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## BUDGET COUNCIL

**22 FEBRUARY 2017**

Present: The Right Worshipful The Mayor (Councillor Judy Rogers) in the Chair, Councillors Sinden; Batsford, Cartwright, Chowney, Clark, Cooke, Davies, Forward, Howard, Poole, Roberts, Sabetian, Scott, Street, Turner, Webb, Westley, Wincott, Beaver, Lee, Fitzgerald, Beaney, Atkins, Edwards, Clarke, Dowling, Bacon, Patmore and Rankin

Apologies for absence were noted for Councillor Dowling and Charman

### **53. DECLARATIONS OF INTEREST**

The following Councillor declared an interest in the minutes:

Councillor	Committee	Minute	Interest
Beaver	Full Council, 22 February 2017	55 – Revenue Budgets 2016/17 (Revised) and 2017/18, Plus Capital Programme 2017/18 to 2019/20	Personal – he uses an elected member's car parking permit.
Cartwright	Full Council, 22 February 2017	55 – Revenue Budgets 2016/17 (Revised) and 2017/18, Plus Capital Programme 2017/18 to 2019/20	Personal – he has a brown bin.
Chowney	Full Council, 22 February 2017	55 – Revenue Budgets 2016/17 (Revised) and 2017/18, Plus Capital Programme 2017/18 to 2019/20	Prejudicial (if car parking fees and charges are discussed) – he holds a season ticket for Grand Parade car park.
T Dowling	Full Council, 22 February 2017	55 – Revenue Budgets 2016/17 (Revised) and 2017/18, Plus Capital Programme 2017/18 to 2019/20	Prejudicial – her wife is employed by Hastings Borough Council.
Rankin	Full Council, 22 February 2017	56 – Treasury Management and Annual	Personal – he works in the property industry.

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		Investment Strategy 2017/18	
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### 54. DRAFT CORPORATE PLAN 2017/18 TO 2019/20

Councillor Forward proposed a motion, seconded by Councillor Cartwright, that the recommendations set out in minute number 70 of Cabinet on 13 February 2017 be approved.

Councillor Rogers, the Right Worshipful the Mayor, proposed a motion, seconded by Councillor Beaver, and agreed unanimously as follows: -

**RESOLVED that in order to facilitate full discussion on Cabinet's proposal for the corporate plan and any proposed amendment to cabinet's recommendations, Council suspends Rule 16.6(b) of Council Procedure Rules (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) to permit the Deputy Leader's motion and all amendments to be on the table and open for discussion at the same time.**

Councillor Patmore proposed an amendment to the draft Corporate Plan, seconded by Councillor Cooke, as follows: -

Expenditure Reduction

What we want for Hastings by 2019:

While seeking to generate income to help us meet our mission objectives the council will also set up an Expenditure reduction Board to help the council make difficult decisions on how to balance future budgets by reducing council spending and not having to use reserves. To do this we must make more savings throughout the organisation in a much shorter time-scale than previously anticipated.

What will we be doing?

- An Expenditure Reduction Board (made up of the leader of the council, leader of the opposition plus key executive officers) will be set up to look at all aspects of council expenditure and how efficiencies and reductions in spending can be made.
- We will make a pledge that for every net £1 of income generated by our Income Generation Policy we will have to save 50p of council expenditure until the council doesn't need to draw on reserves to balance the budget.

What challenges could we face?

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- We need to make these changes quickly, which again will be a huge challenge for staff who are already fully committed to existing work.
- Reducing council spending and still providing core services the public expect the council to maintain.
- Making sure we have the resources to help the more vulnerable members of our community.
- Insufficient reductions implemented risking the council's future sustainability.

How can we overcome these challenges?

- The outcome of the council's strategic planning activity will be brought forward to reflect the urgency of the funding gap the council faces in the next three years.
- Staff reorganisation to ensure that key services are maintained.
- We will listen to the ideas of residents, staff and partners and reward ideas that save the council money.
- To work closely with the Income Generation Board so that we can meet the budget deficit from both sides.

The amendment was lost by 9 votes for, 21 against.

**RESOLVED (by 22 votes for to 8 against, with 0 abstentions) that:-**

1. **The content of the documents attached to the Director of Corporate Services and Governance's report to Cabinet form the basis of the council's corporate plan 2017/18 – 2019/20, subject to the proviso that any significant amendment made to the council's draft budget be reflected in the final corporate plan text;**
2. **Delegated authority be given to the Director of Corporate Services and Governance, after consultation with the Leader of the Council to make further revisions as is considered necessary to the plan prior to publication reflect decisions made on the council's budget, and;**
3. **All who submitted views as part of the consultation process be thanked for their contributions.**

The reason for this decision was:

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

### **55. REVENUE BUDGETS 2016/17 (REVISED) AND 2017/18, PLUS CAPITAL PROGRAMME 2017/18 TO 2019/20**

Councillor Terri Dowling, having declared a prejudicial interest in this item, left the chamber during the debate on this matter.

