observe codes of conduct and statutory provisions; the aim of which is to ensure the integrity of the Council and individual Councillors. These require the open disclosure of any personal and/or prejudicial interests in issues being considered by the Council, its Cabinet or any of its Committees. The Code requires that Councillors register their financial or other interests in the Register of Councillors' Interests held by the Monitoring Officer. This is in addition to the requirement for Councillors to declare any personal interests as defined in the Code. If a Councillor has a personal interest, they should consider whether that interest is prejudicial as defined in the Code.
- 16. The Council's Monitoring Officer has provided all Councillors with detailed guidance on the Code and in particular, declaration of interests. This is regularly updated. Members of the Planning Committee must ensure they are familiar with the Code. The requirements must be followed scrupulously and Councillors should review their situation regularly. It is the personal responsibility of individual Councillors to ensure

they comply with the Code and make all appropriate declarations at Planning Committee meetings. Councillors should take advice early, from the Monitoring Officer or the Deputy Monitoring Officer, and preferably well before any meeting takes place, if they are in any doubt as to their position.

17. The provisions of the Code are an attempt to separate out interests arising from the personal and private interests of the Councillor and those arising from the Councillor's wider public life.
18. The Register of Councillors' Interests is maintained by the Monitoring Officer and is available for public inspection. An interest can either be personal, prejudicial or pecuniary. The Code defines these terms and should be referred to for the appropriate detail. If Councillors have an interest in any matter, they must disclose the existence and nature of their interest at any relevant meeting, including informal meetings or discussions with Officers and other Councillors. Councillors are advised to disclose their interest at the beginning of the meeting and not just at the commencement of discussion on that particular matter. Councillors can still declare an interest which only comes to mind or light after declarations of interest have been considered on the agenda at any point prior to discussion of that particular matter. The obligation to disclose the existence and nature of an interest applies to **all Councillors attending the Planning Committee meeting, whether sitting as a Member of the Planning Committee or as a Councillor addressing the Planning Committee or sitting in the public gallery**. The responsibility rests with individual Councillors to ensure that they indicate to the Chair that they have an interest to declare.
19. Where a Councillor has a personal interest in a matter they must always declare the existence and nature of their interest. They can participate in the discussion and be involved in making the decision.
20. If a Councillor has both a personal and prejudicial interest in a matter they must always declare the existence and nature of their interest. **THEY CANNOT PARTICIPATE IN ANY DISCUSSION OR BE INVOLVED IN MAKING THE DECISION, EITHER FORMALLY OR INFORMALLY AND MUST NOT SEEK TO INFLUENCE THE DECISION IN ANY WAY**. They must withdraw from the room (or virtual meeting where appropriate) during discussion of the matter and cannot remain even as a member of the public. This applies to all Councillors with a prejudicial interest regardless of whether they are members of the Planning Committee which is making the decision. A prejudicial interest would require withdrawal of the Councillor from the Committee during consideration of that item.
21. If in any doubt about Registration and Declaration of Interests, take immediate advice from the Monitoring Officer or Deputy Monitoring Officer.

Predetermination, Predisposition or Bias

22. In addition to declaring personal or prejudicial interests, members of a Planning Committee need to avoid any appearance of bias or of having predetermined their view before taking a decision on a planning application. A useful test to determine whether a position or view could be considered to be biased is to think about whether a fair-minded and informed observer, having considered the facts, would conclude that there was a real possibility of bias. Predetermination goes beyond predisposition and essentially evades the process of weighing and balancing relevant factors and taking into account other viewpoints.

23. Section 25 of the Localism Act 2011 introduced provisions for dealing with allegations of bias or pre-determination where the Councillor had or appeared to have a closed mind when making the decision. The Councillor is considered not to have a closed mind "just because" they had previously done anything relevant to the decision, that directly or indirectly, indicated what view the Councillor took, or would or might take, in relation to a planning decision.
24. The fact that a Councillor may have campaigned for or against a proposal does not automatically mean that they have a closed mind. Councillors will need to be careful to consider, and ensure that it is apparent that they have considered, all relevant considerations and made their decision in accordance with their statutory duty. Councillors must be prepared to change their view right up to the point of making the decision. Councillors can listen to applicants and objectors, and indicate their view, but must not be biased in their consideration of the issues. Councillors can support or oppose an application and represent the views of their constituents in their role as a Ward Councillor. To do so as a Planning Committee Member MIGHT compromise their role on the Committee and Councillors are advised to seek advice from the Monitoring Officer or Deputy Monitoring Officer.

Predisposition

25. A distinction is drawn by the Courts between a Councillor having clearly expressed an intention to vote in a particular way before a meeting (pre-determination) and a predisposition to an initial view. Where the Councillor is clear they have an open mind and are willing to listen to all the material considerations presented at the Planning Committee before deciding on how to exercise their vote, there is no predetermination.

Predetermination

26. If a Planning Committee Member has been lobbied by friends or others and wishes to promote or oppose a planning application, they will need to carefully consider whether this has become a personal interest or not. In addition, they also need to consider if their view is likely to be regarded as predetermined. In other words whether they have already made up their mind and are not prepared to listen to the material considerations presented at the Planning Committee before making their decision. If a Councillor has predetermined their position they should not take part in the decision making for that application as to do so will be a breach of the Code of Conduct and leave the decision open to legal challenge by way of judicial review.

Bias

27. Councillors should not participate in the consideration of a planning application if to do so would give the appearance of bias. The test for bias is: "Would the fair-minded observer, knowing the background, consider that there was a real possibility of bias?" It is not the Councillor's view of whether they are biased that is relevant but the view of the independent observer. Perception is important and can lead to judicial challenge in the High Court. If a Councillor believes that their participation would lead a fair-minded observer to consider that there is a real possibility of bias, they should not participate in making the decision and should withdraw from the room (or virtual meeting where appropriate). The Courts have held that it is primarily a matter for the Councillor to judge whether to withdraw, but given the scope for challenge the Councillor should always err on the side of caution. Whilst not every application will raise the question of

bias, there will be occasions when a member of the public in possession of all the facts might consider that there is a real risk of bias. In these circumstances, the Councillor should seek the advice of the Monitoring Officer or Deputy Monitoring Officer.

28. Councillors do not have to have a personal interest in order to come within the definition of bias. There may not be specific consequences for the Councillor who has failed to acknowledge and respond to their bias, as opposed to failing to declare a personal or prejudicial interest under the Code. Councillors must be aware that in failing to consider the issue of bias there are consequences for the decision, which may be challenged on the grounds of bias in the High Court.
29. If in any doubt about the issue of bias, take immediate advice from the Monitoring Officer or Deputy Monitoring Officer.

