

Cabinet Agenda

Monday, 1 September 2014 at 6.00 pm

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

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1.	Apologies for Absence	
2.	Declarations of Interest	
3.	Notification of any additional items	
4.	Minutes of the meeting held on 7 July 2014	1 - 10
5.	Final Accounts 2013/14 (Peter Grace, Head of Finance) (<i>Cabinet Decision</i>)	11 - 26
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8.	Minutes of the Charity Committee meeting held on 30 June 2014	43 - 46
9.	Additional Urgent Items (if any) Exclusion of the Public To resolve 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.	

Confidential Business

10. New Factory Unit
(Peter Grace, Head of Finance)
(Cabinet Decision)

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Present: Councillors Birch (chair), Chowney (vice-chair), Cartwright, Forward, Hodges, Lock and Poole

Apologies for absence were notes for Councillors Westley and Cooke

8. DECLARATIONS OF INTEREST

Councillors made no declarations of interest at the meeting.

9. MINUTES OF THE MEETING HELD ON 9 JUNE 2014

RESOLVED – that the minutes of the meeting held on 9 June 2014 be approved and signed by the chair as a correct record.

RESOLVED – the chair called over the items on the agenda, under rule 13.3 the recommendations set out in minute numbers 12, 16 and 21 were agreed without being called for discussion.

MATTERS FOR CABINET DECISION

10. EMPTY HOMES COMPULSORY PURCHASE PROGRAMME

The Head of Housing and Planning Services presented a report to seek Cabinet approval for compulsory purchase action on twenty seven privately owned empty properties, as part of the empty homes strategy enforcement programme.

The compulsory purchase order (CPO) programme was a significant tool in achieving the aims and objectives set out in the empty homes strategy, however, the council only used its CPO powers when all other options to bring the properties back into use had been fully explored.

Cabinet was advised of the financial and legal implications of using the CPO process, and options to mitigate the risk to the council. The CPO process may take between three and fifteen months to complete, depending on whether a public enquiry is called. Once the council has taken possession of the properties, it is intended that they will be disposed of on the open market, with covenants ensuring the purchaser brings the property back into use within a reasonable timescale.

The report also gave an update on the successful progress on the existing forty two empty homes previously considered for compulsory purchase.

Members noted a part 2 report, which gave detailed reasons for resolving to use compulsory purchase powers for each of the proposed twenty seven homes.

Councillor Forward moved approval of the recommendations to the report, as set out in the resolution below, which was seconded by Councillor Chowney.

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RESOLVED (unanimously) that – Cabinet approves the detailed recommendations set out in the report included in Part 2 of the agenda and approves the making of compulsory purchase orders in respect of the twenty seven long term empty properties.

The reason for this decision was:

The council's empty homes strategy sets out a number of enforcement powers available to the council, including the compulsory purchase of suitable properties.

In addition to taking action to bring individual empty properties back into use, it is hoped that taking this action will demonstrate to the owners of empty homes that it is unacceptable to leave property empty for an unreasonable time. This action will demonstrate to owners of these empty homes that the council will take the necessary action to bring these back into use again for the benefit of the community.

11. CORPORATE PLAN PART III

The Head of Corporate Services presented a report to advise Cabinet of the year-end performance for 2013/14 and proposed performance indicator targets for 2014/15, to be published as part III of the corporate plan. The report included comments from the Overview and Scrutiny committees and Staff and Management Forum on the draft information.

Parts I and II of the corporate plan, which set out the strategic direction and work plans of the council in 2014/15 had been agreed by Council on 26 February 2014. Cabinet had delegated authority to approve part III of the corporate plan, which contained report back on progress against the milestones and targets for 2013/14 and the proposed performance indicators for 2014/15.

Cabinet were mindful of the comments made by the Overview and Scrutiny committees when they considered drafts of part III of the corporate plan at their meetings in June. Neither committee had requested changes to the forward looking performance indicators. The Staff and Management Forum had also considered a draft of part III of the corporate plan and were pleased to note the good performance achieved during 2013/14.

Members were pleased to note the strong performance of the organisation over 2013/14 and thanked all those involved in achieving the targets set out in the corporate plan.

Councillor Chowney moved approval of the recommendations to the report, as set out in the resolution below, which was seconded by Councillor Hodges.

RESOLVED (by 6 votes for 0 against with 1 abstention) that –

- 1) the comments of the Overview and Scrutiny committees be considered for inclusion in the final version, and;**

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2) the corporate plan 2014/15 – part III be approved for publication (the 26 February Council delegated authority to Cabinet to approve part III)

The reason for this decision was:

The council's corporate plan is one of the key documents by which the council is held to account for its performance, therefore honest and transparent reporting back on how well we performed against targets in the previous year is essential.

Local people and staff also need to be aware of the targets and standards we have set ourselves, and where any of these targets have changed from previous years we need to be clear about the reasons why.

12. LOCAL DEVELOPMENT SCHEME

The Head of Regeneration and Planning Policy submitted a report to inform Cabinet of the updated timescales for the production of the emerging local plan documents since the last local development scheme (LDS) was published.

The LDS sets out details, of which local plan documents will be produced over the next three years, in what order and when. The report included an update on the production of the Hastings planning strategy, development management plan and supplementary planning documents. The last LDS was published in January 2013. The council was required to have an up to date LDS in order to meet the tests of soundness, which the local plan will be measured against at an examination in public, provisionally planned for November 2014.

RESOLVED - that the contents of the revised local development scheme be agreed.

The reason for this decision was:

So that an up to date local development scheme is in place at the time of publication of both the Hastings planning strategy and the development management plan to ensure legal compliance at the time of consultation, in accordance with provisions in the Planning and Compulsory Purchase Act 2004.

13. HASTINGS LOCAL PLAN - SUBMISSION OF THE DEVELOPMENT MANAGEMENT PLAN

The Strategic Planning Manager presented a report to advise of the outcome of the recent consultation on the development management plan, and to gain approval to submit the revised proposed submission version of the development management plan to the Secretary of State.

Under Regulation 19 of the Town and Country Planning (Local Development) (England) Regulations 2012, the council was required to undertake a final consultation on the revised proposed submission version of the development management plan. The consultation took place between 10 March and 22 April 2014, and the report provided a summary of the representations received over this period. All representations received during the final consultation would be submitted to the

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Planning Inspectorate for consideration at examination in public, together with the representations from the previous consultation held between January and April 2013. Members noted the comprehensive responses received to the consultation, and highlighted this as a good example of community engagement.

A schedule of minor amendments to the plan, as a result of the consultation, had been produced which include the minor focused modifications appended to the report.

The development management plan would be submitted to the Secretary of State on 31 July 2014, with an examination in public provisionally scheduled for November 2014. Following the hearings, the Planning Inspectorate will publish a report on the development management plan, with adoption of the final plan taking place in 2015.

Councillor Chowney moved approval of the recommendations of the report, as set out in the resolution below, which was seconded by Councillor Cartwright.

RESOLVED (by 6 votes for 1 against) that –

- 1) Cabinet acknowledge the key issues arising from consultation on the revised proposed submission version (RPSV) of the development management plan (DMP);**
- 2) Cabinet recommends to Council the submission of the RPSV of the DMP and the related revised policies map, along with the other associated submission documents to the Secretary of State under regulation 20 and which include a sustainability appraisal, an updated statement of consultation, copies of duly made representations and other supporting evidence base documents;.**
- 3) delegated authority is given to the Director of Regeneration or his nominee in consultation with the Lead Member for Regeneration to make minor amendments to the RPSV of the DMP, and;**
- 4) in accordance with advice from the Planning Inspectorate, the representations from the previous regulation 19 consultation (January – April 2013) will be submitted to the Inspector.**

The reason for this decision was:

To enable the development management plan to be submitted to the Secretary of State in accordance with regulation 22 of the Town and Country Planning (Local Planning) (England) regulations 2012.

14. HASTINGS LOCAL PLAN - STATEMENT OF COMMUNITY INVOLVEMENT UPDATE

The Strategic Planning Manager presented a report to inform Cabinet of minor updates to the statement of community involvement (SCI), prior to its publication on the council's website.

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The SCI is part of a wider suite of documents which make up the local plan; it sets out the council's approach to community involvement and provides details of how and when people can get involved in both the planning policy and development management processes.

The Hastings SCI, which was originally adopted in 2006, had been subject to a review to ensure that the most up to date version is available at the time of examination in public. The main updates reflect changes brought about by the Localism Act 2011 and the latest position in terms of preparation of the local plan.

The revised SCI will be published on the council's website, before examination in public of the development management plan. Members of the community will be made aware of the new SCI through the local newsletter and through updates to the website and social media.

Councillor Chowney moved approval of the recommendations to the report, as set out in the resolution below, which was seconded by Councillor Cartwright.

