

# Cabinet Agenda

**Monday, 3 November 2014 at 6.00 pm**

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

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Present: Councillors Birch (Chair), Chowney, Cartwright, Forward, Hodges, Cooke, Lock and Poole

The chair advised that, following Councillor Westley's resignation from Cabinet, the responsibilities of the Environment and Safety portfolio had been reallocated between Cabinet Members. Councillor Chowney would take on responsibility for waste issues, Councillor Cartwright for community safety and licensing and Councillor Poole for parking, environmental health and emergency planning.

The chair thanked Councillor Westley for her efforts during her time on Cabinet.

### 28. MINUTES OF THE MEETING HELD ON 1 SEPTEMBER 2014

**RESOLVED** – that the minutes of the meeting held on 1 September 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 31 and 35 were agreed without being called for discussion.

### 29. DECLARATIONS OF INTEREST

The following councillors declared an interest in the minutes as follows:

<u>Councillor</u>	<u>Minute</u>	<u>Interest</u>
Birch, Cooke and Hodges	30 - Street Trading Policy	Personal – members of the board of Let's Do Business
Birch and Hodges	30 - Street Trading Policy	Personal - members of the Town Centre Management Committee
Hodges	34 - Hastings Country Park Interpretive Centre	Personal - chair of the Hastings Country Park Forum
Poole	34 - Hastings Country Park Interpretive Centre	Personal - chair of the project board and member of the Hastings Country Park Forum

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### MATTERS FOR COUNCIL DECISION

#### 30. **STREET TRADING POLICY**

The Head of Environmental Services presented a report which proposed an updated policy for the continued management and development of street trading.

The council adopted its current street trading and highway licensing policy in August 2004. Since the policy was adopted, there has been a significant growth in the frequency and type of street trading, including local markets, themed markets and other commercial activity. Successful markets could support the continued regeneration of the town, by adding to the character and vibrancy of the area and attracting visitors and shoppers. Local markets also provided an opportunity for new businesses to develop and expand their customer base. The council worked with the Town Centre Management Committee (TCM) to manage street trading activity.

Consideration had been given to a broad set of principles to encourage well-run markets, which had informed the development of the revised policy. The report also included a scheme for fees, which the council charged to issue street trading consent. It was intended to keep the operation of charges through the council and TCM as flexible as possible, to encourage new enterprise.

The development of the new policy had included comprehensive consultation with TCM, and its parent organisation Lets Do Business. Meetings had also been held with key stakeholders, including the organisers of 3 markets currently operating in various locations around the borough. The comments made by stakeholders had been incorporated into the draft policy, and included the implementation of a consistent borough wide street trading consent fee and the simplification of some procedures.

Further comments had been received from the Town Team which recommended licensing catering outlets on market stalls. The Head of Environmental Services commented that the council may consider granting this type of licence, provided stallholders had consulted with other restaurants and catering outlets which may be affected by the market.

Councillor Cartwright moved approval of the recommendations of the report, which was seconded by Councillor Cooke.

**RESOLVED (unanimously) that the street trading and highways licensing policy, attached to the Director of Environmental Services' report, be agreed and recommended to full council for adoption.**

The reason for this decision was:

To support the growth and retention of markets in Hastings and encourage a high quality street trading environment.

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### MATTERS FOR CABINET DECISION

#### 31. **LOCAL CODE OF CORPORATE GOVERNANCE**

The Head of Finance submitted a report on the refreshed local code of corporate governance for approval.

The council was committed to good corporate governance by which the systems and values of the organisation are controlled. A code of corporate governance, which directed the process of modernisation, community leadership, community engagement and continuous improvement; had been adopted in July 2005.

A refreshed version of the code, which incorporated changes since the last code was approved, had been appended to the Head of Finance's report. The annual audit letter from the council's external auditors acknowledged the organisation's effective governance arrangements and an annual governance statement was included within the financial accounts each year.

**RESOLVED that the revised local code of corporate governance be approved.**

The reason for this decision was:

To update the local code of corporate governance in relation to those areas where changes have taken place.

### MATTERS FOR COUNCIL DECISION

#### 32. **ASB CRIME AND POLICING ACT 2014**

The Head of Environmental Services presented a report to advise members of the implications of the anti-social behaviour, crime and policing act 2014 and proposed that procedures relating to the community trigger elements of the act are recommended to council for adoption.

The act, which came into effect from 20 October 2014, was intended to enable greater flexibility for agencies to deal with anti-social behaviour and address the needs of victims. The council would work with its local community safety partners to explore the scope for using the new powers provided by the act, and develop supporting protocols based on statutory guidance.

Provision was also made by the act for community triggers, which gave victims the right to request a review of their case to ensure agencies were working together to resolve the matter. The report set out proposals for implementing community triggers. It had been agreed to develop a consistent approach for dealing with community trigger applications across Sussex, and the council had worked with key partners as part of a working group to draft procedural documents. The working group proposed that a threshold of three complaints of anti-social behaviour or hate crimes in a six month period be set to initiate a community trigger.

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A further report on the experience of operating the new community trigger process, and the other enforcement tools provided for by the act, would be submitted to Cabinet next year.

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

**RESOLVED (unanimously) that Cabinet recommends the community trigger proposals, set out in paragraphs**

The reason for this decision was:

The community trigger provisions of the act come into force on 20 October 2014 and the council must adopt local procedures to implement them as soon as possible.