Development Proposals Submitted by Councillors and Council Development

30. Planning applications submitted by the Council are considered by the Planning Committee in a public meeting rather than by Officers under delegated authority in accordance with the Council's Standing Instructions to Authorised Officers.
31. Planning applications submitted by Councillors can easily give rise to suspicion of impropriety. Whilst it is perfectly legitimate for such proposals to be submitted it is vital to ensure they are handled in such a way that gives no grounds for accusations of favouritism. All proposals submitted by Councillors are for this reason determined by the Planning Committee. Current Councillors who submit their own proposals or act as agents for people pursuing planning matters, should not play any part in the decision making process for those proposals.
32. The consideration of a proposal from a Councillor in such circumstances would be considered as a prejudicial interest under the Code, and as such the Councillor would be required to withdraw from any consideration of the matter. The Code also provides that the Councillor should "not seek improperly to influence a decision about the matter". It is important to emphasise that "improperly" does not imply that a Councillor should have any fewer rights than a member of the public seeking to explain and justify their proposal to an officer in advance of consideration by a Committee.
33. A Councillor submitting a planning application has a prejudicial interest but may address the Planning Committee where members of the public enjoy the same public speaking rights i.e. as the applicant. The Councillor should consider whether it would be wise to address the Planning Committee given all the circumstances of the case, which could include the nature of the prejudicial interest and the relationship of the Councillor with the remainder of the Planning Committee. If the Councillor as an applicant decides to address the Planning Committee they must leave the room (or virtual meeting where appropriate) once they have made their presentation.

Lobbying of and by Councillors

34. Lobbying of Councillors for or against proposals is a normal part of the planning process. Those who may be affected by a planning decision will often seek to influence it by approaching their elected Ward Councillor or a Member of the Planning Committee. Lobbying can lead to the impartiality and integrity of a Councillor being called into question, unless care and common sense is exercised by all the parties involved.

35. It is important in maintaining the integrity of individual Councillors and the Council as a whole that Members of the Planning Committee (or Members who may end up acting as substitutes on the Planning Committee) should take care about expressing an opinion that may be taken as indicating that they have already made up their mind on the issue before they have been exposed to all the evidence and arguments. In such situations, Councillors should:-
- a. If lobbied, explain that, whilst they can listen to/receive viewpoints from residents or other interested parties, they cannot decide or indicate before the relevant Planning Committee meeting which way they intend to vote as it would prejudice their impartiality. They should also explain that it is necessary for them to hear all the arguments both for and against the proposal before making up their mind.
 - b. Avoid giving members of the public planning advice except in relation to general planning procedures and often it may be wise to direct any such request to an appropriate Planning Officer.
 - c. If approached by residents or other interested parties, they should be referred to the appropriate Planning Officer in order that advice can be given and their opinions can be included in the Officers report to the Planning Committee. Copies of any correspondence or other written material received by a Councillor should be forwarded to the Planning Officer without delay.
36. Councillors should be aware of the need to act fairly and without bias towards every application. Councillors must keep an open mind upon an issue upon which they will be asked to vote, up until the moment that they vote upon it. Failure to keep an open mind may result in an application for judicial review of the decision reached. Any interested party may apply for judicial review of a planning decision. One of the grounds being that a Councillor who voted in favour of the decision to approve or refuse the application had approached the issue with a closed mind, and so had failed to take all relevant considerations into account. Failure to maintain an open mind may invalidate the entire decision-making process.

Pre-application Discussions

37. Discussions between a potential applicant and Hastings Borough Council prior to the submission of an application can be of considerable benefit to both parties.
38. With the recognition of the need to allow and encourage Councillors to be champions of their local communities it is now accepted that Lead Councillor and Ward Councillor engagement in pre-application discussions on major development is necessary to allow Councillors to fulfill this role. Councils have not previously involved Councillors in pre-application discussions for fear of them being accused of predetermination when the subsequent planning application came before the Planning Committee for determination. In order to avoid perceptions that Councillors might have fettered their discretion in any pre-application discussions, all Councillors should enter into such discussions within clear guidelines, and include:
- a. Clarity at the outset that any discussions will not bind the Council to make a particular decision and that any views expressed are personal and provisional.
 - b. Advice given by Officers should be consistent and based on the Development Plan

and material considerations. Officers should be present where practicable when Councillors attend any pre-application discussions. Councillors should not become drawn into any negotiations and should ask Officers to deal with any necessary negotiations to ensure that the Council's position is co-ordinated. Councillors should complete the form at Appendix 1 following any pre-application discussion which will be attached to the Planning file in the interests of openness and transparency.

- c. Pre-application discussions should be arranged by Officers where practicable. A written note should be made by Officers of all meetings and the matters discussed should be confirmed by letter which should be placed on the file as a matter of public record. If there is a legitimate reason for confidentiality regarding the proposal, a note of the non-confidential issues raised, or advice given, should be recorded on the file in the normal manner.
39. If Councillors are invited to, or asked to arrange, a formal meeting with applicants, developers or groups of objectors (for instance, residents' associations) or supporters, they should inform the case officer dealing with the application. This applies to meetings at all stages of the planning process, including the pre-application stage.

Presentations of Development Proposals

40. The Council does, on occasion, allow presentations of development proposals. Presentations are to keep Councillors informed generally on matters, which appear to have or are likely to have strategic importance for the Borough. Presentations will not be allowed in relation to any matter which is the subject of a current planning application to the Council. At such presentations Councillors must try to maintain an impartial role, listening to what is said and asking appropriate questions but not expressing a fixed opinion, and keeping an open mind on the issues at all times. This applies to pre-application public consultation meetings arranged by Developers in accordance with the Council's Statement of Community Involvement.

Pre-Application Consultation Forum

41. The Council has introduced a Pre-Application Consultation Forum to consider significant major developments, prior to them being submitted as planning applications. Significant development proposals are defined as residential schemes of 30 units or more, employment/industrial scheme of 5,000 m² or more, retail schemes of 2,500 m² or more and leisure schemes of 1,000 m² or more. The Council reserves the right to seek wider community involvement on other applications which do not fall within these thresholds if they consider that they are likely to be particularly sensitive or will have a very significant impact on the local community.
42. A Forum is a meeting held in public where a developer is able to explain proposals directly to Councillors, the public and key stakeholders at an early stage about a development site. The purpose of the Forum is to:-
- a. enable the developer to explain development proposals directly to Councillors, the public and key stakeholders at an early stage.
 - b. identify any issues that may be considered in any formal application.
 - c. inform Councillors and the public of a development proposal at an early stage in the

pre-application process.

- d. inform officer pre-application discussions with the developer.
 - e. enable the developer to shape an application to address community issues.
43. The Chair of the Forum is the relevant Portfolio Holder or their nominated substitute, who is not a member of the Planning Committee, who will introduce the Forum and explain who is going to speak. The planning officer will provide a background to the proposal. The developer explains the proposal (this may involve contributions from several people). Those persons specified in paragraph 44, then have the opportunity to speak and raise any issues, observations and comments. The developer has an opportunity to respond to what has been said by invited speakers. Councillors present at the Forum may ask questions of the developer. The planning officer summarises the main points raised during the Forum, which is then closed by the Chair of the Forum
44. Forum meetings will be held in public, but only those invited to speak on behalf of recognised key stakeholder groups will be able to raise issues at the Forum. Groups invited to ask questions and express their views at the Forum will be restricted to properly constituted residents' groups covering the area of the proposed development, traders' groups for the immediate area, local campaign groups that have emerged specifically to comment on the development (only one of this type of group will be allowed to ask questions although more than one representation may be received) and properly constituted Borough wide bodies which could include business organisations.
45. Properly constituted is defined as those groups with a published constitution, has an open membership and a democratic election of officers. In addition, registered social landlords will be allowed to ask questions. Individuals do not have an automatic right to speak at the Forum unless invited to do so. Attendees can then make written comments to officers who will forward any comments received to developers. The Forum will not affect any rights to make representations when a formal planning application is submitted. All Councillors are invited to attend the Forum, including those who are on the Planning Committee.
46. After the Forum, the main points will be recorded and passed to the developer for their consideration during further pre-application discussions with officers and in putting the application together. A copy will be passed to all interested parties and placed on the planning application file. The Planning Committee will in due course consider an application based on the facts, issues and advice and nothing said at the Forum will prejudice that consideration.