RESOLVED (by 6 votes for 0 against with 1 abstention) that – the content of the revised statement of community involvement is considered, and recommended for approval for publication on the council's website.

The reason for this decision was:

To ensure there is an up to date statement of community involvement in place at the time of publication of the development management plan. This will help to ensure the development management plan meets the legal compliance test at examination in public.

15. OVERVIEW & SCRUTINY REVIEW OF CHANGES TO THE WELFARE SYSTEM : MANAGEMENT RESPONSE

Councillor Davies, as chair of the original Scrutiny review, presented the review team's findings to Cabinet. The purpose of the review had been to assess the impact of the reforms, and the potential effects of further planned changes to the welfare system. Members intended that the recommendations of the review should compliment the ongoing work to revise the anti-poverty action plan.

Members had met with representatives of key partners in the advice and housing sector, to understand how the changes had impacted the council and other agencies. Consideration had been given to methodology for measuring fairness of the reforms, an example of a fairness square, which set out four key principles of equitable decision making, had been appended to the report. Members noted that this methodology could be applied within the council's decision making process.

The Director of Regeneration presented the management response to the review. He acknowledged that the review team had aimed to consider the impact of the reforms in a holistic and objective way. Moreover, there were further challenges in assessing the cumulative impact of the reforms, as not all of the planned changes had yet been introduced. The management response addressed each of the recommendations

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from the review and options for their implementation. Discussion took place regarding options to engage with the University of Brighton on longer term monitoring of the impact of the reforms.

Cabinet thanked all those involved in the Scrutiny review process for their efforts.

Councillor Forward moved approval of the recommendations to the report, as set out in the resolution below, which was seconded by Councillor Hodges.

RESOLVED (by 6 votes for 1 against) that –

- 1) Cabinet welcome the report expresses its appreciation of the work of members in assessing the impact of reforms on local people and organisations, and;**
- 2) Cabinet agree the responses set out in the table in paragraph 6 of the report**

The reason for this decision was:

To respond to the report of the Overview and Scrutiny review of changes to the welfare system.

MATTERS FOR COUNCIL DECISION

16. ANNUAL TREASURY MANAGEMENT REPORT 2013-14

The Head of Finance submitted a report on the treasury management activities and performance over the 2013-14 financial year.

Treasury management referred to the management of the authority's investments, cash flow, banking, money market and capital market transactions and the potential risks associated with these activities. The report also gave an overview of the wider economic context within which the council operated.

The council complied fully with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management 2009, by undertaking an annual review report of its treasury management activities. A similar report had been considered by the Audit Committee at its meeting in June.

RESOLVED that the annual treasury management report 2013-14 be approved.

The reason for this decision was:

To ensure that members are fully aware of the activities undertaken in the last financial year, that codes of practice have been complied with and that the council's strategy has been effective in 2013-14. As delegated by Council the Audit committee is tasked with scrutinising these activities and to draw to Cabinet's attention any matters it considers important. The report is also presented to Full Council for consideration. Any changes to the strategy will need to be approved by Full Council.

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17. MINOR WORKS CONTRACTS

The Director of Environmental Services presented a report to explain the arrangements for renewing the council's minor works maintenance contract, and to seek approval for tendering and delegated authority to award the new contract.

The council was seeking to procure a five year contract, with the option of a two year extension in annual increments, beginning on 1 April 2015, to coincide with the expiration of the existing contract. The nature of the work covered by the contract is primarily responsive and variable in terms of the types of building and building services trades involved and it was therefore recommended that the contract should be awarded to a single multi-trade contractor.

The East Sussex Procurement Hub had provided guidance on the procurement process; and consideration would be given to examples of best practice from other authorities. Members noted potential opportunities for handling minor maintenance or cyclical inspection tasks using council staff and sharing services with other authorities.

Councillor Poole moved approval of the recommendations of the report, as set out in the resolution below, which was seconded by Councillor Chowney.

RESOLVED (unanimously) that –

- 1) Cabinet agrees to the procurement process for the renewal of the council's minor works maintenance contract. The contract will begin on 1 April 2015 and run for 5 years with the option of two years extension in annual increments;**
- 2) Cabinet delegates authority to the Director of Environmental Services, or his nominee, in consultation with the Lead Member, to award the contract to the most economically advantageous tenderer;**
- 3) Cabinet support the officer's view that the contract should be awarded to a single multi-trade contractor, and;**
- 4) Cabinet support further investigation of an in-house or shared capacity for minor maintenance works where that can be shown to be cost effective.**

The reason for this decision was:

The existing contract expires on 31 March 2015. The new contract from 1 April 2015 will be a call-off arrangement with no fixed financial commitment under a measured term contract to be awarded to a single contractor. We are investigating opportunities to remove minor maintenance and cyclical inspection work from the contract where there is a more cost-effective approach utilising council staff, automated monitoring or shared arrangements with other agencies. This has already been implemented for some electrical testing, legionella monitoring and some minor maintenance. Further possibilities will be assessed in parallel with the contract procurement.

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18. OFFICE ACCOMMODATION

The Director of Environmental Services presented a report to outline the works proposed by the freeholder of Aquila House to refurbish the building.

Since the council's accommodation and smarter working strategy had been approved in March 2004, efforts had been underway to consolidate operational services in Aquila House. Officers had been in negotiation with the freeholders to agree new long leases on Aquila House and to secure a programme of repair and refurbishment of the building before the new leases are entered into. The freeholder proposed an extensive programme of refurbishment, including essential works to the roof, windows and exterior cladding of the building as well as updating the internal office space on floors 1 to 5. The council would then be required to fit out the office space to its own specification and requirements. Members welcome the planned works, but were mindful that there would be considerable disruption to staff while the refurbishment was ongoing.

The refurbishment of Aquila House was also seen as a significant opportunity to further encourage smarter working across the organisation, to improve efficiency and co-ordination of service and support a one council philosophy. Increased smarter working may also provide opportunities for income generation by sub-letting unused office space in Aquila House. It was therefore proposed that £250,000 of the invest to save budget be allocated to support the move to more flexible working, and further £50,000 be allocated to the IT reserve to fund investment in additional technology.

RESOLVED (unanimously) that –

- 1) Cabinet acknowledge that the freeholder's proposals for the refurbishment of Aquila House provide an opportunity to drive organisational change. The changes will support the transition to more flexible working practices, improved productivity and efficiency, more focus on coordination of service delivery and a further development of the one council philosophy;
- 2) Cabinet approve the increase of £200,000 in the budget allocation in the capital programme for office accommodation work;
- 3) That the IT reserve be increased by £50,000 to support more flexible working and improved efficiency, and;
- 4) The invest to save proposal (£250,000) to support the transition to a one council philosophy be supported

The reason for this decision was:

To ensure that the office accommodation is fit for purpose following the refurbishment by the freeholder and to support the transition to a one council philosophy, improving flexibility and efficiency to support service delivery in response to the medium and long term financial pressures faced by the council.

19. MINUTES OF THE CHARITY COMMITTEE MEETING HELD ON 5 JUNE 2014

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The minutes of the meeting of Charity Committee held on 5 June 2014 were submitted;

RESOLVED – that the minutes of Charity Committee held on 5 June 2014 be received

20. **MINUTES OF THE MUSEUMS COMMITTEE MEETING HELD ON 16 JUNE 2014**

The minutes of the meeting of Museums Committee held on 16 June 2014 were submitted;

RESOLVED – that the minutes of Museums Committee held on 16 June 2014 be received

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 paragraph 6 of Schedule 12A to the Local Government Act 1972 referred to in the relevant report.

21. **EMPTY HOMES COMPULSORY PURCHASE PROGRAMME**

The Head of Housing and Planning Services submitted a report to provide further information in relation to the Cabinet resolution sought to pursue compulsory purchase action on twenty seven privately owned empty homes as part of the empty homes strategy enforcement programme. The report set out details of the properties and the statement of reasons for resolving to use compulsory purchase powers in each case.

RESOLVED that –

- 1) Cabinet resolve to take formal action, by means of making compulsory purchase orders for twenty seven long term empty homes, being the addresses shown in the report, under compulsory purchase powers set out in Section 226 (1)(a) of the Town & Country Planning Act 1990 (as amended by the Planning and Compensation Act 2004);
- 2) Cabinet give authority to the Director of Regeneration or his delegated nominee to execute all relevant documentation required for the compulsory purchase of the twenty seven homes set out in recommendation 1 of the report, and;
- 3) Cabinet give authority to the Director of Regeneration or his delegated nominee to execute and complete the onward sale of the homes set out in recommendation 1 of the report, once they have been acquired

The reason for this decision was:

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The matrix in appendix 1 of the report sets out why compulsory purchase powers should be used to help bring these homes back into use.