### MATTERS FOR CABINET DECISION

#### **33. COASTAL COMMUNITIES FUND**

The Director of Regeneration presented a report which proposed submission of a bid to stage 2 of the coastal communities fund (CCF) round 3.

The CCF funded projects which supported economic growth and reductions in unemployment in seaside towns and villages around the United Kingdom.

In February 2014, Cabinet had approved a first stage submission bid for a project under the heading of linking culture, heritage to revitalise Hastings and Bexhill seafronts. The council had been invited to provide more details through a stage 2 full application, which must be submitted by 15 October 2014.

The council had worked with partners, including Rother District Council and the Pier Charity to develop a bid. A key objective of CCF funding is to create jobs, the proposed project aimed to create 33 direct new jobs, as well as 168 indirect new jobs, based on a target uplift of the visitor economy by 1% over business as usual. If successful, the bid would provide funding towards the safety and accessibility of the indoor BMX skateboard facility at White Rock Baths and landscaping at the approaches to the pier. Funding was also sought for a variety of marketing tools, including; business support, signage, smartphone apps and electrically assisted bicycles.

The stage 1 bid had included proposals for two small retail kiosks on Eversfield Place, however following consultation, it was not intended to include these plans in the stage 2 submission as it was felt this element was commercially viable without a subsidy.

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

**RESOLVED (unanimously) that the Director of Regeneration in consultation with the Lead Member for Regeneration be authorise to submit a full application at stage 2 of the application process for the coastal communities fund round 3, including any necessary variations**

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**from the funding profile identified in Head of Regeneration and Planning Policy's report.**

The reason for this decision was:

Hastings Borough Council submitted a stage 1 application to the coastal communities' fund, and has now been invited to provide more details through a stage 2 full application. The recommendation will authorise this full application.

The funding sought would contribute to the joining up and promotion of attractions and activities along the seafront from the Stade to the De La Warr in Bexhill. This would support the delivery of the council's cultural regeneration strategy.

### **34. HASTINGS COUNTRY PARK INTERPRETIVE CENTRE**

The Environment and Natural Resources Manager presented a report to seek Cabinet approval for the preferred site for a new interpretive centre and to seek approval to proceed with tendering of construction works and the spending of up to £250,000 allocated in the capital programme budget for the project.

The council, working in partnership with Groundwork South, aimed to deliver a new visitor centre by spring 2016. The new facility was intended to provide an improved visitor experience by highlighting the unique habitats, spectacular scenery and landscape of Hastings Country Park Nature Reserve.

A project board, chaired by the Lead Member for Amenities, Resorts and Leisure, had been formed to oversee the project. A detailed project plan, outline project timeline and budget profile had been developed. The board had appointed Cave Cooperative as architects to design and build the new centre, due to their expertise in creating sustainable buildings.

A detailed consultation on the proposed site of the new centre had been carried out which included a workshop with key stakeholders, submitting options to the Hastings Country Park Management Forum and a four day public consultation in Priory Meadow shopping centre. The results of the consultation indicated a strong preference for location A, as shown on the site plan appended to the Head of Amenities, Resorts and Leisure's report. Prior to the submission of a planning application, a planning forum would be held on 30 October 2014.

Subject to a successful outcome of the planning application, construction was due to begin in summer 2015 with the new centre opening in spring 2016. Groundwork South would then manage the centre for a 10 year period, working with current volunteers.

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

**RESOLVED (unanimously) that –**

- 1) Cabinet approve location A as the preferred location for a new interpretive centre;**

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- 2) Cabinet approve the timeline for construction and delegate to the Director of Environmental Services in conjunction with the Lead Member for Amenities, Resorts and Leisure the awarding of the construction contract to the most economically advantageous tenderer, and;
- 3) Cabinet approve the expenditure of up to £250,000 allocated in the capital programme as the council's contribution to the cost of construction of the new interpretive centre.

The reason for this decision was:

It is a corporate priority to deliver a new interpretive centre at Hastings Country Park Nature Reserve. The recommended location A is within Hastings borough, commands spectacular views, is within easy access from the car park and presents the least and minimal environmental impact. The other potential locations were not favoured due either to their greater environmental impact, inferior views or their remoteness from the car parks.

### MATTERS FOR COUNCIL DECISION

#### 35. COUNCIL TAX SUPPORT SCHEME

The Head of Finance submitted a report which proposed that the council tax support scheme remain unchanged in 2015/16.

As the council tax support scheme was approved on an annual basis, it was necessary to review the situation with regard to scheme each year. The East Sussex Joint Leaders / Chief Executives considered a report on possible options for 2015/16 at their meeting in April 2014. After consideration, the group recommended retaining the existing scheme as costs and income across the five authorities had been more favourable than predicted, which meant the scheme was financially viable for a third year. Maintaining the existing scheme would also have the least impact on residents and would not require any additional public consultation.

The council tax support scheme required approval by Full Council at its meeting on 22 October 2014.

**RESOLVED that Cabinet recommends that the council continue with the existing scheme for 2015/16.**

The reason for this decision was:

The Local Government Finance Act 1992, as amended by the Local Government Finance Act 2012, requires a local authority to review its scheme annually and seek approval for the provision of a council tax support scheme.