Chair's Briefings

47. The purpose of Chair's Briefings will be to brief the Chair and Vice Chair on applications to be brought to the next meeting of the Planning Committee. The purpose of the Briefing is for Officers to explain the forthcoming agenda, consider whether a site visit is required in respect of a particular application and consider administrative arrangements. Chair's Briefings are not to discuss the planning merits of the application or to make decisions

Officer Reports to Committee

48. All matters requiring a decision by the Planning Committee should be the subject of a written report from Officers, which should be accurate and cover all relevant planning issues. In particular, it should include a clear outline of the site history, the relevant development plan policies, the response of consultees and the nature of objections (electronic links to objection letters and correspondence will be provided to Councillors prior to the Planning Committee Meeting). The report shall include a clear recommendation with a technical appraisal justifying it. Any objections or other relevant issues arising after the report is published shall be reported verbally to the Planning Committee at the meeting. Councillors shall not put improper pressure on Officers to make a particular recommendation and should not do anything which compromises, or is likely to compromise, the officers' impartiality
49. The Courts and Local Government Ombudsman have advised that officer reports on planning applications must have regard to the following points:
 - a. Reports should be accurate and cover the substance of any objections and the views of those consulted.
 - b. Relevant information should include a clear exposition of the Development Plan; relevant parts of the National Planning Policy Framework (NPPF); site or related history; and any other material considerations.
 - c. Reports should have a written recommendation of action. Oral reporting (except to update a report) should be avoided and carefully minuted when it does occur.
 - d. Reports should contain technical appraisal which clearly justify a recommendation.
 - e. If the reports recommendation is contrary to the provisions of the Development Plan, the material considerations which justify the departure must be clearly stated.
 - f. Any oral updates or changes to the Report should be recorded.
50. It is important that the report covers these points, not only as a matter of good practice, but because failure may constitute maladministration or give rise to judicial review on the grounds that the decision was not taken in accordance with the Development Plan and the Council's statutory duty under Section 38A of the Planning and Compulsory Purchase Act 2004 (see paragraph 66 below).
51. Officers must always act openly and impartially and provide consistent professional advice, in accordance with the rules of their professional body, based on planning policies and procedures, ensuring Councillors are aware of all relevant material planning considerations before decisions are made.
52. Councillors shall give due regard to recommendations and professional advice given by Officers. Councillors are not bound to follow recommendations or advice received, but may depart from this where there is justification to do so, based on clear and legitimate planning grounds which must be recorded in full when making the decision having regard to the relevant planning policy where appropriate.

Chair / Vice Chair

53. In cases where the Chair or Vice Chair is not available to Chair the meeting (or part of),

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the Legal Officer will ask for a nomination for Chair for the duration of the meeting (or part of). The nomination must be of a permanent member of the Planning Committee and not a substitute.

Public Speaking at Planning Committee

54. Members of the Planning Committee shall not allow members of the public to discuss planning applications with them during the course of the Meeting itself other than through the procedure for public speaking. The procedure for public speaking set out below does not apply to the Pre-Application Consultation Forum.
55. All planning matters will be considered in public session, unless there are specific reasons for dealing with an item as exempt under the provisions of the Local Government Act 1972 (as amended) in which case the public will be asked to leave the room (or virtual meeting where appropriate). Whilst this will be rarely exercised it may be necessary for example in consideration of enforcement matters.

Petitions

Paper Petitions

56. The procedures for public speaking allow members of the public to address the Planning Committee where a petition is received **at least three clear working days** before the Planning Committee considering the item is due to sit and the petition is contrary to the Officer's recommendation. Paper Petitions must contain a minimum of ten signatories from different households. Each page of the petition must clearly state the planning application reference number to which it is referring, giving the full address of the property / site and the reasons for the objection. Petitions must contain full names, full addresses and signatures. Paper petitions submitted must be the original document as photocopies are not accepted. Petitions must state who the Lead Petitioner is and how they can be contacted.

E-Petitions

57. E-Petitions which relate to current planning applications are accepted by the Council subject to the following:-
 - a) They must contain a minimum of ten signatories from different households.
 - b) All signatories must live, work or study in the Borough. Random checks that signatories meet this criteria will be undertaken.
 - c) The E-Petition must clearly state the planning application reference number to which it is referring, giving the full address of the property / site, the reasons for the petition and what action or decision you want the Council / relevant Committee to take.
 - d) E-Petitions regarding current planning applications should be submitted within 21 days of the date the application is initially advertised (by press notice / site notice or letter where appropriate). This is to ensure that they are fully taken into account in the assessment of the application. Signatures cannot be collected on an E-Petition beyond this period.
 - e) E-Petitions relating to current planning applications must state who the Lead Petitioner is and how they can be contacted.
 - f) E-Petitions can be submitted for current planning applications which are scheduled to be determined by the Planning Committee in accordance with the

Council's public speaking rights as set out in the Planning Protocol (Part 5 of the Constitution). E-Petitions can only be accepted **at least three clear working days** before the Planning Committee considering the item is due to sit and the petition is contrary to the Officer's recommendation.

g) An acknowledgement will be sent to the Lead Petitioner within 10 working days of receipt of the petition (excluding E-Petitions submitted following publication of the Planning Committee agenda set out in f) above. The Lead Petitioner will be notified if the application is referred to the Planning Committee and advised of the date of the Planning Committee meeting and their public speaking rights (if relevant).

h) Validated E-Petitions regarding current planning applications will be uploaded onto the application file and available for public inspection on the Council's website.

i) Paper petitions will still be accepted for current planning applications.

58. A standard form of petition is available to view on the Council's website as is guidance entitled "Comment on an application" <http://www.hastings.gov.uk/planning/commenting> and "Petitioning a Planning Application" <http://www.hastings.gov.uk/planning/advice/petitioning>.
59. Where there is a petition the lead petitioner is invited to attend the Planning Committee meeting. Petitions should clearly state who the lead petitioner is and provide their full name and contact details. They (or their representative) will be invited to address the Planning Committee. Where the lead petitioner (or their representative) fails to attend the scheduled Planning Committee meeting the Chair will ask if there is anyone else present in the public gallery who wishes to address the Planning Committee on behalf of the petition. The applicant or their agent has a right to speak in response to the petition. Each person making representations may speak for up to a maximum of five minutes and may be asked questions by members of the Planning Committee.
60. The procedure for public speaking allows for an applicant (or their agent) and a petitioner to speak for and against the application respectively. If two petitions are received and petitioners are making similar points, the Chair (or Vice Chair in their absence) will exercise their discretion and preference will be given to petitions from the immediate locality of the neighbourhood. Where the petitions are making different points the Chair (or Vice Chair in their absence) may exercise their discretion and allow both petitioners to speak. Each person may speak for up to a maximum of five minutes. Where there are two petitioners, the applicant may speak for up to a maximum of ten minutes in the interests of natural justice.