These are long standing empty homes and without compulsory purchase action, officers are of the view that these homes will continue to remain empty. Officers have spent time attempting to engage with the owners and assist them in bringing their empty homes back into use. These actions have not achieved the desired result and it is not believed that the homes will be returned to use without CPO action.

It is hoped that taking this action will demonstrate to the owners of empty homes that it is unacceptable to leave property empty for an unreasonable time. This action will demonstrate to owners of these empty homes that the council will take the necessary action to bring these back into use again for the benefit of the community.

In deciding to take compulsory purchase action regard has to be had to the provisions of Article 1 of the First Protocol to the European Convention on Human Rights and, in the case of dwellings, Article 8 of the Convention. The council has to weigh the human rights interest of public need as against private property rights and to consider that sufficient justification exists for the making of these compulsory purchase orders. By authorising these orders the council is therefore of the opinion that a compelling case exists in the public interest.

The Chief Legal Officer has advised that it is in the public interest that the detail of the properties and ownership should not be disclosed since the properties are the subject of report by reason of their being empty homes and disclosure of the detail would expose the properties to possible criminal activity as well as squatting and anti-social behaviour. Further, the council's negotiating position might be prejudiced by disclosure of details of valuation.

(The chair declared the meeting closed at. 7.40 pm)

Agenda Item No:

Report to: Cabinet

Date of Meeting: 1 September 2014

Report Title: FINAL ACCOUNTS 2013/14

Report By: Peter Grace
Head of Finance

Purpose of Report

This report sets out the draft final accounts position for 2013-14. These are subject to audit.

Recommendation(s)

- 1. Cabinet review the outturn position on the General Fund for 2013-14.**
- 2. Cabinet review the capital outturn position for 2013/14 of £2.973m.**
- 3. The 2013-14 outturn position, along with the revised estimates for 2014-15 be taken into account when preparing the 2015-16 budget.**

Reasons for Recommendations

Compliance with statutory requirements and good practice. The Council is accountable for the use of public money and continuously seeks to improve Value for Money.

The outturn position informs the budget setting process. Where there are under or overspends the reasons behind these are investigated with a view to reallocating resources to meet priorities.

Introduction

1. This report provides members with the outturn results for the General Fund and Capital Programme for 2013/14.
2. Variances are shown in (brackets) if they are favourable and without if they are adverse.
3. The Accounts & Audit Regulations 2011 require the Section 151 officer to certify the Statement of Accounts by the 30 June each year and publish them by 30 September.
4. The Council's external auditors (BDO) commenced auditing the full accounts in early July. The audited Statement of Accounts will be considered by the Audit Committee on 25 September – along with details of the auditor's findings and any material amendments made to the accounts.
5. There is an improvement in the General Fund revenue outturn position compared to the revised budget.

Final Accounts

General Fund Position - Revenue

6. A summary of the provisional outturn for the year is shown in Appendix A. The total service expenditure is £14,241,190. The carry forwards into 2014/15 amount to £947,500 of which £161,000 represents Repair and Renewal expenditure.
7. The variations from the budget are shown in Appendix B. Please note that the depreciation and Capital charges, International Financial Reporting Standards, and notional aspect of MRP adjustments are excluded from this analysis – as they do not affect Council Tax. Also shown are the budgets that the Head of Finance has agreed can be carried forward to 2014-15 in accordance with delegated authorisations contained in the Financial Rules.
8. There is an improvement of £1,404,376 in the net expenditure position compared to the revised budget. This figure includes £129,000 of contingency monies that were not required in the year. It also includes £723,000 of additional grant monies that were not included in the revised budget. The largest of these being the Coastal Communities Funding.
9. The largest variation was in respect of Housing Benefit recovery (£376,000) and this area will be closely reviewed for this years revised budget and 2015/16 budget,
10. Further work will also be undertaken through the Priority Income and Efficiency Review process to identify the future ongoing savings, above and beyond those already included in the 2014/15 budget.

11. The revised budget assumed a contribution to the General Reserve of £1,074,168. The net transfer into the General Reserve amounts to £2.33m (including carry forwards). This is good news for the Council and as at 31 March 2014 the balance on the General Reserve is £7.104m (including carry forwards of £947,500). The General Fund working balance remains at £500,000.
12. As members are aware there have now been significant budget reductions over the last few years which have included staff redundancies. Further redundancies are anticipated for 2015/16 and the costs will have to be accounted for in the 2014/15. The council had budgeted for £175,000 of costs in 2013/14; an unspent balance of £108,000 has been carried forward to 2015/16.

Reserves

13. Appendix E details the Reserves position at 31 March 2014.
14. The Medium Term Financial Strategy identified the need for any underspend to be used as an opportunity to strengthen reserves, and given the estimated budget reductions required in 2015/16 and beyond there remains a strong case for doing so. The Medium Term Financial Strategy will be reviewed in the autumn and will include a further review of reserves in the light of future government funding and expenditure pressures.

It should be noted that

- (i) No provision has been made in respect of the claim for compensation as a result of the closure of the Pier on safety grounds – the claim originally amounted to £1.8m.
 - (ii) A £50,000 provision has been made in respect of the Council's costs in respect of making the appeal in respect of the Pier claim
15. Under spends on the government grant reserve will be re-profiled into 2014/15.

Capital Programme and Resources

16. The 2013-14 capital expenditure is to be financed as per Appendix D.
17. Unused capital receipts, reserves and grants have been used to finance £2.973m of expenditure. The £3.620m that was due to be given to Amicus Horizon (part loan part grant) as part of the Coastal Space initiative did not occur in 2013/14 and has been reprofiled into 2014/15.

Provisions for Credit Liabilities

18. From 1 April 2007 the Government introduced new regulations concerned with the treatment of MRP (Minimum Revenue Provision – a sum calculated to repay capital debt). This places a general duty on the Council to make prudent provision for the re-payment of capital debt. The option chosen by the Council has given rise to a charge to revenue in 2013-14 of £503,000.

Financial Strategy

19. Maintaining the Council's financial standing remains challenging in the current circumstances. To maintain the position, and given the major reductions in future funding, the Council needs to continue to take hard decisions, identifying further significant efficiencies and invest to save opportunities to balance the budget in the future.
20. The Council was successful in its bid for Efficiency Support Grant in 2013/14 in the sum of £974,000 (£1,218,000 including bonus) and has again achieved a similar sum in 2014/15. There is the potential for the Council to receive a similar sum again in 2015/16 and for this to happen the Council needs to evidence in the autumn how further savings are being achieved.
21. It is standard practice to analyse previous year variations when determining the forthcoming budget. It is recommended that the 2013-14 outturn position, along with the revised estimates for 2014-15, be taken into account when preparing the 2015-16 detailed revenue estimates.
22. A number of significant one off items have been identified and transferred to the Council's reserves – particularly grant monies such as Coastal Communities funding (£746,131 in total). The level of reserves, as well as the identification of future funding expectations, and potential spending pressures will be considered as part of the Medium Term Financial Strategy review in the early autumn.

Wards Affected

None

Area(s) Affected

None

Policy Implications

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

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

Background Information

Appendix A - Final Accounts Summary 2013-14

Appendix B - Major Variations and Carry Forward to Budgets into 2014-15

Appendix C - Capital Programme Expenditure 2013-14

Officer to Contact

Alan Mitchell (Chief Accountant)
amitchell@hastings.gov.uk
01424 451520

Peter Grace (Head of Finance)
pgrace@hastings.gov.uk
01424 451503

Revenue Budget Summary**Appendix A**

	2013-2014 Revised Budget £	2013-2014 Actual Outturn £	Variance Revised Budget £
Corporate Resources	2,706,380	1,453,211	(1,253,169)
Environmental Services	8,486,690	7,513,411	(973,279)
Regeneration	5,260,060	5,274,568	14,508
Direct Service Expenditure	16,453,130	14,241,190	(2,211,940)
Contingency Provision	129,120	0	(129,120)
Total Service Expenditure	16,582,250	14,241,190	(2,341,060)
Provision for repayment of debt (MRP)	502,631	502,631	0
Net interest	205,665	75,968	(129,697)
Contributions to capital from Grant	622,000	510,728	(111,272)
Contributions to Earmarked Reserves	1,430,000	1,848,372	418,372
Use of earmarked reserves	(1,752,270)	(992,989)	759,281
Area based grant	(229,000)	(229,000)	0
Net Council expenditure	17,361,276	15,956,900	(1,404,376)
Contributions from Reserves	(551,000)	(294,000)	257,000
Trans to /(from) General Reserve	1,074,168	3,124,359	2,050,191
Amount from grant and collection fund	17,884,444	18,787,259	902,815
Funded By			
RSG	(5,114,203)	(5,043,774)	70,429
Council tax freeze grant	0	(70,121)	(70,121)
new Homes bonus	(503,645)	(503,645)	0
Ctax support compensation grant	(40,442)	(40,520)	(78)
collection fund surplus	(147,166)	(147,166)	0
DFG	(651,717)	(651,717)	0
Hben admin grant	(1,054,748)	(1,054,748)	0
Efficiency support grant	(1,218,153)	(1,218,153)	0
Business rates	(3,218,729)	(3,392,206)	(173,477)
Business rates section 31 grant	(435,850)	(441,700)	(5,850)
Council tax	(5,499,791)	(5,499,792)	(1)
Other grant income	0	(723,717)	(723,717)
Total funding	(17,884,444)	(18,787,259)	(902,815)
Net total	0	0	0