Councillor Rogers, the Right Worshipful the Mayor, proposed a motion, seconded by Councillor Street, and agreed unanimously, as follows: -

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**RESOLVED** – that in order to facilitate full discussion on Cabinet’s proposal for the budget and any proposed amendments to Cabinet’s recommendations; Council suspends Rule 16.6(b) of Council Procedure Rules (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) to permit the Leader’s motion and all amendments to be on the table and open for discussion at the same time.

Under rule 16.14 of the council’s constitution, the Right Worshipful the Mayor proposed a motion, seconded by Councillor Beaver, that the Council proceed as if in committee at the start of the debate, in order for members to take advice from the Assistant Director, Financial Services and Revenues.

The Assistant Director, Financial Services and Revenues, introduced a revised budget report. He explained that the updated report took into account the revisions to budget agreed at Cabinet on 13 February 2017, precepts and the receipt of the final grant figures. The Disabled Facility Grant (DFG) and funding for Discretionary Housing Payments (DHP) were still awaited.

The Right Worshipful the Mayor proposed a motion that the council return to Full Council mode for the remainder of the debate, which was seconded by Councillor Beaver, and unanimously agreed.

Councillor Chowney proposed a motion, seconded by Councillor Poole, that minute number 71 of Cabinet on 13 February 2017 be approved, subject to the amendments set out by the Assistant Director, Financial Services and Revenues.

Councillor Lee proposed three amendments to the budget, seconded by Councillor Beaver, as follows: -

1. This council resolves not to use financial reserves to meet its budgetary requirements for the financial year 2017/18 but to make reductions in expenditure to account for a shortfall in resources coming into the council. Amendments to staffing levels will be implemented. The total staffing reductions identified will be 13.55 FTE amounting to £524,650 in 2017/18, plus other savings of £113,510 (street games £15,510, transport budgets £18,000 and return on the proposed property fund £80,000) – combining a total saving of £638,160 in 2017/18.

The proposed amendment was lost by 9 votes for to 20 against with 0 abstentions. Councillor Atkins, Beaver, Martin Clarke, Lee Clark, Cooke, Edwards, Lee, Patmore and Rankin voted in favour of the amendment. Councillors Bacon, Batsford, Beaney, Cartwright, Chowney, Davies, Fitzgerald, Forward, Howard, Poole, Roberts, Rogers, Sabetian, Scott, Sinden, Street, Turner, Webb, Westley and Wincott voted against the amendment.

2. This council will ensure we keep our public conveniences open and will reduce council expenditure in other areas to facilitate this and to ensure that other vital public services remain functional. No closure of Harold Place toilets to occur

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(cost £64,000) – the cost of keeping this open to be met from amendments to staffing levels.

The proposed amendment was lost by 9 votes for to 20 against with 0 abstentions. Councillor Atkins, Beaver, Martin Clarke, Lee Clark, Cooke, Edwards, Lee, Patmore and Rankin voted in favour of the amendment. Councillors Bacon, Batsford, Beaney, Cartwright, Chowney, Davies, Fitzgerald, Forward, Howard, Poole, Roberts, Rogers, Sabetian, Scott, Sinden, Street, Turner, Webb, Westley and Wincott voted against the amendment.

3. The council will not proceed with the planned increase of rents on beach huts and chalets (cost of £18,000), the costs to be met from savings on transport amounting to £18,000.

The proposed amendment was lost by 8 votes for to 20 against with 1 abstention. Councillor Atkins, Beaver, Martin Clarke, Cooke, Edwards, Lee, Patmore and Rankin voted in favour of the amendment. Councillors Bacon, Batsford, Beaney, Cartwright, Chowney, Davies, Fitzgerald, Forward, Howard, Poole, Roberts, Rogers, Sabetian, Scott, Sinden, Street, Turner, Webb, Westley and Wincott voted against the amendment. Councillor Lee Clark abstained from the vote.