Ward Councillors addressing the Planning Committee

61. If a Ward Councillor wishes to address the Planning Committee about a matter in their ward being considered at the Planning Committee they should advise the Chair (or Vice Chair in their absence) and the Committee Administrator prior to the meeting itself and will be entitled to speak after the petitioner and applicant have addressed the Committee. Ward Councillors should comply with the procedure for declaration of interests if they speak at a Planning Committee meeting in the same way as members of the Committee. A Ward Councillor may address the Planning Committee for a maximum of five minutes but may not be asked questions by Members of the Planning

Committee. If both Ward Councillors wish to address the Planning Committee, they may speak for up to 5 minutes each.

62. County Councillors should direct any County related queries they have in respect of a planning application to East Sussex County Council. Where the Ward Councillor has a prejudicial interest they may only address the Planning Committee if they are the applicant or lead petitioner and must withdraw from the room (or virtual meeting where appropriate) once they have made their representations.

Submission of Documentation

632. Documents must be submitted **at least three clear working days** before the Planning Committee meeting. For example if the Planning Committee was held on a Wednesday, documents should be received by the Council by 3pm on the previous Friday. Any late documents should not be circulated to the Planning Committee as all parties may not have time to react to the submissions, and members of the Planning Committee may not be able to give proper consideration to the matter. Officers may not be able to provide considered advice on any material considerations arising. This must be made clear to those who intend to speak. Members of the Planning Committee should not read emails or correspondence received after the deadline for submission of documents. The acceptance of circulated material could imply a willingness to take the necessary time to investigate any issues raised and lead to the need to defer the application or risk a complaint about the way the material has been considered. This care needs to be taken to avoid the perception of external influence or bias.

Decision Making

- 643, A decision on a planning application must not be made before the formal Planning Committee Meeting scheduled to determine the application. **Political group meetings shall not be held prior to a Committee Meeting**, as Group Meetings can give the appearance of bias. The fair-minded observer may perceive that Group Meetings behind closed doors are likely to affect the decisions of those Members attending. The holding of Group Meetings may therefore give rise to judicial challenge. The use of political whips to seek to influence the outcome of a planning application is likely to be regarded as maladministration by the Local Government Ombudsman. Councillors will be seated alphabetically and shall not sit according to their political groups in order to avoid the appearance of group decision-making. Section 38A of the Planning and Compulsory Purchase Act 2004 requires that decisions are made in accordance with the Development Plan unless material considerations indicate otherwise. If the Officer's report recommends a departure from the Development Plan the justification for this must be contained in the report. Such applications must be advertised in the local paper in advance of consideration by the Committee. Decisions must be made on planning merits and the reasons for making a decision should be clear and supported by material planning considerations. The reasons for refusing an application shall always be recorded, as should any conditions attached to an approval. If the Planning Committee wish to refuse an application contrary to Officer recommendations or impose additional planning conditions the reasons for doing either must be clearly stated when this is proposed.

654. Councillors are advised to take the following steps before making a decision which differs from the officer recommendation:

- a. Discussing the areas of difference and the reasons for that with planning officers prior to the Planning Committee meeting.
 - b. Recording the detailed reasons as part of the mover's motion.
 - c. Adjourning for a few minutes for those reasons to be discussed with Officers advising the Planning Committee and then agreed by the Planning Committee.
- 665.** If a Member of the Planning Committee proposes to refuse or grant an application contrary to the Officer recommendation, they should give justification for doing so, based on clear and legitimate planning reasons and having regard to the relevant planning policy where appropriate. Where Councillors are proposing to vote against the Officer recommendations, the Chair (or Vice Chair in their absence) shall make sure that the reasons are clearly stated before a vote is taken. These reasons must be recorded in the minutes if the officer recommendations are not agreed and a copy placed on the application file. The reasons given by Councillors should be clear, observe the principles of reasonableness, take into account all relevant information (i.e. material considerations) and ignore all irrelevant information (i.e. non material matters). The officer should be given the opportunity to explain the implications of the proposed decision.
- 676.** Councillors must attend meetings with an open mind and shall demonstrate through their conduct at the meeting that they are giving careful, fair and balanced consideration to the applications under discussion. Councillors shall make a decision only after they have considered all the relevant information needed to make a decision.
- 687.** Councillors shall not vote or take part in the meeting's discussion on a proposal unless they have been present to hear the entire debate, including any petition, representations made by the applicant and the officer's introduction to the matter. Councillors who leave the virtual room will be advised by the Chair (or Vice Chair in their absence) that they cannot vote or take any further part in the discussion. The rules of natural justice mean that planning applications should be determined in an open and fair manner taking account of relevant information and arguments. It is only at Planning Committee meetings that members of the Planning Committee will have, and be able to consider, all the relevant information and arguments about an application. Failure to take account of relevant considerations or to take account of irrelevant considerations is a ground for judicial review in the High Court.

Site Visits

- 698.** Site visits shall be organised by Officers of the Planning Department. All Members of the Planning Committee will be invited to attend the site visit. The site visit will be guided by the Planning Officer who will point out matters of material relevance to the application and answer Councillors' questions. Formal site visits by Members of the Planning Committee should be made only in exceptional circumstances. For example, where the impact of the proposed development is difficult to visualise from the plans and any supporting material, including photographs taken by Officers, where the proposal is particularly contentious and where the site cannot adequately be viewed from the road. A record shall be maintained of who attended the site visit and recorded in the minutes.
- 7069.** A site visit is not a meeting to discuss the planning merits of the application or to make decisions. The purpose of the inspection is to gather factual information about

the site and visually assess the likely or actual impact of the proposal. It is not to debate the merits of the application or the Officers' recommendation. During the formal site visit detailed discussions and/or negotiations must not be conducted with the applicant or third parties by either Councillors or Officers. All discussion and debate should be undertaken at the Planning Committee meeting when the application is presented for formal consideration. Any arguments applicants or third parties wish to put forward can be heard at that stage through the public speaking arrangements. Councillors should be aware of the appearance of bias should they be seen in conversation with an applicant or objector.

- ~~710~~. Members of the Planning Committee are expected to attend the organised site visit. Councillors not attending an organised site visit must sit back from the table and not take part in debate and voting on the matter when it comes up for consideration.

Deferred Applications

- ~~724~~. Applications may be deferred to a future meeting if there are valid reasons for doing so. Consideration must be given to the procedures for public speaking where petitioners and the applicant have addressed the Planning Committee at the previous meeting. There may be occasions when there are a number of petitioners raising different objections to the application and the applicant must have the chance to respond. A judgement has to be made whether it is in the interests of good decision making to re-hear all oral representations again or to restrict the Planning Committee to its constitution at the earlier meeting. That is a decision for the Chair at the Chair's Briefing (or Vice Chair in their absence). It may be necessary (in exceptional circumstances such as public disturbance) to adjourn the Planning Committee meeting and re-convene in another room.

Substitutions

- ~~732~~. Substitutions have implications where applications are deferred from a previous Planning Committee meeting. Where the petitioner/s and applicant have previously addressed the Planning Committee and the application is deferred to another meeting, any Councillors substituting on the Planning Committee will not have heard all the representations which will form some part of the basis for the decision. Where the petitioner/s and applicant are given the opportunity to address the Committee a second time, there is not a problem with substitutes since the matter is heard afresh. Where applications are not deferred but a continuation of the earlier meeting no substitutions are permitted. Group Leaders/authorised persons should be informed where substitutions are not to be permitted on a particular item as soon as practicable after the Chair's Briefing. Where applications are deferred into a new municipal year the application may have to be considered afresh and petitioner/s and the applicant given the opportunity to address the Planning Committee again if there is a change in membership of the Planning Committee.