CORPORATE MAJOR VARIATIONS 2013-14 AND CARRY FORWARD OF BUDGETS INTO 2014-15

Service Area	Variation over / (under) £'000	Approved carry forward of unspent budgets
Accountancy & Exchequer Services - £25k savings on salaries re vacant periods. £4.5k savings on supplies mainly professional fees. Underspend to be carried forward for development and implementation of new systems.	(29)	29
New Burdens Funding - £68k unspent grant.	(68)	
Revenues Services - Salaries £113k unspent. £20k underspend on Invest to Save benefits review (carry forward). £11k increased audit costs. Other reduced costs on stationery and legal fees. £11k contribution received for empty homes review (Invest to Save) not budgeted. £3k various savings.	(136)	113 23R
Fraud Joint Working Initiative - Costs recovered from Rother District Council £7k.	(7)	
Corporate Expenses - £7k over on departmental systems, extra work done to increase capacity.	7	
Employment Areas - £5k savings on repairs and grounds maintenance offset with repairs in Unit Factories and Other Properties cost centres. £7.5k increased rental income.	(13)	
Unit Factories - £32k overspend on repairs (factory cleanouts and extensive repairs at 12 Brunel Road) effectively covered by rates savings of £23k as occupancy high and savings on repairs in Employment Areas £5k and Other Properties £5k, £56k variance showing on Repairs and Renewals made up from £42k ACE contribution (transfer will be done below the line) and £15k works for Theaklen Drive roofs to be carried forward. £52.6k increased rental income due to high occupancy. Small savings on supplies and services.	(104)	15R
Properties & Estates - £5k savings on repairs to cover overspend in Unit Factories. Initial contribution to Priory Meadow £10k less than budgeted, further £65k contribution to Priory Meadow to be carried forward. £12k lower recovery of valuers fees as less property and land disposed than programmed / budgeted. £3k higher rental income. Additional £1k savings in supplies. £8k savings per Finance Lease entry	(80)	65
St. Mary-in-the-Castle - £15k buildings insurance	15	
Housing Benefit Payments - Higher level of grants received	(386)	
Financial Services -Other Expenditure & Income - £108k severance budget not used and therefore will be carried forward. £24k insurance claim settlement, £10k from Cliff Railway compensation coded to legal services. £35k adjustment to bad debt provision. £53k Collection Fund write offs	(125)	108
Tax Collection Costs - £84k higher recovery of court fees.	(84)	
POD Division - Just under £5k savings on salaries re reduced hours and maternity. Small savings on travel.	(6)	
Facilities Management Team - £18k savings on vacant post. Small overspend on stationery £1.5k	(17)	
Legal Services - £8k higher legal fees offset with £26k higher costs recovered as high volume of work and successful cases.	(18)	
Corporate POD Expenses - £9k underspend on training budget, Around £5k savings on supplies and services mainly less occupational health usage and fewer checks.	(14)	
Admin Buildings.-Town Hall - Repairs and Renewals is £26k underspent all of which to be carried forward £20k for lightning protection and £6k repairs. Supplies and service £3k underspent £1.5k less shredding as services moved and £1.5k various other.	(29)	26R

CORPORATE MAJOR VARIATIONS 2013-14 AND CARRY FORWARD OF BUDGETS INTO 2014-15

Service Area	Variation over / (under) £'000	Approved carry forward of unspent budgets
Admin Buildings - Aquila House - £5k overspend on repairs. £20k overspend on electricity as on new tariff. £170k saving on rents as awaiting lease completion. £4k refund received on business rates. £5k saving on furniture, £3k savings on refuse collection, £14k overspend due to lease inspection fees. £2k recovery of lease fees from new tenants moving in.	(145)	
Admin Buildings - General Expenses - £13k underspend on Repairs and Renewals to be carried forward made up of £10k legionella testing and £3k for fire risk assessments	(14)	13R
Registration Of Electors - £6k savings on printing contract.	(6)	
Individual Electoral Registration Project - £27k Grant income received not expected until 2014-15. Spend of £11.5k spend already incurred not budgeted mainly purchase of new equipment, balance to carry forward to 2014-15	(16)	16R
Climate Change Project - £10k difference on claim 9 - transnational costs deducted. Other £9k is where we have over accrued in the previous year (Apr to Jun income was accrued into 2012-13	19	
Hastings Pier - Closure - £16k extra legal costs unbudgeted. £50k provision created.	66	
Cost Of Democratic Processes - £6k savings on allowances as councillors had taken up less positions requiring a special responsibility allowance. £2k savings on transport less mileage claimed. £10k savings on members tablets to be carried forward into 2014-15. £13k savings on various other supplies and services mainly £4.5k on homeworking and hardware and £5k on printing and photocopying charges. £15k Modgov invest to save initiative.	(17)	10
Borough Council Election Expenses - £10k savings on supplies and services essentially contingency for by election not used.	(10)	
County Council Election Expenses - Income showing from county is effectively where we have claimed for items that have been paid elsewhere i.e. rental of the Town Hall and Officers time.	(27)	
Hastings Contact Centre - £10k over on salaries increased use of agency staff. £10k over on departmental systems CRM software. £5k over on stationery labels. £5k for safes purchased for new TIC. £5k various overs on supplies and services. £25k less profit from sales.	60	
Minor Variations	(5)	
Recharge Variances (Nil over all three directorates)	(64)	
Total for Corporate Services	(1,253)	

ENVIRONMENT MAJOR VARIATIONS 2013-14 AND CARRY FORWARD OF BUDGETS INTO 2014-15

Service Area	Variation over / (under) £'000	Approved carry forward of unspent budgets
Environment Management & Administration - £5k unspent Town Gas Centre Study will be carried forward, £5k saving on books plus £3k misc savings on supplies and services, £7k savings on salaries re vacant periods.	(21)	5
Food Safety - £10k vacant post, other small misc.	(10)	7.5
Health & Safety Enforcement - £10k salary savings from vacant period, other small misc.	(11)	7.5
Environmental protection - £12k agency budget savings in this year as unable to appoint a suitable contractor, £3.5k overspend on standby payments. £10k savings on equipment and various supplies and services - will be carried forward to purchase new equipment to create savings in future years.	(20)	10
Local Licensing - £5k overspend on DBS checks as it spikes every 3 years. £4k software unbudgeted offset by £3k extra income.	6	
Liquor Licensing - Income budget was increased £13k but final figure is £6k less than expected.	7	
Neighbourhood Safety - £13k extra spend than budgeted as extra income received for various projects. £33k extra income for various projects. Carry forward requested for projects in new fiscal year.	(20)	13
Safer Hastings Partnership - £66k extra spend than budgeted as £132k extra income received for various projects which will go into future years as externally funded. £25k will be carry forward request for projects in 2014-15, the rest has gone into earmarked reserves.	(66)	25R
Waste and Parking Team - £3k savings on vehicle hire. £6.4k income from vehicle sales. Driver Awareness costs recovered £5k. £1.5k less fixed penalty Notices from Wardens.	(13)	
Admin Buildings - Bulverhythe Depot Office - £2.5k extra in rent. £10k less costs recovered on utilities	7	
Off Street Car Parking - £4k extra repairs needed although £2k recovered as contribution. £6.5k Repairs and Renewals for wall repair will slip into 2014-15 (carry forward request). £4k higher electricity costs. £2k insurance excess paid and £3k over on equipment. Income £40k down on admissions, £28k up on season tickets and £23k down on penalty charge notices.	40	6.5R
Traffic Management - £3k Courthouse Street bollards project cancelled. Rest is to be carried forward - £40k for Havelock road Crossing and £11.5k on variable message signing scheme. All paid from Parking surplus.	(55)	51.5R
Refuse Collection - £6k savings on replacement of bins. £5k savings as no waste initiatives this year. Slightly higher bulky waste income £2k. Waste contract has £80k savings here made up of £45k on fly tipping largely done as part of contract, £14k on SWERP (snow clearance) not required, £10k pressure washing not used and £11k on variations.	(93)	
Street Cleansing - Small savings from replacement of street bins and BVPI (Best Value Performance Indicator) monitoring. £10k savings on waste contract variable items	(14)	
Recycling - £2k overspend on bin repairs. £31k overspend on contract variations. £17k extra recycling credit income due to timing of handover.	20	
Green waste - Small overspend on supplies. £9k addition garden waste income - can now have higher capacity (>5000) with new contract.	(7)	
Open Space Management - £3k salary savings due to slippage on new appointment. £15k severance absorbed in this cost centre covered mainly by vacant periods. £3.5k savings on vehicle hire as being used by other department. £3.5k savings on mileage due to staff leaving. £2k savings on employee lease car costs. £5k savings across various supplies and services (membership, phones, furniture).	(17)	