#### 36. MINUTES OF THE MEETING OF MUSEUMS COMMITTEE HELD ON 15 SEPTEMBER 2014

The minutes of the meeting of Museums Committee held on 15 September 2014 were submitted.

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**RESOLVED that the minutes of the Museums Committee held on 15 September 2014 be received.**

(The Chair declared the meeting closed at. 6.52 pm)

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# Agenda Item 5



**Agenda Item No:** 5

**Report to:** Cabinet

**Date of Meeting:** 3 November 2014

**Report Title:** Medium Term Financial Strategy and 2014/15 Mid Year Financial Review

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

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## **Purpose of Report**

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

This report highlights variations in costs and income since setting the budget in February 2014 which in turn informs the budget process. The Medium Term Financial Strategy seeks to identify the financial risks that will affect the annual budgets for each of the next 3 years (2015/16 to 2017/18) in order that key priorities can be matched to expected funding.

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## **Recommendation(s)**

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

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## **Reasons for Recommendations**

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

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

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## Introduction

1. The review of the current year's spending against the budget helps to update and inform the budget process for 2015/16 and beyond.
2. Good financial management requires councils to properly plan for the future in order to match longer term ambitions and plans with anticipated resources. At present there are a number of key areas of financial uncertainty which cause problems when seeking to accurately forecast available resources for the years ahead. The Medium Term Financial Strategy seeks to identify these uncertainties, and where possible make an informed view of the likely resource implications. Where there is no clarity as yet, generally, a prudent approach is adopted.
3. The government's Comprehensive Spending review 2010 gave detailed funding assumptions for two of the four years that the spending review covered. From 2010/11 to 2015/16 grant funding from the government will have reduced by some 51% in cash terms on a like for like basis.
4. For financial planning purposes, additional reductions in the annual grant settlements from 2015/16 onwards have been assumed in the Medium Term Financial Strategy (MTFS). The assumption in this strategy is for reductions in Settlement Funding Assessments (government funding and retained business rates) of some 15.3% in 2015/16 and reductions of some 10% in 2016/17 and also in 2017/18.

## Financial Context

5. The council's 2014/15 net budget of £17.291m is broken down across services as follows:-

Service	Net Budget £
Corporate Resources	3,022,270
Environmental Services	7,935,160
Regeneration	5,431,300
Interest/ Use of Reserves/ Other Grants/Contingency	902,844
Total (Net Council Expenditure)	17,291,574

6. The budget is funded by:-

Funded From	£
Revenue Support Grant	3,885,836
Council Tax Freeze Grant(14/15)	70,123
New Homes Bonus	886,315
Collection Fund Surplus	37,280
Disabled Facility Grant	666,004
Housing Benefit Administration Grant	986,292
Efficiency Support Grant	974,522
Business Rates	3,150,558
Business Rates (Section 31 Grant)	467,200
Council Tax	5,597,433
Reserves	570,011
Total (Net Council Expenditure)	17,291,574

## 2014/15 - Mid year Review

7. There are a number of “overs and unders” within the accounts that help inform budget planning for 2015/16 and beyond.

### Income (2014/15)

8. Development Control income is down on 2013/14 levels, albeit that the number of applications remains close to that of the previous year; there are fewer larger applications.
9. Property – income is currently higher than original budget estimates (some £75,000), although it is known that three factory units will be returned to the council in March 2015. Some additional costs have been incurred in preparing assets for disposal.
10. Investment income is on budget. There have been lower borrowing costs than envisaged as a result of timing differences on the loan to Amicus Horizon in respect of the Coastal Space initiative, as well as lesser amounts being borrowed.
11. Efficiency Support Grant in the sum of £975,000 has been received, following the successful achievement of the business plan.
12. Business rate income remains an area of high volatility and risk. Whilst the level of business rates collected is on target the level of appeals both nationally and is a threat that has materialised and is impacting significantly on the retained income levels. The council is receiving a separate payment from the government following

the extension to the Small Business rate relief scheme – which effectively reduced the council's income from business rates. This further complicates the picture.

## **Expenditure (2014/15)**

### **Salaries**

13. A pay award of 1% was allowed for in the budget. Contractual increments also increase the annual salary costs by around ½% p.a., which was also allowed for in the budget (a 1% increase is equivalent to some £130,000 p.a.). A pay offer of 2.2% (plus lump sum payments for some staff) has been made which if accepted would commence in January 2015 and apply until 31 March 2016 i.e. a two year offer.

### **Inflation**

14. The council allowed 2.5% for inflation in 2014/15. With some £5.6m of major outsourced contracts inflation assumptions remain important for budget planning purposes. Inflation in September 2014 (CPI 1.2%, RPI 2.3%) is below the government's 2% target level and is the lowest since July 2009. It looks set to be at or near the government's target for the near term.