Annual Review of Decisions

- ~~743~~. On an annual basis, arrangements will be made for members of the Planning Committee to review a sample of implemented planning permissions to assess the quality of the decisions made. The Planning Services Manager will arrange for members of the Planning Committee to visit a number of sites where development is either completed or near to completion. As this is part of the continuing programme of training for members no decisions are taken during the visit. A record is kept of the

sites visited but no record is kept of any discussions that take place. The Planning Committee will consider the review and decide whether it gave rise to the need to reconsider any policies or practices. Such a review should improve the quality and consistency of decision making, strengthening public confidence in the planning system and can help with reviews of planning policy. It will also assist Planning Committee members to refine their understanding of the impact of their decisions from the visiting of completed developments.

Training of Councillors in Planning Law and Procedure

- 754.** Planning decisions are often complex and differ in nature from some of the other decisions taken by the Council. It is crucial that planning decisions are based on legitimate planning grounds. For this reason, Councillors shall not sit on the Planning Committee or act as a substitute on the Planning Committee without having previously undertaken recent training in planning law and procedures.
- 765.** The Planning Services Manager, Monitoring Officer and Deputy Monitoring Officer will arrange suitable training opportunities at regular intervals and will supplement this with written guidance. All Members of the Planning Committee must attend training sessions provided. The Committee Administrator will maintain a register of attendance which will be copied to political group leaders annually. Members of the Planning Committee are expected to attend all training sessions but must have attended an Introduction to Planning training course provided by Officers within the current term of their office together with a minimum of two training sessions within each municipal year (May to April). New members of the Planning Committee are expected to sit and observe a meeting of the Planning Committee as part of their training prior to sitting on the Committee. If a Councillor has not attended a minimum of two training sessions within the municipal year they will not be allowed to sit on the Planning Committee until they have attended the next quarterly training session to bring their planning training up to date. Councillors who sit on Planning Committee as a substitute must have attended an Introduction to Planning training course within the term of their office in addition to two training sessions within each municipal year (May to April). One to one training will not be provided except in exceptional circumstances.

Appendix 1

PLANNING APPLICATIONS: DECLARATION OF LOBBYING

- Name of Councillor making the declaration

- Planning Application Number (where known)

- Application Site / Address

- Name(s) of persons undertaking lobbying and a note of their interest in the application (applicant, objector etc)

- Date of lobbying

- Brief details of the nature of the approach to the Councillor

Upon completion of this form please submit immediately to the Planning Services Manager at Muriel Matters House to be placed on the planning application file.

Agenda Annex Document Pack

CABINET

29 JANUARY 2024

Present: Councillors Hilton (Chair), Haffenden (Deputy Chair), Barnett (until 7.05pm), Roark (until 7.58pm), and Willis.

In attendance: Jane Hartnell (Chief Executive), Kit Wheeler (Chief Finance Officer), Mary Kilner (Chief Legal Officer), Natasha Tewkesbury (Head of Community and Regulatory Services), and Chris Hancock (Head of Housing). Councillors Beaney, Carr, Collins, Patmore, Pragnell, Sinden and Webb.

In attendance remotely: Victoria Conheady (Deputy Chief Executive), and Amy Terry (Property and Commercial Assets Manager).

24. APOLOGIES FOR ABSENCE

Councillors Barnett and Roark gave apologies for leaving early.

25. DECLARATION OF INTERESTS

None received.

26. MINUTES OF LAST MEETING

RESOLVED – that the minutes of the meeting held on 4th December 2023 be approved as a true record.

27. PUBLIC QUESTION TIME (30 MINUTES)

Councillor Collins asked if the Cabinet would support a debate on a motion at the March Full Council to propose twinning Hastings with Al-Mawasi in Gaza. Cabinet members replied that they would in principle welcome a debate on the motion but there would need to be further details on the proposals and the twinning process.

A question was asked about encouraging the recycling of Tetrapaks in Hastings. Councillor Haffenden replied that East Sussex County Council decide what can and can't be recycled and there isn't the ability to change the current recycling contract. However, the law is changing in 2026 and there will be conversations starting soon about what will be recycled in the future. A further question was asked about the availability of pink recycling bags. Councillor Haffenden replied that he is looking into ways to make recycling bags more accessible for residents.

A question was asked about the current condition of beach huts in West Marina and whether the council will schedule a full programme of maintenance. Councillor Hilton apologised for the delay in repairs and asked for a priority list of urgent maintenance from beach hut tenants. In the meantime, councillors will have discussions with officers about a programme of longer-term maintenance.

CABINET

29 JANUARY 2024

A written question was received regarding the progress in addressing the issues of town centre flooding, sewage pollution and pollution at Old Roar Gill. Councillor Hilton replied that prior to her election as Leader of the Council there had been a meeting with the previous council leadership, the local MP, East Sussex County Council, and Southern Water at which it was agreed that there would be a full modelling of the foul water and rainwater system through the park and town centre. This will inform future flood prevention work. There will be quarterly meetings going forward to monitor progress.

28. FINANCIAL MONITORING REPORT

The Chief Finance Officer presented a report to provide a summary of the financial forecast outturn position for services at the end of Period 8 (November 2023).

At the end of November 2023, the overspend had decreased to £1.2million. The main reasons being a redistribution of homelessness grants. However, temporary accommodation costs are still a significant factor in the current overspend.

Robust financial restrictions were introduced at the end of last year and these have resulted in a significant improvement in the financial situation. These should not be seen as a permanent solution and will be reviewed at the end of the financial year.

Councillor Barnett proposed approval of the recommendations, seconded by Councillor Hilton.

RESOLVED (unanimously):

To note the contents of the report, and the actions within the conclusion and management action section.

Reasons:

To assist the Council in understanding the financial position and particularly areas of over and under spend. Early indications of emerging overspends can allow management action to be targeted to those areas.

This monitoring assists in identifying areas for review in the production of the 2024/25 budget and the impact of the 2023/24 outturn on the reserves position.

29. THE FUTURE OF INTERNAL AUDIT

The Chief Finance Officer presented a report to agree the arrangements for the Internal Audit Service from 2024/25 onwards.

Internal Audit has been under the interim management and supervision of the Orbis partnership since June 2023. The arrangement has been successful with a professional service provided. A more permanent arrangement now needs to be agreed. It is estimated that the budget for the arrangements with Orbis represents a saving over the period of the agreement compared to a fully in-house service.

The Chief Finance Officer clarified that the agreement with Orbis is for five years, with a review after two years. The Chief Finance Officer thanked Orbis and the local

CABINET

29 JANUARY 2024

members of the Internal Audit team for their professionalism and embracing new ways of working since June 2023.

Councillor Barnett proposed approval of the recommendations, seconded by Councillor Haffenden.

RESOLVED (unanimously):

Cabinet agrees that the Orbis partnership is approved to provide the management of the Internal Audit Service for the next five years, with a review after two years, and delegated decision to the Chief Legal Officer to enter into agreement on behalf of Hastings Borough Council.