ENVIRONMENT MAJOR VARIATIONS 2013-14 AND CARRY FORWARD OF BUDGETS INTO 2014-15

Service Area	Variation over / (under) £'000	Approved carry forward of unspent budgets
Cemetery & Crematorium - £20k unspent rehearsing (Repairs and Renewals) budget to c/f, £6k overspend on other repairs. £11k savings on Grounds Maintenance budget. £3k savings on utilities. £6k savings on various supplies equipment, security costs, clothing etc. £16k abatement credits accrued not budgeted. £5k shortfall on fee income as less cremations took place in Feb and March.	(46)	20R
Decorative Lighting - Savings on Electricity - £17k new LED lights plus lower usage. Other minor savings on Christmas tree lighting.	(18)	
Ecology - £17k savings on S106 expenditure, carry forward was not required so no carry forward this year. £25k S106 income received not budgeted.	(43)	
Parks & Gardens - £55k savings on S106 expenditure, carry forward was not needed so no carry forward this year. Repairs and Renewals budget £51k underspent requested as c/f. £6k savings on utilities. Grounds Maintenance £13k underspent. Repairs £3k overspent. £5k savings on various supplies and services. Extra £3k in rental income. £10k donation to be put in reserve to be spent in future years. £23k S106 additional income received.	(164)	51R
Bathing Water Project - Grant income received £131k, spend £69k, balance in earmarked reserve.	(63)	
Countryside Stewardship - Externally Funded - carry forward was not required also received extra funding than budgeted though will not receive funding now for over a year. Balance will be added to the Government Grant Reserve.	(44)	
Shelters and Seats (Highway) - £32k unspent repairs - contribution from Parking surplus holding not required - will roll forward to future years.	(32)	
Naming and Numbering Streets - £5k repairs underspend	(5)	
Active Hastings - Part externally funded. £24k savings on salaries as less activities run. £3k savings on transport and £11k savings on supplies and services again due to less activities run. £2k higher fee income and £8k additional contributions received.	(47)	
Us Girls - Externally funded. £3.6k over on salaries, Small £1k savings on supplies and £9.6k income no longer receiving.	12	
Play Pathfinder - £6k savings on unused grant	(7)	
Active Women - Externally funded. £7k savings on salaries. £3k savings on transport costs. £2k overspend on supplies. £3k extra income received.	(12)	
Boyne Road Playground - £1.5k unused grant carry forward request.	(1)	1.5R
Navigation Aids - £5k underspend on repairs, other minor savings.	(6)	
Cliff Railways - £3k saving on repairs, £5k saving on Repairs and Renewals spend and £5k saving on utilities. £4k surplus fee income.	(17)	
Hastings Castle - £9k overspend on repairs / maintenance. £4k Repairs and Renewals underspend to be carried forward funded from underspends elsewhere in Repairs and Renewals programme. Small savings on utilities	3	4R
St Clements Caves - £31k higher royalty income as always been a year behind but now able to get up to date due to improved recording systems, both 2012-13 and 2013-14 totals received in 2013-14.	(31)	
Chalets & Private Hut Sites - £10k underspend on repairs - £9k was added here for land purchase which will be carried forward. £2k supplies and services savings. £4k shortfall in income.	(8)	9
White Rock Theatre - £20k Repairs and Renewals repairs not needed (we are obliged to pay for large repair items).	(20)	

ENVIRONMENT MAJOR VARIATIONS 2013-14 AND CARRY FORWARD OF BUDGETS INTO 2014-15

Service Area	Variation over / (under) £'000	Approved carry forward of unspent budgets
Seafront - £11k savings on use of casual staff. £4k over on repairs. Repairs and Renewals is £35.6k underspent with £24k being requested as a c/f. £10k savings on utilities and £7k savings on fixtures. £4.5k extra rental income. £2k savings on vehicle hire and repairs. £3k unbudgeted spend on advertising for Pirate day.	(29)	24R
Museums & Art Galleries - £7.5k salary savings lower usage of casuals. Rest is made up of various overs and unders.	(6)	
First World War Project - Grant income received £17.2k, spend minimal, balance to go to earmarked reserve.	(17)	
Sports Management - £12k down on fee income.	12	
Minor variations	(24)	
Recharge Variances (Nil over all three directorates)	(95)	
Total for Environmental Services	(973)	

REGENERATION MAJOR VARIATIONS 2013-14 AND CARRY FORWARD OF BUDGETS INTO 2014-15

Service Area	Variation over / (under) £'000	requested carry forward of unspent budgets
ACE (Answers in the Carbon Economy) - Programmed works slipped in to next financial year, will come back to zero over the two year period. Change in accounting treatment of income has also affected the budgeting position / re-profiling. Carry forward requested to reflect this.	(59)	55
Fisheries Local Action Group (FLAG) - £16k additional income due to recovery of staffing costs. £13k savings on various supplies and service costs, all of which has been requested to be carried forward due to slippage of grant work. Remaining balance due to other minor variations within supplies and services	(26)	26
Coastal Communities Fund - £125k advance payment for Sussex Coast College Hastings, additional employee costs and other costs totalling of £17k. Remaining balance due to other minor variations within supplies and services. This is externally funded at no net cost to the council.	149	
Community Partnership Funding - Additional income not previously budgeted for from DWP of £27k for FSF (Flexible Support Fund - Job Centre Plus). £27k reduced expenditure on various supplies and services costs due to slippage of grant work.	(54)	54
Development Control - Extra income of £23k was received for planning applications. Additional employee and other cost savings of £38k due to vacant periods and other various areas of reduced spend within supplies and services. Remaining balance due to other minor variations within supplies and services	(54)	
Homelessness - Benefit subsidy DHP contribution	(66)	
Homelessness Strategy - £20k additional staffing costs and £9k additional income relating to Credit Union Housing Loan Repayments remaining balance on other supplies and services such as professional fees.	(41)	
POAL Officer - Additional income this year that was unplanned and therefore not in the budget. It's one off payments will be used for future years salary which has been requested to be carried forward.	(174)	172
Land Auction Pilots - A slow start to project has resulted in slippage of costs. Carry forward requested for whole of the balance.	(64)	64
Housing Renewal - Combination of an unnecessary budget adjustment earlier in the year in salaries (£20k) extra legal costs (£8k) from increase in Land Registry searches for enforcement work and payments for outside Legal Advice on appeals and prosecutions. Also £10k for advertising (consultation - Renewal Area) and consultants cost for this. Some is offset from under spends elsewhere in the cost centre	25	
Local Land Charges Register - Additional costs and provision for draft settlement of legal costs.	146	
1066 Country Campaign - £16k reduced spend on postage, £10k underspend on departmental systems and £2k additional spend on other supplies and services. Remaining balance for other minor variances	(32)	24
Image raising campaign - Reduced spend on Advertising and professional fees - Carry forward request for famously Hastings	(35)	35
Local space funded by HBC - 4070 Local space balance transfer	(36)	

Sub Total	(321)	430
Recharges - Variation to budget	173	
Other minor variations	162	
Total	14	

CAPITAL PROGRAMME EXPENDITURE 2013-14

Service	Gross Budget £000's	Actual £000's	Net Variation £000's
Corporate Resources	191	57	(134)
Environmental Services	603	831	94
Regeneration, Homes and Communities	6,333	2,147	161
Total	7,127	3,036	(4,091)

* Note the actual expenditure includes £67K directly charged to revenue

Appendix D

CAPITAL PROGRAMME FINANCING 2013-2014

		Outturn 2013-14 £000's
<u>Expenditure :</u>		<u>2,974</u>
<u>Financed by :</u>		
Borrowing		0
Grant - Disabled Facilities Grant	434	
Lottery Grants	83	
Local Space	900	
Interreg	202	
Regional Housing Board Grant	15	
Other Grants and Contributions	<u>307</u>	
		1,941
Reserves	376	
Capital Receipts	657	
		<u>2,974</u>