### **Additional Expenditure**

15. The major areas of uncertainty are the business Rate appeals and also the outstanding claim in respect of the pier closure (Manolete claim) which is subject to arbitration. There is also additional expenditure on a number of repair and renewal initiatives and in respect of bathing water quality initiatives. The position as at 30 September 2014 is detailed below.
16. Environmental Services are reporting an anticipated underspend of some £338,000 for the year. Some £113,000 of this relates to the timing of expenditure e.g. expenditure supported by S106 monies and joint waste agreement spending in respect of IT – both funded from reserves, rather than a real reduction in ongoing expenditure or a real increase in ongoing income. The figure also includes one off savings.
17. Regeneration are forecasting an overspend of £43,000. The main reason for this variance is due to the reduction in Development Control income (planning fees). There is also expected to be slippage on the Planning Policy budget in respect of the adoption of the local plan - which is outside of the council's control. Cultural Development (Getting Hastings Ready) is forecasting slippage due to a delay in the appointment of the manager role. These sums will be reprofiled into future years as part of the budget process.
18. Corporate Resources are forecasting underspends against the original budget of some £329,000. This includes new burdens funding (£101,000 in 2014/15) in respect of welfare reforms that is transferred from reserves but is not anticipated to be required in 2014/15 – this will be reprofiled as part of the budget process. The level of occupancy in Industrial units and shops owned by the council is higher than anticipated resulting in additional income – forecast between £75,000 and £95,000 for 2014/15. There is currently an underspend on the Revenue Services budget,

although additional IT expenditure is anticipated. The savings are partially offset by an anticipated increase in legal costs in respect of defending legal claims previously reported.

19. The high level of business rating appeals currently going through will impact on the Collection Fund in 2014/15. It should be noted that the resulting deficit that is now anticipated will be a cost against the 2015/16 budget.

### **2014/15 - Summary of Mid Year position**

20. In brief, there are variations within individual budgets, some of which are identified above. Where the under spends will be of a recurring nature these are of particular significance as they will assist in balancing the budget for future years. Non recurring savings can also assist the council in balancing the budget through “one off” injections of cash or through invest to save projects.
21. There are few illusions about the level of budget reductions required to achieve a sustainable budget in the years ahead. As a result services continue to identify opportunities to make in-year savings and investigate other ways of achieving objectives when staff leave the organisation. Service review reductions will feed through into the revised budget for 2014/15 and the 2015/16 budget.

### **Medium Term Financial Strategy**

22. The Medium Term Financial Strategy (MTFS) is attached (Appendix A). It does provide indicative budget forecasts for the 3 year period 2015/16 – 2017/18 and these have been produced to reflect the issues raised as part of the review of the MTFS. These are for illustrative purposes at this stage, given the uncertainty surrounding the costs of some of the financial pressures and funding levels and the recognition that further work is required to refine these figures before the budget is finalised on 25 February 2015.
23. Members are recommended to approve the Strategy, which will inform the 2015/16 budget setting process.

### **Equalities and Community Cohesiveness**

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

### **Risk Management**

25. The key risks are identified in the MTFS other than in respect of the claim against the Council in respect of the Pier - which is subject to arbitration.

### **Economic/Financial Implications**

26. The implications are detailed in the report. The strategy continues to identify reduced funding levels from government for the next few years and the prudent use of reserves over each of the next three years to help the transition to a lower spending. It is proposed that a further review of reserves be included within the

budget setting process once the indicative 2016/17 settlement is received and it is known whether the New Homes Bonus funding will remain in place.

27. The MTFs identifies budget shortfalls in each of the next 3 years, even after the use of significant levels of reserves. The identification of further efficiencies, income generation opportunities and cost reductions remains of critical importance to achieve a balanced budget.
28. The MTFs supports the alignment of corporate priorities with available resources and is intended to set the annual budget process in the context of the requirement for financial planning for the medium term.

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### **Wards Affected**

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

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### **Area(s) Affected**

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

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### **Policy Implications**

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

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

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### **Background Information**

Appendix A – Medium Term Financial Strategy

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### **Officer to Contact**

Peter Grace  
pgrace@hastings.gov.uk

## **Medium Term Financial Strategy 2015/16 to 2017/18**

### **Purpose of the Strategy**

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

### **Background**

4. Councils are expected to plan their finances over more than a one year period. The longer term planning of finance supports the achievement of priorities in the Corporate Plan and allows more effective planning of services. It encourages councils to predict events in the future and develop strategies to deal with them.
5. The Financial Strategy is the first stage in the annual business planning process. A later stage, the budget process, will examine the financial implications of any revisions to corporate plan objectives and match these to available resources to define a council-wide budget requirement in early 2015. The corporate planning process ensures there is full integration of all key strategies and the policies of the council.
6. The results of the Comprehensive Spending Review (CSR) in October 2010 covered a 4 year period (2011/12 to 2014/15). Overall, the local government 'Departmental Expenditure Limit' (DEL) would reduce by 28% over the CSR period - going from £28.5bn in 2010/11 to £22.9bn in 2014/15.
7. The chancellor's budget on 20 March 2013 announced further reductions in Department Expenditure Limits (DEL) of 1% in 2013/14 and 1% in 2014/15. As the local government settlement had been agreed, local authorities were protected from the cut in 2013/14 but were subject to the further reduction in 2014/15. He also confirmed that the government would outline a one-year spending review for 2015/16 on 26 June 2013. He reiterated that public spending control is central to the government's

commitment to reduce the deficit.

8. The review on the 26 June 2013 (termed Spending Round) identified that the overall cut for local government for 2015/16 was set at 10%. Projections were not announced for years beyond 2015/16 but given the scale of the national deficit further significant cuts need to be anticipated.
9. In the March 2013 budget the chancellor also announced that health, schools and development assistance will be protected which means that cuts in DEL will fall disproportionately on the remaining public services including local authorities.
10. This report updates the MTFs taking into consideration the indicative funding for 2015/16 and 2016/17 and assumptions on funding for 2017/18 as well as making assumptions around service and corporate pressures.