Reasons:

1. Following the retirement of the long-standing Chief Auditor in April 2023 from Hastings Borough Council, the Internal Audit team has been under the interim management and supervision of the Orbis partnership (which currently includes East Sussex County Council, Surrey County Council, Brighton and Hove City Council and Horsham District Council) following Cabinet approval back in June 2023 for this financial year (2023/24).
2. Given the key role that Internal Audit plays in providing independent, objective assurance advice that adds value to, and improves an organisations operation, it is imperative that a fully resourced and experienced Audit team is in place for the 2024-25 financial year.

30. PAY POLICY STATEMENT 2024/25

The Chief Executive presented a report to approve the Pay Policy Statement for 2024/25 as required by the Localism Act 2011.

Councillor Haffenden proposed approval of the recommendations, seconded by Councillor Roark.

RESOLVED (unanimously):

To recommend the pay policy statement to Full Council for approval.

Reasons:

The Localism Act 2011 requires Hastings Borough Council to prepare and publish an annual pay policy statement. The purpose of such a statement is to provide information about Council policies on a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees. A Pay Policy must be prepared for each financial year and must be approved by Full Council, and published.

31. REVIEW OF THE GATING PUBLIC SPACE PROTECTION ORDER (PSPO)

CABINET

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The Head of Community and Regulatory Services presented a report to summarise the consultation feedback and determine whether to renew, and remain gated, public footpaths identified in the gating public space protection order (PSPO).

The current PSPO, which expires in March 2024, provides for the gating of four footpaths across the Borough. Footpaths are only considered for gating where there is serious crime and anti-social behaviour which is consistently and substantially affecting the lives of residents.

The report proposes that a further footpath in Castle ward is gated due to the extent of anti-social behaviour and crime taking place in and around the footpath.

As part of the review formal public consultation was undertaken and also with stakeholders and statutory consultees. The continued gating of the four footpaths and further gating in Castle ward were supported in the consultation feedback. East Sussex rights of way team did not object to the continuation of the order and gave advice on measures to ensure the footpaths were not perceived as permanently unavailable to the public.

Councillor Carr asked if BT could be encouraged to remove the phone box near Trinity Passage as it is a target of anti-social behaviour. The Head of Community and Regulatory Services said she would investigate how that might be facilitated.

It was confirmed that the street cleaning team would have access to the Trinity passage footpath to clear up any litter once it was gated.

Councillor Haffenden proposed approval of the recommendations, seconded by Councillor Roark.

RESOLVED (unanimously):

1. Cabinet authorises the Head of Community and Regulatory Services in conjunction with the Chief Legal Officer, to implement the statutory legal process required to renew the gating PSPO of public rights of way described in the report and gate a further footpath in Castle ward.

2. The Gating PSPO is formally reviewed every 3 years.

Reasons:

As a result of long standing anti-social behaviour affecting the public rights of way, the council has been asked to renew the existing gating of 4 footpaths and gate a further footpath in Castle Ward, using powers set out in the Anti-social Behaviour Crime and Policing Act 2014. The existing Gating PSPO originally came into force on 1 March 2021, was varied and extended on 7 November 2022. It now needs to be reviewed and potentially varied and extended again before it expires on 1 March 2024.

32. LAND OFF SIDNEY LITTLE ROAD

The Property and Commercial Assets Manager presented a report to seek approval to proceed with the sale of the land off Sidney Little Road.

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The land is on Churchfield industrial site near the new business centre. The council is not in a financial position to develop the land itself and as there is demand for industrial units, market disposal is considered the best way forward to develop the site. The capital receipt is estimated to be in the region of £900,000.

In response to a question regarding biodiversity the Property and Commercial Assets Manager confirmed that it was likely any offers would be subject to planning permission and biodiversity would be protected through the planning process.

Councillor Barnett proposed approval of the recommendations, seconded by Councillor Hilton.

RESOLVED (unanimously):

- 1. To add the land to the Council's Land and Property Disposal Programme.**
- 2. Approve the disposal of the land in accordance with section 123 of the Local Government Act 1972.**
- 3. Delegate authority to the Property & Commercial Assets Manager in consultation with the Leader of the Council and Finance Portfolio Holder to take all actions to dispose of the land and agree terms of the sale/s.**

Reasons:

1. Ahead of the wider Council strategic asset review we have conducted an initial review of the Council's assets and identified the land can be brought forward for immediate sale for the reasons outlined in the report.
2. The sale could generate capital receipts currently estimated to be worth in the region of £0.9m. The capital receipts would then be reinvested into funding the capital programme and reduce external borrowing. This would therefore reduce our borrowing costs such as MRP (Minimum Revenue Provision) as well as costly interest charges which are continuing to rise with interest rates.
3. This would have a beneficial impact on our revenue position and take some of the pressure off the Council services and general reserve balance which is continuing to be used to fund the revenue budgets for areas such as Homelessness..

33. HOUSING ALLOCATIONS SCHEME

The Head of Housing presented a report to summarise the feedback the council has received on the proposed changes to the affordable housing allocations scheme.

Several changes are proposed to make best use of the limited availability of affordable. A key change is to give the highest priority to households who need to leave the family home and would otherwise go into temporary accommodation. The same priority is also to be given to social housing tenants who are under-occupying their property by one or more bedrooms to incentivise downsizing.

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Councillor Carr asked about the reassessment of housing register applications. It was confirmed that the preference is not to close all applications and start again but rather to update only those applications where there will be an impact from the new allocations scheme.

Councillor Willis proposed approval of the recommendations, seconded by Councillor Hilton.

RESOLVED (unanimously):

To adopt the changes to the allocations scheme as proposed in the report.

Reasons:

The council believe that the changes to the allocations scheme will enable better use of the limited affordable housing in the borough to help meet the most acute forms of housing need faced by residents and also help reduce the use of, and therefore the cost of, temporary accommodation to the council.

Councillor Hilton adjourned the meeting for a comfort break at 7.22pm. The meeting reconvened at 7.28pm.

34. CORNWALLIS STREET HOTEL PART 1

The Chief Executive presented a report to recommend as an alternative to the current legal agreement with Whitbread Plc, that the land at Cornwallis Street be sold to Whitbread Plc with the caveat that they build the Premier Inn hotel at their cost and release the council from all previous agreements.

In September 2023 councillors were asked to agree an increase in the capital budget for the project, with the cost of the build work exceeding the agreed capital programme budget. Following the cabinet meeting in September 2023, and considering the council's financial position, negotiations were reopened with Whitbread Plc to seek an alternative agreement which will see a much-needed hotel built, but without the need for council investment. The Local Government Association, Chartered Institute of Public Finance and Accountancy (CIPFA) and external auditor all recommend this approach.

The council has reached an in-principle agreement which would involve selling the land at Cornwallis Street to Whitbread Plc and them building the hotel at their own cost. This would release the council from the existing agreement and improve the council's financial stability.

Councillor Patmore asked the cabinet to agree that once the deal is finalised the previous decision to enter into the original agreement should be scrutinised to learn lessons for future projects. The Chief Executive said she had already committed to that once the proposed agreement is finalised.

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Councillor Carr asked for the cost of the project to date including the losses from the income of the car park and whether the new agreement will include reduced business rates. The Chief Finance Officer replied that all costs will be included in the capital programme. The site was originally expected to be developed much sooner, and that's why the car park was closed.

Councillor Beaney said he had calculated from publicly available information on the council website that between January 2021 and May 2023 over £499,000 had been spent on the project. Councillor Beaney asked if the total cost to date could be confirmed. The Chief Finance Officer replied that the financial monitoring report shows current year costs for capital projects, likewise the upcoming budget report will include details of costs for the year to date and the lifetime of the scheme.