STATEMENT OF RESERVES
APPENDIX E

	12/13			13/14
	Opening	Transfers Out	Transfer In	Closing
	£000's	£000's	£000's	Balance
				£000's
General Reserve	(4,774)	0	(2,330)	(7,104)
Capital Reserve	(2,904)	1,898	(622)	(1,628)
<u>Earmarked Reserves</u>				
Renewal and Repairs Reserve	(1,700)	360	(512)	(1,853)
Risk Management Reserve	(374)	0	0	(374)
Information Technology Reserve	(138)	13	(106)	(231)
On-Street Car Parking Surplus Reserve	(289)	99	0	(190)
s106 reserve	(476)	63	(49)	(462)
VAT reserve	(615)	91	0	(524)
Government Grant Reserve	(769)	161	(44)	(652)
Area Based Grant Reserve	(872)	851	0	(21)
Concessionary Travel Reserve	0	0	0	0
Monuments in perpetuity	(53)	1	0	(52)
Ore Valley Reserve	(305)	3	0	(302)
Mortgage reserve (LAMS)	(29)	0	(32)	(61)
Resilience and Stability Reserve	0	0	(600)	(600)
Transition Reserve	(722)	0	(1,500)	(2,222)
Interest Equalisation Reserve	0	0	0	0
Redundancy Reserve	(769)	0	0	(769)
Community Safety Reserve	(350)	0	0	(350)
Economic Development Reserve	(545)	18	0	(527)
Land Charges Claim	(140)	0	0	(140)
Safer Hastings Partnership	0	0	(66)	(66)
Parks and Gardens Special Maintenance Project	0	0	(10)	(10)
Bathing Water Project	0	0	(63)	(63)
First World War Project	0	0	(17)	(17)
Coastal Communities Grant Reserve	0	0	(340)	(340)
Invest to save and efficiency reserve	0	185	(611)	(426)
	(15,824)	3,743	(6,902)	(18,984)

Agenda Item No: 6

Report to: Cabinet

Date of Meeting: 1 September 2014

Report Title: Business Rate Pooling

Report By: Peter Grace
Head of Finance

Purpose of Report

To agree to enter into a **Business Rates Pool**. An application to be submitted on behalf of the **East Sussex County, Borough, and District Councils and the Sussex Fire Authority in October 2014**, subject to it being financially advantageous to do so after a further financial review in September 2014.

Recommendations

- 1. Wealden District Council be nominated as the lead authority**
- 2. That the basic principle be agreed that no authority will receive a lower level of funding than they would have received without the pool.**
- 3. To split resources gained on the basis of the levy amount that was saved by individual authorities. The basis of the split being 40% to ESCC, 10% to the Fire authority and the remaining 50% split amongst the District/Borough Councils.**
- 4. That the finalisation of the submission, agreement of the Memorandum of Understanding, and the final decision on whether to partake in the pool, along with the annual review, is delegated to respective Chief Finance Officers for the reasons outlined in the report.**
- 5. Chief Finance Officers to review membership of the Pool on an annual basis. Should an authority decide to withdraw membership, notification of intent to do so to be given to the remaining authorities at the earliest opportunity.**

Reasons for Recommendations

Local authorities are free to come together to form pools for NDR purposes. In such cases tariffs and top-ups can be combined – and this can result in lower payments being made to the government. Authorities within such arrangements need to agree how risks and benefits are shared. A pooling arrangement could result in additional

resources being retained within East Sussex. The estimates identify sums of £1.8m in 2015/16, £2m in 2016/17 and £2.2m in 2017/18 which would be shared between authorities and used for economic development purposes.



Introduction

1. A new funding regime was introduced on 1 April 2013 whereby local authorities effectively retain a proportion of any additional business rate income collected (above inflation) or conversely will experience a reduction in resources if the business rate base declines.
2. Under the scheme 50% of business rates is localised through a system of top-ups and tariffs that fix an amount to be paid by high yield authorities and distributed to low yield authorities – this amount being increased annually by inflation (RPI). The proportion retained by individual collection authorities in East Sussex is 40%, 9% is payable to East Sussex County Council, and 1% to Fire and Rescue authority (the government receive 50%).
3. The 50% central government share is distributed through the formula grant process (now termed Settlement Funding Assessment) – thus enabling the government to control the overall amount received by local authorities. Where there is disproportionate growth this will be used to provide a safety net for those authorities experiencing little or negative growth and allows the treasury to top slice business rates income. A reset mechanism will be in place with the first reset in 2020 and periods of 10 years between resets thereafter.
4. To date on a national basis there are 18 pools, comprising 111 different authorities.

Top ups and Tariffs

5. These are set that, all things being equal, an authority will have started with the same resources under the new system as it had under the old. Thus if a local authority collects £20m in non domestic rates and received £8m in formula grant it will pay a tariff of £12m.
6. The top ups and tariffs will automatically be updated for inflation. This gives top-up authorities e.g. East Sussex County Council, a guaranteed increase in part of their resources and means a tariff authority, such as Hastings BC will lose resources unless it ensures its NNDR growth at least keeps pace with inflation.

The Levy

7. For each 1% increase in the business rates base, the authority will see no more than a 1% increase in income as measured against its spending baseline, i.e. a 5% increase in non domestic rates would give a 5% increase in retained NNDR.

Pooling

8. A report on the potential for pooling in East Sussex was first considered by the Leaders and Chief Executives/Directors of respective Councils on the 25 October 2013, with a subsequent report on the 25 April 2014 and more recently on the 25 July 2014 where all Councils agreed unanimously that an application should be submitted on the basis of the arrangements and recommendations outlined in this report.

9. A company called LG Futures has been employed to collate and advise on the financial viability of the scheme, modelling some of the risks and identifying appropriate governance arrangements. LG futures will also help draft and coordinate the submission of an application on behalf of the seven authorities.
10. The next opportunity for pooling is 2015/16, with a deadline for submissions to the DCLG of 31 October 2014.
11. The issues are however complex and the financial figures and assumptions upon which the assessments are based are largely on the first year of a new funding stream and estimates for future years which contain uncertainties. A judgement will therefore be made in September 2014 when more data is available and more rating appeals have been settled.
12. Agreement has been reached on the mechanism for distributing any surplus from the pool and managing any deficit. It should be noted that Members can only belong to one pool.
13. The pooling prospectus issued by DCLG makes it clear that a pooling application is unlikely to be approved merely on the basis that the pool will enable a greater level of business rates to be retained locally (to the detriment of the central pool). There will be a need for authorities therefore to agree a convincing narrative to support any pooling application, for example making a clear link between economic development strategy, investment and consequent growth in the business rate base.
14. In brief the financial case for pooling remains strong. The joint application will include a convincing narrative making a clear link between economic development strategy within East Sussex, investment and consequent growth in the business rate base. The additional funding being used simply as a substitute for existing spend is not considered a sufficient reason.
15. Agreement does need to be reached on a number of governance arrangements, namely:-
 - (i) Appointing a lead authority
 - (ii) Supporting authorities that fall below the safety net
 - (iii) Splitting the gains/losses from pooling
 - (iv) Timetable and Authorisation
 - (v) Annual review

Appointing a Lead Authority

16. A lead authority will need to be named in the application. It has already been agreed that LG Futures will be contracted to advise the pool in 2015/16 (should an application be successful), and this will also provide a degree of objectivity and impartiality for all parties. The very limited costs being shared equally between the seven authorities.
17. Wealden DC has indicated that they would be prepared to undertake the role of lead authority.

Recommendation: Wealden District Council be nominated as the lead authority

Supporting Authorities that fall below the Safety Net

18. Currently if local authorities suffer significant reductions in the business rate tax base, a safety net is applied to restrict losses in any one year to 7.5% of a Council's baseline funding level.
19. Authorities need to jointly agree as a basic principle that no authority will receive a lower level of funding than they would have received without the pool i.e. than under the current DCLG scheme.

Recommendation: That the basic principle be agreed that no authority will receive a lower level of funding than they would have received without the pool.

Splitting the Gains/Losses from Pooling

20. Should a pool not be formed, each District and Borough Council may end up paying a levy to the government based upon the level of business rate growth in their respective areas. The formation of the pool allows authorities to offset the levy payable against "Top up" authorities e.g. ESCC and the Fire authority.
21. LG Futures were asked to look at the forecast for future years based on the latest available information. They were also asked to look at the impact of a 5% increase and a 5% fall in business rates, as well as the impact of losing the highest and the second highest business rate payers within each District/Borough.

Table: Forecast levy payments by East Sussex districts 2013/14 to 2017/18 (extract from LG Futures report: Safety net proximity and 2013/14 NNDR3 data)

Local Authority	2015/16 £m	2016/17 £m	2017/18 £m
Eastbourne	0.445	0.601	0.622
Hastings	0.122	0.126	0.131
Lewes	0.460	0.475	0.492
Rother	0.277	0.353	0.436
Wealden	0.486	0.502	0.520
Overall	1.790	2.057	2.201

22. Options for splitting the gains/losses are outlined in the LG Futures report. In brief the option being recommended by the Chief Finance Officers of all the authorities is Option 1 (Para 3.13), namely to split resources based upon the levy amount that was saved by individual authorities. The basis of the split is 40% ESCC, 10% Fire authority and 50% split amongst the remaining District and Borough Councils. The draft Memorandum of Understanding is included in the LG Futures report.