## Local Government Spending Control Totals

11. The overall reduction in Settlement Funding Assessment (Business Rates, Revenue Support Grant and other rolled in grants) for 2015/16, will be some 13%. However the impact is not uniform between upper and lower tier authorities and shire districts/ boroughs such as Hastings can expect a reduction of 15.3% in 2015/16.

<b>Settlement Funding Assessment</b>	<b>2014-15 (£ million)</b>	<b>2015-16 (£ million)</b>	<b>Reduction</b>
England	23,614	20,693	-13.0%
Shire Districts/Boroughs	1,082	923	-15.3%

12. The government announced in the autumn 2013 statement a safety net mechanism for authorities whose Revenue Spending Power (Business rates and grant income combined with new homes bonus and Council Tax monies) reduced by more than 6.9%. Such authorities being eligible to apply for assistance by means of the Efficiency Support Grant regime.
13. The government have stated that reductions in funding for 2015/16 and 2016/17 will be in line with the reductions of the first two years of the Comprehensive Spending Review - a 26% reduction could therefore be anticipated.
14. For the purposes of financial planning, whilst the local government sector as a whole is anticipating cuts of some 8% p.a. this will not fall equally between the tiers of local government and a further 10% cash reduction in funding has therefore been assumed for Hastings in 2017/18.

## **Strategic Priorities**

15. The council's strategic priorities were reviewed for 2014/15, and whilst remaining valid may be amended for 2015-16 as part of the corporate planning process. These are:-

### **Fairness and Equality**

To provide high quality services that meet the needs and improve the quality of life of all our citizens, promoting equality of opportunity through a culture of openness, fairness and transparency, enabling local people to hold us to account.

### **Economic & Physical Regeneration**

To secure economic & physical regeneration that produces high quality new developments while preserving the best of our heritage, promoting infrastructure improvements, economic growth and employment, particularly in tourism, creative industries, and high-tech manufacturing & research.

### **Narrowing the Gap**

To 'narrow the gap' between the opportunities of our most deprived communities and those of the rest of the town, as well as between Hastings and the rest of the south east.

### **Facing Financial Challenges**

To meet the current financial challenges by maximising the resources available to us through efficiency improvements, income generation and attracting external funding, maintaining an organisation that values its staff and is good to work for.

### **Interventionist services**

To keep the town clean, safe and attractive, using direct interventionist actions to tackle enviro-crime, poor housing, eyesore properties, derelict land and improvements to the public realm.

### **Environmental Sustainability**

To tackle climate change and improve the borough's environment by reducing our own carbon footprint, maintaining high-quality green spaces, promoting sustainable transport, and encouraging 'green' industries.

16. The council's corporate plan continues to remain ambitious when set against the background of reductions in annual grant settlements. The council has a very good track record of achieving its objectives and improving performance, and continues to be well placed to deliver the programme in 2015/16. Significantly reduced resources will inevitably impact on service delivery in the years ahead.

## **Key Principles of the Medium Term Financial Strategy (MTFS)**

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

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

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

**(ii) Maintain a sustainable revenue budget**

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

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

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

**(iv) Continue to identify and make efficiency savings**

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

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

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

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

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

**(vii) Ensure sufficient reserves are maintained.**

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

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

It should be noted that the annual governance report produced by the council's external auditors in September 2014 gives a very positive opinion on the council's provision of value for money services.

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

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

## **FINANCIAL CONTEXT - The National Economic Climate**

18. During 2014/15 economic indicators continue to suggest that the UK economy is recovering, but that many of the UK's key trading partners within Europe are not.
19. After strong UK GDP quarterly growth 0.7% in Q1 and 0.9% in Q2 2014 (annual rate 3.2% in Q2), it appears very likely that growth will continue through 2014 and into 2015 as forward surveys for the services and construction sectors, are positive and business investment is also recovering. This growth has resulted in unemployment falling much faster through the initial threshold of 7%, set by the Monetary Policy Committee (MPC) last August, before it said it would consider any increases in the bank base rate. The MPC has, therefore, subsequently broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of about eighteen indicators in order to form a view on how much slack there is in the economy and how quickly slack is being used up. Most economic forecasters are expecting growth to peak in 2014 and then to ease off a little, though still remaining strong, in 2015 and 2016. Unemployment is therefore expected to keep on its downward trend and this is likely to eventually feed through into a return to increases in pay rates at some point during the next three years.
20. Also encouraging has been the sharp fall in inflation (CPI), reaching 1.2% in September 2014, the lowest rate since 2009. Forward indications are that inflation is likely to fall further in 2014 to possibly near to 1%. Overall, markets are expecting that the MPC will be cautious in raising Bank Rate as it will want to protect heavily indebted consumers from too early an increase in Bank Rate at a time when inflationary pressures are also weak. A first increase in Bank Rate is therefore expected in the first or second quarters of 2015 and they expect increases after that to be at a slow pace to lower levels than prevailed before 2008 as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008. The Bank of England expects inflation to be on target (2.0%) in 2016.
21. The return to strong growth has also helped to lower forecasts for Government debt by £73bn over the next five years, as announced in the 2013 Autumn Statement, and by an additional £24bn, as announced in the March 2014 Budget - which also forecast a

return to a budget surplus of £5bn, in 2018-19.