The motion proposed by the Leader of the Council was approved by 20 votes for to 9 against with 0 abstentions. Councillors Bacon, Batsford, Beaney, Cartwright, Chowney, Davies, Fitzgerald, Forward, Howard, Poole, Roberts, Rogers, Sabetian, Scott, Sinden, Street, Turner, Webb, Westley and Wincott voted in favour of the motion. Councillors Atkins, Beaver, Martin Clarke, Lee Clark, Cooke, Edwards, Lee, Patmore and Rankin voted against the motion.

**RESOLVED (by 20 votes for, to 9 against, with 0 abstentions) that: -**

1. The revised revenue budget 2016/17 (Appendix A to the Cabinet report) be approved;
2. The draft 2017/18 revenue budget (Appendix A to the Cabinet report ) be approved;
3. A 2.04% (£5 for a Band D property) increase in the Borough Council's part of the Council Tax be approved;
4. The absolute minimum level of reserves that shall be retained be £5m (plus General Fund Balance) i.e. no change from 2016/17 be agreed.
5. The Capital Programme 2016/17 (revised) to 2019/20 (Appendix P to the Cabinet report) be approved;
6. The proposed expenditure from the Renewal and Repairs Reserve, and Information Technology Reserve (Appendices J and I respectively to the Cabinet report) and those items for other reserves shown in Appendix H to the Cabinet report that can proceed without further reference to Cabinet or Council;
7. The use of monies in the budget and Reserves for "Invest to Save" schemes be determined by the Assistant Director, Financial Services and Revenues, in consultation with the Leader of the Council be approved.

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8. The revised Land and Property Disposal Programme (Appendix L to the Cabinet report) be approved, and agree that disposals can be brought forward if market conditions make it sensible to do so;
9. Schemes marked with an asterisk in the Capital Programme can proceed without further reference to Cabinet or Council;
10. Work on Priority Income and Efficiency Reviews (PIER) should continue, and where possible identify a sustainable budget for a period in excess of one year. A mid-year review, for members and officers, to be undertaken in the light of the continuing severe government grant reductions;
11. The Car Parking charges for 2017/18 as detailed in Appendix N to the Cabinet report be agreed;
12. The detailed recommendations in Appendix M to the Cabinet report, which relate to the setting of the Council Tax in accordance with Sections 31 to 36 of the Local Government Act 1992 (updated for Full Council) be approved;
13. The budget be amended as necessary to reflect the final grant figures from government (once received) and in respect of Discretionary Housing Payments and Disabled Facility Grants;
14. The reduction for the Council Tax Prescribed Class D Properties i.e. those which are vacant and are undergoing “major repair work” or “structural alteration” to nil % be approved;
15. A contribution to the Dial a Ride service of up to £7,500 in 2017/18 be approved. The sum to be determined by the Chief Finance Officer in consultation with the lead member following a review of the financial position of the service and the reserves held, and;
16. To accept the amended proposal not to close toilets at Ore or proceed with other seasonal closures. These are still mentioned in Appendix K2 to the Cabinet report but will now remain fully funded for 2017/18.

The reason for this decision was:

1. Major reductions in funding in 2017/18 are set to continue to 2019/20 and beyond and this will impact heavily upon the council’s ability to provide services and grants across all areas of existing activity.
2. Since 2010/11 funding has been reduced by more than 50% in cash terms on a like for like basis. To ensure key corporate priorities are achieved it remains imperative that the limited resources available are properly targeted.
3. The council needs to be in a position to match its available resources to its priorities across the medium term and maintain sufficient reserves and capacity to deal with potentially large and unexpected events in addition to fluctuations in income and expenditure levels.
4. The council is exposed to a much greater degree of volatility in the level of funding it receives in Non-Domestic Rates. In addition it is also exposed to a much higher degree of volatility in terms of Council Tax Support claims – the council now receiving an upfront sum as part of the annual grant settlement rather than reimbursement of actual costs.
5. Further reductions in grant funding have major implications for the council and as such work needs to continue to identify and make savings in order to produce balanced budgets in 2017/18 and beyond.

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### 56. **TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2017/18**

The Assistant Director, Financial Services and Revenues, submitted a report to consider the draft treasury management and annual investment strategy. The strategy provided a framework for the management of the council's investments, cash flow and borrowing activities. The strategy proposed new borrowing limits, to allow for increased investment to support the council's income generation plans.

The Right Worshipful the Mayor proposed, seconded by Councillor Roberts, that under rule 13.3 of the council's constitution the recommendations set out in minute number 72 of the Cabinet meeting held on 13 February 2017, which was a matter for Council decision, were agreed without being called for discussion. This proposition was unanimously agreed.

#### **RESOLVED that: -**

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

#### **The reason for this decision was:**

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

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

(The Chair declared the meeting closed at. 9.06 pm)

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