Table: Split of potential proceeds based on levy projections (as per above table)

Local Authority	2015/16 £m	2016/17 £m	2017/18 £m
Eastbourne	0.223	0.301	0.311
Hastings	0.061	0.063	0.066
Lewes	0.230	0.238	0.246
Rother	0.139	0.177	0.218
Wealden	0.243	0.251	0.260
East Sussex	0.716	0.823	0.880
East Sussex Fire	0.179	0.206	0.220
Overall	1.790	2.057	2.201

From the above table it can be seen that Hastings BC would retain an additional £61,000 in 2015/16 that would otherwise have been paid to central government as a levy.

23. This split is seen as the simplest and most transparent solution. It also has the following benefits:-
- (i) requires less administration
 - (ii) allows resources to be used in a timely manner/each local authority can determine its own reserve policy should a budgeted surplus actually result in a loss.
 - (iii) still allows local authorities to combine resources for joint working and allows for match funding.
 - (iv) would be more straight forward if the pool was dissolved or gained/lost members in the future.

24. In terms of sensitivity analysis, the gain from pooling resulting from a 5% decrease in NDR income in 2015/16 reduces from £1.8m to £0.6m. No authority would hit the safety net if NDR income was 5% lower than currently forecast. The gain from pooling from a 5% increase in NDR income in 2015/16 increases from £1.8m to £3.0m in 2015/16. If Eastbourne, Hastings and Lewes were to lose their highest business rate payers, they would each receive a payment under the safety net scheme. If Rother were to lose their highest ratepayer they would be between the safety net and the levy. If Wealden were to lose its highest business ratepayer it would still pay a small levy. The report considers that the risks to the pool of an overall loss from losing two of the highest rate payers for a region, without warning, and for a whole year, as unlikely.

Recommendation: To split resources gained on the basis of the levy amount that was saved by individual authorities. The basis of the split being 40% to ESCC, 10% to the Fire authority and the remaining 50% split amongst the district/borough Councils.

Timetable and Authorisation

25. An application has to be made by October 2014. To this end each Council needs to gain the appropriate authorisations from their Executive/ Cabinet/Council.
26. The submission itself has to be authorised by the Chief Financial officer of each authority. The timescales for compilation and agreement of the submission and the assessment of the latest financial projections for respective councils (to be undertaken in September 2014) remain challenging. In addition there is only a narrow window to decide whether to withdraw an application once the Local government settlement is known in December 2014. For practicable purposes alone, it would appear to be sensible to delegate the finalisation of the submission and the decision on whether to submit and/or withdraw the application on financial grounds to the Chief Finance officer within each authority.

Recommendation: That the finalisation of the submission, agreement of the Memorandum of Understanding, and the final decision on whether to partake in the pool be delegated to respective Chief Finance Officers for the reasons outlined in the report.

Annual Review

27. Should the application be successful, the pool would continue to operate for a minimum of one year. Notice can be given annually. Should an individual local authority withdraw the pool ends.
28. It is proposed that where it is not explicit within Financial Rules and Regulations or delegated authorities the Chief Finance Officer be required to review membership of the pool annually and be given the authority to withdraw from the pool where it is not financially advantageous to retain membership. Such decisions to be taken in consultation with the remaining authorities in the pool and at the earliest possible time, in order to allow for an alternative submission to be made.

Recommendation: Chief Finance Officers to review membership of the Pool on an annual basis. Should an authority decide to withdraw membership, notification of intent to do so to be given to the remaining authorities at the earliest opportunity.

Risk Management

29. The key risk revolves around the reduction in the business rate taxbase. This could arise as a result of recession, companies closing down, or the level of rating appeals that are still outstanding resulting in larger than estimated reductions in rateable values. The report by LG futures considers that the risks to the pool of an overall loss from losing two of the highest rate payers for a region, without warning, and for a whole year, as unlikely. Likewise in terms of the economic picture, this is currently improving with growth being forecast in the economy as a whole.
30. The pooling arrangement is voluntary, and regular reviews will be undertaken to ensure continued viability.
31. For Hastings BC however a recent successful rating appeal by a major supermarket in the Borough dating back to 2010 has resulted in a reduction in the rateable value of £510,000 which may well affect whether Hastings is included within the pooling proposal once the September evaluation is concluded.

Financial Implications

32. There are some very significant additional resources available as identified within the report. A pan East Sussex Pool is seen as ideal given the potential use of some or all of the monies for economic development within the area.

Wards Affected

None

Area(s) Affected

None

Policy Implications

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

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

Background Information

1. LG Futures draft report - East Sussex & Pooling: Update, dated 13 June 2014
2. LG Futures, report dated 27 June 2014, providing updated finance projections and sensitivity analysis - East Sussex & Pooling: Safety net proximity and 2013/14 NNDR3 data

Officer to Contact

Peter Grace

Email: pgrace@hastings.gov.uk

Tel 01424 451503

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Agenda Item No: 7

Report to: Cabinet

Date of Meeting: 1 September 2014

Report Title: New Factory Unit

Report By: Peter Grace
Head of Finance

Purpose of Report

To report on proposals to build a new factory unit

Recommendation(s)

- 1. To undertake a feasibility study (including costs) of constructing a new factory unit.**
- 2. That subject to the capital costs not exceeding £700,000 delegation is given to the Director of Resources in consultation with the Leader of the Council to complete tendering, contracting, lease and other arrangements to deliver the new factory unit.**

Reasons for Recommendations

To assist a local business to expand and create additional jobs and income for the Council.

Introduction

1. BD Foods are a local company who create and supply restaurant quality meal accompaniments. They moved to their first 9,300 sq ft HBC unit in November 2006 and gradually grew. They now occupy seven HBC units on Castleham Industrial Estate with a total floor area of 38,600 sq ft.
2. The company needs to expand their production facilities, located at 68/69 Castleham Road, as their business is growing fast (annual growth of 40% as at April 2014).
3. Discussions have been undertaken with the tenant of the adjoining unit but they have recently signed a new lease and are unable to relocate as the Council does not have any accommodation available that would provide a suitable alternative for their business.

Proposal

4. BD Foods require an additional space of up to 9,500 sq ft, which must be next to their kitchen at 68/69 Castleham Road. As outlined above they are unable to expand into the adjoining unit so they have approached the Council about the possibility of a new unit being constructed for them on land to the west of 68/69 Castleham Road which they would then rent and fit-out.
5. The Council has done an initial calculation and the likely costs of constructing a new unit are somewhere between £500,000 - £700,000. The Planners, having consulted with ESCC highways department, have indicated that they have no objections in principle to the proposal.
6. BD Foods have indicated they would be prepared to enter into a 10 year lease of the new unit at a market rent. They would also commit to 10 year leases on their seven existing units (with a 5 year break clause on the 5 smaller units not currently used for production).
7. Once constructed BD Foods would fit the factory unit out for use as a kitchen at their own cost.

Financial Implications

8. The cost to the Council once rental streams are taken into account are broadly neutral. Full details are disclosed in the Part 2 report.
9. Should the Council borrow monies to finance this expenditure, the Council's Treasury Management Strategy and Minimum Revenue Provision policy will need to be amended. Such changes would be included in the Mid Year review report for determination which will be considered by Cabinet and require full Council approval.

Environmental Implications

10. Several years ago when this food manufacturer was located at a different unit on the industrial estate, they were subject to complaints of odour nuisance from residents. However, the business relocated and having commissioned a specialist contractor to advise them on how best to treat the emissions from the new food production plant, they installed scrubbing towers to treat the airborne emissions. Since then no statutory odour nuisance has been substantiated by the environmental health department. They have also introduced a new method of processing much of the food, which utilises closed vessel processing - whereby there are no airborne emissions from the large batch cooking vessels, with all waste emissions being passed into the mains drainage system.
11. This summer environmental health received fresh complaints of odour nuisance, but despite setting up hotlines for complainants to contact environmental health in and out of office hours, no statutory odour nuisance has been witnessed. In early July the Head of Environmental Health and the Estates Manager met with the directors of BD Foods to discuss how they would utilise the additional space if the extension were to be agreed. They advised that the only food processing that would take place within the extension would be in closed vessels with no airborne emissions.

Conclusion

12. BD Foods estimate that the new space would help them to create 20 new full time jobs. They would also commit to 10 year lease terms on their production units which secures the rent income for a longer period than currently.
13. If the Council are unable to accommodate their expansion proposals BD Foods would have to consider relocating when their existing leases allow them to (November 2015). This would severely affect the Council's rent income and create seven vacant units.