22. Economic forecasting remains difficult with so many external influences weighing on the UK. Whilst the economy has been showing good signs of recovery it remains exposed to vulnerabilities in a number of key areas – particularly europe.
23. In determining the Medium Term Financial Strategy the impact of the economic climate on the council has to be considered. As a result it is considered that no general allowance can be made for any uplift in the council's income streams other than for inflation, although individual income streams will be reviewed.

### **Risks and Opportunities**

24. There are numerous financial risks facing the council over the next four years, including:-
  - External funding in terms of the annual grant settlement for 2015/16 and beyond
  - Business Rates Retention Scheme – a new funding regime was introduced on 1 April 2013 whereby councils retain an element of business rates and any growth (or reduction) – this has increased volatility and risks for council funding. The local retention of business rates presents real risks to the authority should rate income decrease, but likewise provides the council with an incentive to increase the business rate base and the level of business rates being collected.
  - Business Rate Appeals – This is one risk that has materialised and one that is proving particularly costly at present. The council is picking up the cost of revised rating determinations that stretch back as far as 2005. The government have stated that they are looking to conclude the majority of these appeals by July 2015.
  - Localisation of Council Tax – funding for Council Tax Support having been reduced by 10% and councils are now maintaining their own schemes
  - Security of income streams
  - Increased demand for public services
  - Delays in achieving capital receipts
  - Delivery of the identified PIER savings.
  - Pension Fund Performance and changes to the national scheme – including National Insurance implications.
  - Housing Benefits – Universal Credit and the impact on Housing Benefit Administration grant

- There are opportunities for joint working, shared services and joint procurement that have proven to be successful e.g. Waste and Street Cleansing contract, Grounds Maintenance contract, Fraud and the Building Control service.
- The prospects for all centrally funded organisations have become one of decreasing resources. The government's borrowing requirement has increased and significant public spending cuts are being made. Further reductions in benefit funding by the government may also have wider ramifications for Hastings e.g. effects on homelessness, inward migration.

### **External Funding**

25. The Settlement Funding Assessment (SFA) consists of two main elements,
- (i) Revenue Support Grant (RSG)
  - (ii) Retained Business Rates
26. Retained business rates are based on the baseline outlined in the 2013/14 local government settlement. The council has experienced, and continues to experience high levels of rating appeals many of which have gone back to 2005 and have thus resulted in large payments to businesses. At this stage in the financial planning process no growth in retained business rates is included for 2015/16.

### **Council Tax and Business Rates**

27. The current funding gap in the MTFS assumes an increase in Council Tax of 1.9% in 2015/16. In determining the actual the actual level of Council Tax for 2015/16 the council will need to take into consideration the government's referendum principles which for 2014/15 were based on the requirement to hold a referendum for increases above 2%. Each 1% increase now yields approximately £55,000.
28. The Council Tax Freeze Grant allocated for 2014/15 will be received for two years. It is anticipated that the government will make a similar offer of an equivalent 1% for 2015/16. The freezing of Council Tax has had, and continues to have, a significant and cumulative impact on the council's budget and is simply not sustainable for the council in the long term.
29. The 2014/15 base budget includes a contribution from the Collection Fund of £37,000. The 2015/16 projection assumes a further contribution of £212,000 from Council Tax due to a good collection record. However this is more than offset by a deficit in business rates income caused by the high level of successful rating appeals. An estimated deficit of £487,000 has been included in the strategy but this figure could increase before the year end.
30. The council retains an element of the business rates and also receives Revenue Support Grant, which now has Council Tax Freeze grant, Homelessness and Council Tax Reduction Support monies rolled into it. The government will control the total monies available to local government by controlling the level of Revenue Support Grant provided each year.

31. The cash decreases in the Settlement Funding Assessment make very stark reading and are shown below. The actual figures for 2015/16 and indicative figures for 2016/17 will be released in the local government settlement in December.

Year	Settlement Funding Assessment (£ 000's)	Cash Decrease (Cumulative) (£ 000's)	Percentage Change
2013/14	£8,352		
2014/15	£7,287	£-1,065	-12.8%
2015/16 (Est)	£6,159	£-2,193	-26.3%
2016/17 (Est)	£5,550	£-2,802	-33.5%

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

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 (Est) £m	2016/17 (Est) £m	2017/18 (Est) £m
Area Based Grant	3.6							
Formula Grant	9.1	7.8	6.8					
NDR/ Revenue Support Grant (excluding estimate of rolled in grants)				6.4	5.0	5.2	4.7	4.2
New Homes Bonus		0.2	0.4	0.5	0.9	1.0	1.1	1.1
Transition Funding	0	2.8	2.2	0	0	0	0	0
Efficiency Support Grant				1.0	1.0	0	0	0
<b>Total</b>	<b>12.7</b>	<b>10.8</b>	<b>9.4</b>	<b>8.1</b>	<b>6.9</b>	<b>6.2</b>	<b>5.8</b>	<b>5.3</b>
Cumulative Cash Reduction		-1.9	-3.3	-4.6	-5.8	-6.5	-6.9	-7.4
Cumulative % Reduction		-15.0 %	-26.0%	-36.2%	-45.7%	-51.2%	-54.3%	-58.2%

33. The above table assumes that £975,000 of Efficiency Support Grant will be built into the base of the 2015/16 settlement; this is however not yet certain.