Councillor Beaney asked why the land was not for sale on the open market to achieve best value. The Chief Executive replied the council is still in an agreement to build a hotel on the site, therefore the land is not available for sale on the open market.

Councillor Beaney asked if the Chief Executive had sight of the original agreement before it was signed. The Chief Executive replied that she didn't.

Councillor Carr asked about right to light compensation for residents. The Chief Legal Officer confirmed that this was being looked into.

Councillor Hilton asked that when negotiations are completed a clear timescale for the work be shared publicly.

Councillor Willis proposed approval of the recommendations, seconded by Councillor Roark.

RESOLVED (unanimously):

- 1. That Cabinet agree to sell the land at Cornwallis Street to Whitbread PLC on the proviso that the Premier Inn hotel is built at their expense, within a reasonable timeframe (to be confirmed subject to legal due diligence) and that the council is released from all liabilities contained in the current agreement.**
- 2. That the Chief Executive, Chief Legal Officer and Chief Finance Officer be delegated authority to conclude the legal details of the new agreement (as per the requirements set out in the Part II confidential report) with Whitbread Plc in consultation with the Leader of the Council and the Finance Portfolio Holder.**

Reasons:

1. The council entered into an agreement in 2021 to build and lease a hotel on the site at Cornwallis Street.
2. The council tendered for the build work and following two procurement exercises, the costs of the build work exceeded the estimated capital programme budget.
3. Officers have negotiated with Whitbread PLC (in the light of the council's financial challenges brought about by the housing crisis and requirement for the council to spend over £5.5m p.a. on temporary accommodation), an alternative agreement which enables the much-needed hotel to be built without the need for council investment.

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4. The council is at present still legally bound by the original agreement which contains significant financial penalties if the hotel is not built within the specified timescale.
5. The existing agreement places significant financial and potential legal risks on the council's sustainability and therefore the new agreement is strongly recommended as a solution.

35. EXCLUSION OF THE PUBLIC

RESOLVED: That the public be excluded from the meeting during the consideration of the items of business listed below because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt' information as defined in the paragraphs of Schedule 12A to the Local Government Act 1972 referred to in the relevant report.

36. CORNWALLIS STREET HOTEL PART 2

The Chief Executive presented a report to recommend as an alternative to the current legal agreement with Whitbread Plc, that the land at Cornwallis Street be sold to Whitbread Plc with the caveat that they build the Premier Inn hotel at their cost and release the council from all previous agreements.

Councillor Willis proposed approval of the recommendations, seconded by Councillor Roark.

RESOLVED (unanimously):

- 1. That Cabinet agree to sell the land at Cornwallis Street to Whitbread PLC on the proviso that the Premier Inn hotel is built at their expense, within a reasonable timeframe (to be confirmed subject to legal due diligence) and that the council is released from all liabilities contained in the current agreement.**
- 2. That the Chief Executive, Chief Legal Officer and Chief Finance Officer be delegated authority to conclude the legal details of the new agreement (as per the requirements set out in the Part II confidential report) with Whitbread Plc in consultation with the Leader of the Council and the Finance Portfolio Holder.**

Reasons:

1. The council entered into an agreement in 2021 to build and lease a hotel on the site at Cornwallis Street.
2. The council tendered for the build work and following two procurement exercises, the costs of the build work exceeded the estimated capital programme budget.
3. Officers have negotiated with Whitbread PLC (in the light of the council's financial challenges brought about by the housing crisis and requirement for the council to

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spend over £5.5m p.a. on temporary accommodation), an alternative agreement which enables the much-needed hotel to be built without the need for council investment.

4. The council is at present still legally bound by the original agreement which contains significant financial penalties if the hotel is not built within the specified timescale.

5. The existing agreement places significant financial and potential legal risks on the council's sustainability and therefore the new agreement is strongly recommended as a solution.

(The Chair declared the meeting closed at 8.13pm)

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Report to: Cabinet

Date of Meeting: 29th January 2024

Report Title: Pay Policy Statement 2024/25

Report By: Jane Hartnell – Chief Executive

Purpose of Report

The purpose of the report is for approval of the Pay Policy Statement for 2024/2025, as required by the Localism Act 2011.

Recommendation(s)

- 1. Recommendation of the pay policy statement to full council for approval**

Reasons for Recommendations

The Localism Act 2011 requires Hastings Borough Council to prepare and publish an annual pay policy statement. The purpose of such a statement is to provide information about Council policies on a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees. A Pay Policy must be prepared for each financial year and must be approved by Full Council, and published

Introduction

1. The Localism Act 2011 requires Hastings Borough Council to prepare and publish a pay policy statement for each financial year.
2. The attached statement (Appendix 1) sets out the key policy principles that underpin the Council's requirements to provide accountability under the Localism Act. It takes into account and has due regard to guidance issued by the Department for Levelling Up, Housing and Communities.
3. The majority of the statement reflects current policy, practice and procedures adopted by the Council and it is cross referenced to other documents including the Council's severance scheme and transparency requirements.

Timetable of Next Steps

4. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
CAP	Tuesday 16 th January (3pm)	Wednesday 10 th January (2pm)	Verna Connolly
Cabinet	Monday 29 th January (6pm)	Friday 19 th January (12pm)	Verna Connolly
Budget Full Council	Wednesday 14 th February (6pm)	Tuesday 6 th February (12pm)	Verna Connolly
Publish on HBC website	Published	1 st April 2024	Verna Connolly

Wards Affected

Insert the list of wards affected:

N/A

Implications

Relevant project tools applied? No

Have you checked this report for plain English and readability? Yes

Climate change implications considered? Yes

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

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

Additional Information

Appendix 1 – Pay Policy Statement 2023/2024

Officer to Contact

Officer Name	Verna Connolly
Officer Email Address	vconnolly@hastings.gov.uk
Officer Telephone Number	01424 451707

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Appendix 1

Hastings Borough Council

Pay Policy Statement for the year 1 April 2024 to 31 March 2025

Introduction

1. This pay policy statement under section 38 of the Localism Act 2011 shall apply for the financial year 2024- 2025 until amended.
2. The purpose of the statement is to provide transparency regarding the Council's approach to setting the pay of its employees by identifying:
 - the methods by which remuneration of all employees are determined, including the remuneration of its most senior staff;
 - the arrangements for ensuring the provisions set out in this statement are applied consistently throughout the Council.
3. This statement applies to all employees under the following conditions of employment:

JNC for Chief Officers of Local Authorities
NJC for Local Government Services
4. The council defines its senior management as:
Chief Executive
Deputy Chief Executive
Heads of Service
General Managers/Professional leads who are directly accountable to a statutory or non statutory officer in respect of all or most of their duties (excluding roles which are clerical or secretarial). Such officers are invited to provide expertise in their role as head of their profession.
5. This Pay Policy will operate subject to any requirements regarding exit payments pursuant to the Enterprise and the Small Business, Enterprise and Employment Act, 2015 and associated regulations.

The Council's policies for setting remuneration

6. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.
7. With the exception of the Chief Executive, Deputy Chief Executive and Heads of Service, the Council uses the nationally negotiated pay spine as the basis for its local grading structure. The grade of a post is determined by application of an agreed Job Evaluation process. The value of scale points changes in line with national agreements, including any "cost of living" increases, the most recent of these at the time of preparation of this policy, was a flat £1925 increase effective from 1st April 2023 (or 3.88% for those above the maximum spine point) – negotiations for April 2024 have still not concluded.