Wards Affected

Hollington

Area(s) Affected

North St. Leonards

Policy Implications

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

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	Yes
Economic/Financial Implications	Yes
Human Rights Act	No

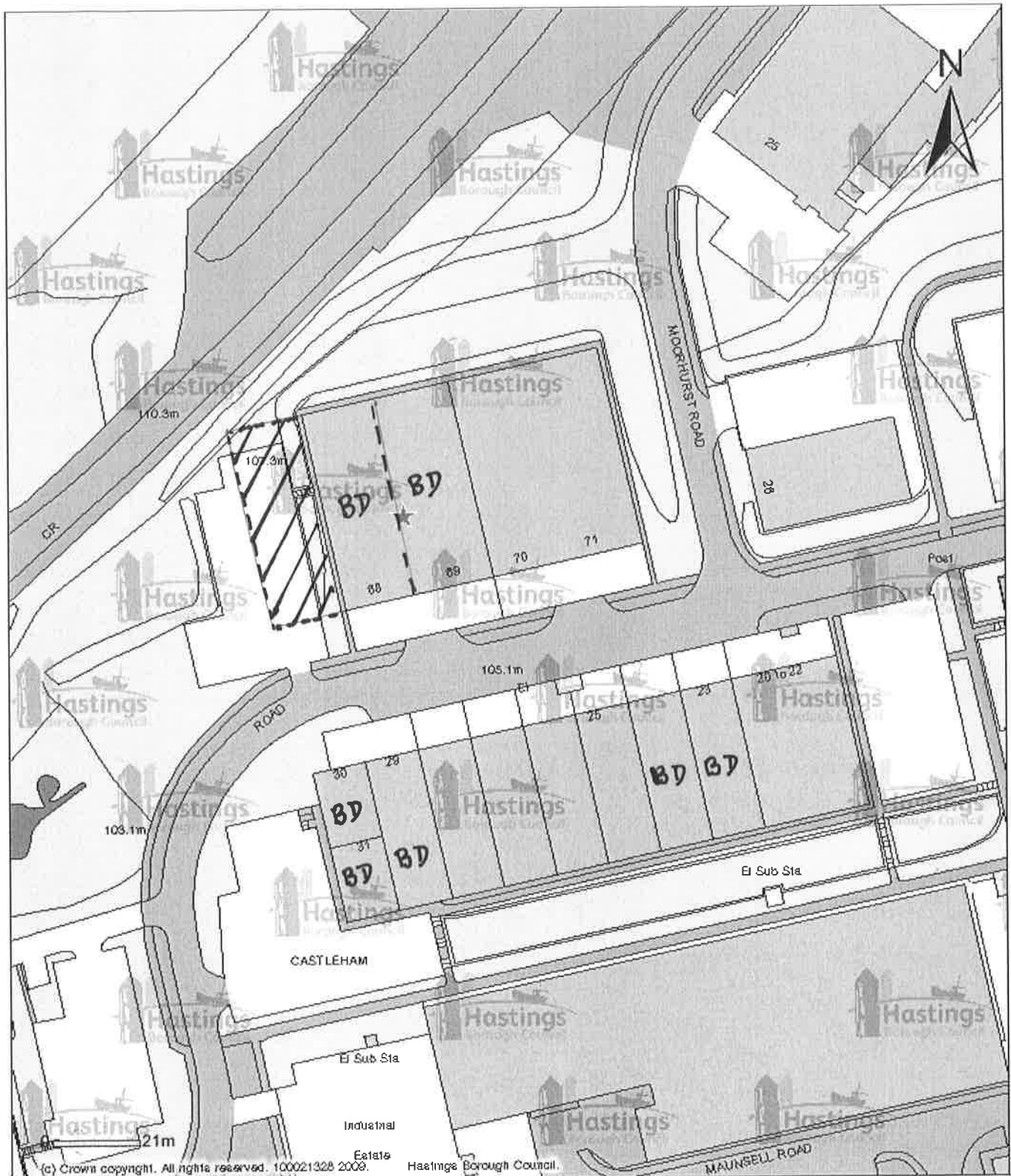
Organisational Consequences	No
Local People's Views	No

Background Information

Plan of 68/69 Castleham Road

Officer to Contact

Amy Terry
aterry@hastings.gov.uk
01424 451640



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Hastings Borough Council.



Title:

68 Castleham Road

Scale:

1:1250

Date:

9 / 5 / 2014

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CHARITY COMMITTEE

30 JUNE 2014

Present: Councillors Hodges (Chair), Forward and Cartwright

Apologies for absence were noted for Councillor Westley and Mr Chris May, The Protector

4. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

5. MINUTES OF THE MEETING HELD ON 5 JUNE 2014

RSEOLVED – that the minutes of the meeting held on 5 June 2014 be approved and signed by the Chair as a correct record.

6. FORESHORE TRUST FINANCIAL REPORT

The Head of Finance presented a report to advise the committee on the current year's financial position and to agree revisions to the Trust's business plan and review the reserves policy.

The budget had been agreed in March 2014, and a surplus of £250,000 had been projected for 2014/15 financial year. The Head of Finance advised that income and expenditure projections were currently in line with the budget. The business plan had been revised to reflect that the Charity Committee had approved a scheme for the redevelopment of White Rock Baths as an indoor arena for BMX and skateboard competitions. It was likely that further revisions would be required to the business plan, depending on the extent of external funding for the scheme.

The Charity Committee was required to approve a reserves policy and risk register each year. Members noted that the reserves policy was based on guidance from the Charity Commission. The report stated that reserves of £1,067,000 would be retained as at 31 March 2015, which was above the suitable level identified in the reserves policy.

A copy of the risk register had been appended to the report. Discussion took place regarding the potential risks, and efforts to mitigate their impact on the Foreshore Trust. The White Rock Baths scheme would also be added to the risk register, once the external funding package had been confirmed.

Councillor Forward moved approval of the recommendations, as set out in the Head of Finance's report, which was seconded by Councillor Cartwright.

RESOLVED (unanimously) that –

- 1) the current financial position for 2014/15 be agreed;

CHARITY COMMITTEE

30 JUNE 2014

- 2) **the business plan be revised to accommodate additional works and contributions being made in respect of the White Rock Baths (subject to external funding being confirmed);**
- 3) **the risk register be agreed, and;**
- 4) **the reserves policy be agreed**

Reason for the decision: -

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

A surplus was generated in 2013/14 in line with expectations and a surplus in line with budget expectations is anticipated for 2014/15 in respect of ongoing operations.

The reserves policy is reviewed on an annual basis and is undertaken against the uncertainties that continue in the economy.

7. SEAFRONT BYELAW REVIEW

The Head of Amenities, Resorts and Leisure presented a report to seek the Charity Committees support for a review and replacement of existing byelaws for the seafront and promenade.

A working group of the Coastal Users Group, which included representatives of key stakeholders, had been looking at the management of coastal leisure activities. It was necessary to review the current byelaws, which had been in place for a number of years, as many had become outdated and inappropriate.

The report recommended initiating a review, which would replace the existing byelaws with two model byelaws to cover a range of activities on the promenade and seashore. A copy of the draft model byelaws was circulated at the meeting. The report set out a timetable for the review process and adoption of the new byelaws. The review would include extensive consultation with the Foreshore Trust, Coastal Users Group as well as with sports, leisure and other user groups. Following adoption by Full Council, the draft byelaws would then be subject to formal advertising before taking effect in April 2015.

Councillor Cartwright moved approval of the recommendations, as set out in the Head of Amenities, Resorts and Leisure's report, which was seconded by Councillor Forward.

RESOLVED (unanimously) that –

- 1) **the Charity Committee support a review and replacement of our many, old existing byelaws with the model byelaws, tailored for Hastings' requirements, and;**

CHARITY COMMITTEE

30 JUNE 2014

- 2) **the Charity Committee support the recommendations of the Zoning Working Group to include general activities listed in the proposed model byelaws within the report.**

Reason for the decision: -

The current range of existing byelaws for the seafront and foreshore are outdated and in some cases irrelevant. A preliminary review has been undertaken and we are proposing to adopt modern model byelaws with modifications for additional activities we wish to include.

The report sets out the detail of the activities to be included in the model byelaws for onward informal and formal consultation. Although the Foreshore Trust does not have the power to make byelaws the Council is consulting with the Charity Committee to seek its support as landowner and major stakeholder.

8. **MINUTES OF THE MEETING OF COASTAL USERS GROUP HELD ON 10 JUNE 2014**

The minutes of the Coastal Users Group meeting held on 10 June 2014 were submitted.

RESOLVED – that the minutes of the meeting of the Coastal Users Group meeting held on 10 June 2014 be received and noted.

(The Chair declared the meeting closed at. 6.34 pm)

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Agenda Item 10

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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