### **Revenue Spending Power & Efficiency Support Grant**

34. In 2010/11 the government introduced the concept of “Revenue Spending Power” (RSP) which is the sum of:
- Council Tax requirement
  - Specific Government Grants e.g. New Homes Bonus
  - Settlement Funding Assessment (Business Rates and Revenue Support Grant)
35. In 2013/14 Hastings and six other local authorities were awarded Efficiency Support Grant (£974,000 and a bonus of some 25% i.e. an additional £243,000).
36. Last year’s Autumn Statement also identified that for 2014/15 and beyond, any council will be able to apply for Efficiency Support Grant if their RSP falls by more than 6.9%.
37. For 2014/15 funding was partly conditional on performance in year 1. The council has now satisfactorily demonstrated the reduced spending and headcount across the council and qualified for a further sum of £975,000.
38. The government have announced that subject to satisfactory performance in 2014/15, the Efficiency Support Grant will be built into the 2015/16 settlement. The council has submitted a return to the government in this respect.

### **Business Rate Retention Scheme**

39. The new system introduced in 2013/14 means that the council retains a proportion of any additional business rate income (above inflation) collected in the borough. The business rate, itself, is set by the government with regard to the change in the Retail Prices Index. The proportion retained in Hastings is 40% (9% is payable to ESCC, 1% to the Fire and Rescue Authority and 50% to the Government).
40. In order to project business rate income account is taken of planning approvals for new commercial buildings and for change of use to residential and an allowance is made for the likely reductions due to successful appeals against rateable values. Businesses see no difference in the way the tax is set. Rate setting powers remain under the control of central government and the revaluation process remains the same.
41. Under the scheme 50% of business rates is localised through a system of top-ups and tariffs that fix an amount to be paid by high yield authorities and distributed to low yield authorities – this amount being increased annually by inflation (RPI). Local authorities retain a proportion of all business rate growth or conversely experience a reduction in resources if business rate base declines.
42. The 50% central government share is distributed through the formula grant process – thus enabling the government to control the overall amount received by local authorities. Where there is disproportionate growth this will be used to provide a safety

net for those authorities experiencing little or negative growth and allow the treasury to top slice business rates income. A reset mechanism will be in place with the first reset in 2020 and periods of 10 years between resets thereafter. The system, the calculations required, accounting treatments, and particularly the budgeting requirements are not straightforward.

43. The changes increase the level of instability in the forecast of resources and the interaction with economic growth or decline will increase the associated risks. A decline in an industry within the borough could result in both a decrease in the business rate base and an increase in demand for Council Tax support – both increasing council costs.
44. Assumptions are made on national, regional and local growth as well as valuation appeals and collection rates. No growth assumptions have been built into this strategy.
45. The government after determining the business rates baseline levels included small business rate relief within its own budget proposals for 2013/14. This effectively reduced councils' income as did the 18 month relief being granted on new business premise completions (after 1 October 2013). The government is reimbursing authorities for this lost income which amounts to some £480,000 p.a. for Hastings.
46. The level of instability and risk within the business rates area requires careful assessment when determining the overall level of council reserves. This will be undertaken as part of the annual budget and closedown processes.

### **Income and additional costs**

47. The council has limited reserves and remains reliant upon income streams and investment returns to balance the budget. As disposable income levels decline (given inflation) and welfare changes and low wage settlements continue there are continuing implications for a number of the council's income streams in the medium term. Rental streams from shops are under considerable pressure e.g. Priory Meadow and reduced rental income can be anticipated for some years ahead.
48. Development Control income increased in 2013/14 but is currently lower than this time last year.
49. Given that income streams remain at risk, fees and charges have been kept under careful review and are considered annually against the background of council priorities, local economy and people's ability to pay. In general the policy has been to increase by inflation.

### **Investment and Borrowing**

50. The low levels of interest received on balances looks set to continue for at least the next 6 months. Base rates are not expected to increase in 2014 from their current level of 0.5%. Whilst there have been suggestions of an increase in the spring of 2015 this looks increasingly uncertain with the middle to latter end of 2015 looking more likely. Assumptions, given the restricted counterparties list and short investment periods, are for investment returns of around 0.7% in 2014/15 and 2015/16. The Treasury

Management Strategy will continue to advocate a policy of keeping the respective levels of debt and investment under review.

51. The council has had additional borrowing requirements in 2014/15 to finance the Coastal Space housing initiative being carried out in partnership with Amicus Horizon. In 2015/16 there may be additional borrowing requirements in respect of new industrial premises and other capital schemes.

### **Inflation**

52. This has been a major issue in the last few years, but has reduced over the last year. Inflation in September 2014 was 2.3% (Retail Price Index) whilst the government's preferred measure CPI (Consumer Price Index) was 1.2%. Comparable rates for September 2013 being 3.2% (RPI) and 2.7% (CPI)
53. The new waste and street cleansing contract is linked to CPI. The council allowed 2.5% for inflation in 2014/15, but only increased budgets where contracts with inflation clauses were present. The same approach is being taken for 2015/16 to 2016/17.
54. Inflation, according to the Bank of England August 2014 inflation report may continue to fall further in 2014/15 before increasing again, but is set to remain at or around the 2% target for 2015/16 and 2016/17. Based upon these projections, general inflation is being estimated at 2% in 2015/16 and beyond for the purposes of this strategy.