Grade and Salary Band (from 1st April 2023) – negotiations still ongoing for April 2024 pay award

Grade	Salary Band
10	£23,500 to £24,702
9	£23,893 to £26,421
8	£25,119 to £28,770
7	£27,334 to £31,364
6	£29,777 to £34,834
5	£33,024 to £38,223
4	£36,648 to £41,418
3	£39,186 to £45,441
2	£44,428 to £50,512
1	£49,498 to £56,703

8. All other pay-related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council policy.
9. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where possible, the Council will ensure the requirement for such approaches is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.
10. There are a number of pay points within each grade. For staff not on the highest point within the band, there is a system of annual progression to the next point on the band. Faster progression is possible for posts identified and evaluated as career grades.
11. Regarding the equal pay requirements of the Equality Act 2010, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

Chief Officer Grade Range pay rate (officers who are JNC Chief Officers Terms and conditions of employment)

12. Chief Officer pay range is £91,680 to £120,729 (value at 1st April 2023)

Chief Officers

13. The Council's policy and procedures regarding recruitment of Chief Officers are set out in the Officer Employment Procedure Rules of the Council's Constitution. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with this pay policy statement and other relevant policies in place at the time of recruitment. In the case of recruitment of the Chief Executive, the decision on remuneration will be taken by the Employment Committee. Any appointments at this level offering a salary in excess of £100,000

would require approval by Full Council. Where the Council is unable to recruit to a post at the designated grade, it may consider the use of temporary market forces supplements in accordance with its relevant policies.

14. Where the Council is unable to recruit Chief Officers or Heads of Service, or there is a need for interim support to provide cover for a vacant Head of Service or Chief Officer post, the Council will, where necessary, consider engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate value for money from competition in securing the relevant service.

Additional payments

15. In addition to the basic salary for the post, staff are or may be eligible for other payments under the Council's existing policies. Some of these payments are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties:

Lease car provision, the Council no longer offers subsidised lease cars to new employees. A small number of employees remain eligible under historical contracts of employment;

Benefits allowance, employees who are not entitled to a lease car but are required to travel in order to carry out their duties may receive a benefits allowance to cover costs of travel including mileage, parking, public transport, excluding single journeys over 50 miles.

Reimbursement of mileage, Employees can claim mileage travelled in the course of council business. Hastings Borough Council mileage rates are paid dependant on which scheme the employee is in.

This could be:-

NJC rates which are based on the engine size, fuel type for protected employees in post prior to 27th November 2001

HMRC Company Advisory Fuel Rates for lease cars.

HMRC Approved Mileage Rates for all other employees. Passenger rate is also paid if appropriate;

Bike mileage is paid when appropriate

Professional fees. The Council will meet the cost of a legal practicing certificate for all those employees where it is a requirement of their employment; and professional body subscriptions for staff who are studying providing sponsorship has been agreed by the Council. The majority of employees are responsible for their own professional membership.

Long service awards. The Council allows staff to purchase a gift to a maximum amount if they have completed 25 years of service;

Honoraria, in accordance with the Council's policy on salary and grading. Generally, these may be paid only where a member of staff has performed a role at a higher grade. Deputy returning officers are paid an honorarium.

Fees for returning officer and other electoral duties, such as acting as a presiding officer of a polling station, excluding deputy returning officers. These are fees which are identified and paid separately for local government elections, elections to the UK Parliament and other electoral processes such as referenda;

Pay protection, where a member of staff is placed in a new post and the grade is one grade below that of their previous post, for example as a result of a restructuring, pay protection at the level of their previous post is paid for the first 18 months;

Cycle to Work Scheme, is available to all eligible employees via the HMRC-approved salary sacrifice scheme.

Standby and/or call-out payments, employees who are required to be on standby at times which are outside their normal working week and/or who may be called-out to attend to an issue at the Council's premises or other location may receive an additional payment in accordance with the provisions of the relevant Council policy;

Provision of mobile telephones, mobile telephones are provided to employees based on business need where they are necessary to enable them to undertake their duties effectively. The Council funds the provision of the phone and business calls.

Discounted loans, permanent employees who have satisfactorily completed their probationary period have access to discounted loans for:

- The purchase of cars/bicycles; and/or
- The purchase of season tickets for travel;

Interest is charged on Car and Bicycle loans at current PWLB (Public Works Loan Board) rates plus 1.25%. For a small number of employees employed before 27th November 2001 no interest is chargeable under historical contract of employment terms. Travel season ticket loans are interest free;

Employee assistance programme, is a 24/7 confidential support service for information and guidance on a range of work-life topics funded by the Council and made available to all staff.

Lifestyle scheme is an online benefits scheme that works with well-known retailers, both online and on the high street, to provide market-leading offers and discounts to all staff.

Performance-related pay and bonuses

16. The Council does not operate a scheme of performance-related pay or bonuses for its staff.

Lowest-paid employees

17. Hastings Borough Council ensures its lowest paid employees are paid the current published UK Accredited Living Wage or higher.

Relationship between remuneration of chief officers and remuneration of employees who are not chief officers

18. The Council's ratio of pay at the top, to pay at the median is currently 1:4.1.
This ratio is based on basic salary only, excluding variable pay and benefit in kind.

Our ratio is below the recommended maximum published in Hutton's Fair Work Review (1:20)

In comparison our neighbouring authorities most recently published pay ratios are as follows:

Rother District Council: 1:5.1

East Sussex County Council: 1:6.87

Wealden: 1:4.4

Eastbourne: 1:5.7

Payments on termination etc.

19. The Council's approach to statutory and discretionary payments on termination of employment is set out within its Early Termination of Employment – Compensation Policy which includes the written statement in accordance with regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006. At the time of preparation of this policy statement, the policy is:
 - to pay statutory redundancy payments in accordance with the Employment Relations Act 1998, which provides for a maximum calculation of up to 30 weeks' pay, multiplied by two. The payment will be based on an employee's actual weekly salary rather than the figure set by the Government.
20. The Council's policy is normally not to make any awards under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011: this constitutes its written policy statement under the regulations.
21. Any large severance payments will be considered by the Employment Committee and referred to full Council for approval. Large payments would be those in excess of £95,000 including salary paid in lieu, redundancy compensation, holiday pay and any bonuses, fees or allowances paid. The basis of any exit payment is subject to a maximum salary of £80,000.
22. Employees re-employed by a relevant body, as specified in the Modification Order, within 24 months of receiving of an exit payment will be required to repay an amount of the payment.

Publication of information

23. This statement will be published on the Council's Website www.hastings.gov.uk In accordance with regulation 7 of the Accounts and Audit (England) Regulations 2011, for posts where the remuneration in a year is £50,000 or more, the Council's Annual Statement of Accounts will include a note setting out the total amount of - salary, fees or allowances paid to or receivable by the person in the current and previous year;
 - any sums payable by way of expenses allowance that are chargeable to UK income tax;
 - any compensation for loss of employment and any other payments connected with termination;
 - any benefits received that do not fall within the above

The statement of accounts is available on the Council's website.

24. The Council also publishes information about remuneration of JNC Chief Officers and staff in the transparency section of its website.
http://www.hastings.gov.uk/my_council/transparency/

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