### **Public Sector Pay Settlement**

55. A pay offer of 2.2% (plus a lump sum payment for some grades) has been made which if accepted would commence in January 2015 and apply until 31 March 2016 i.e. a two year offer. The figures in the strategy assume this offer is accepted. In addition there are contractual increments (equivalent of around ½%).
56. The salaries budget together with national insurance and pension costs amounts to some £13m – each 1% therefore equating to around £130,000 p.a.(£120,000 p.a. excluding recharges).
57. For the purposes of the strategy 1% increases have been allowed for in 2016/17 and beyond.

### **Localisation of Council Tax Support & Benefit Administration Grant**

58. In 2013/14 the government paid an upfront grant in respect of Council Tax Support, leaving the council to fund any "in year" increase in demand. In 2014/15 the council Tax Support Grant was rolled into the Settlement Funding Assessment. The council has determined that the Council Tax Support Scheme will remain the same for 2015/16.
59. In terms of Universal Credit the programme of transfer was originally expected to commence in October 2013 in respect of new claims with existing claims being completed by 2017/18. The details of the full programme and the levels of work that will remain with the council are still unclear and it had looked more likely that Universal

Credit would not be widely rolled out until after June 2015.

However, a recent announcement by the government indicates that Universal credit will start to be rolled out to all in February 2015.

60. The costs cannot be properly budgeted for as yet –and are thus not included within the strategy. The government have previously stated however that TUPE will not apply and thus the council would be responsible for any redundancy costs – should these arise.
61. The Benefit Administration Grant continues to be reduced on an annual basis. It reduced to £986,292 in 2014/15 (a 28% reduction since 2010/11). Further reductions of 7% p.a. have been included for budget planning purposes for 2015/16 and subsequent years. In addition there are to be reductions from 2015/16 onwards in respect of the transfer of the fraud team from 1 November 2014 to the Department for Work and Pensions (DWP).

### **Investment in Council Assets**

62. In protecting the economic vitality of the town, it remains important to maintain the council's commercial estate in order to maximise occupancy rate and to support the local economy as far as possible. In doing so the council will be in a position to take advantage of any sustained upturn in the economy in the future.
63. The council has continued to invest in its industrial units, with major refurbishment of the Stirling Road incubator units and works being undertaken for units in Theaklen Drive relating to the Answers in the Carbon Economy (ACE) project. A feasibility review is currently underway for building a new industrial unit at Castleham.
64. The council's Renewals and Repairs Fund is reviewed on a regular basis in order to ensure sufficient resources are available to fund necessary works.

### **Delays in Receiving Capital Receipts**

65. The council's original land disposal programme for this financial year was estimated to produce capital receipts amounting to £1,774,000 in 2014/15, £1,250,000 in 2015/16, and £50,000 in 2016/17.
66. A number of revisions to the programme will be made as part of the 2014/15 budget process. The expected receipts from disposals in 2014/15 are now estimated at round £1,140,000 with the remaining disposals reprofiled into future years.
67. Capital receipts will continue to be received in the period of the strategy, but given the state of the property market careful timing of any asset sales is required.

An indicative estimate is as follows:-

**2014/15** £1,140,000

Land at Redgeland Rise  
Land /old toilet block Rock a Nore  
Bridge Cafe  
Warren Cottage  
Harold Road  
Sale of Ex Council Houses

**2015/16** £1,450,000

Robsack A  
Land at Summerfields  
Mayfield E  
Sale of Ex Council Houses

**2016/17** £800,000

Upper Wilting Farm  
Sale of ex Council Houses

68. In addition to the sites listed above opportunities for other asset sales and disposals continue to be explored.
69. It remains imperative that the council maximises its capital receipts. Failure to do so may necessitate curtailment of the already very limited capital programme or result in the council having to borrow.

### **Priority Income and Efficiency Reviews (PIER) Process**

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

The objectives of the process are as follows:-

- To provide services with an opportunity to submit proposals for the business plan. The proposals include all unavoidable growth and savings amounts.
- To allow service delivery proposals to be measured against the corporate plan objectives.
- To provide a mechanism for challenging service proposals in an informed, robust and constructive fashion.
- The revenue estimates and the capital programme are closely linked. As such service bids for capital funding are considered at the same stage.
- The review of the budget through the PIER process ensures appropriate overview and scrutiny of the options.

71. In addition to the annual PIER process the council continues to have a programme of areas to review e.g. service reviews, in order that efficiencies continue to be achieved, monitored and potential new areas identified.
72. The scale of the budget savings required to balance the budget on a sustainable basis for 2015/16 and beyond is large. The time between the identification and the achievement of savings can be significant and the council will need to be prepared to use a greater proportion of its reserves to balance the budget and also potentially for future invest to save initiatives.

### **Pension Fund Contributions**

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

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

2014/2015	- 20.6%	+1%	+ lump sum of £144,000
2015/2016	- 20.6%	+1%	+ lump sum of £194,300
2016/2017	- 20.6%	+1%	+ lump sum of £248,800

74. It should be noted however that the level of redundancies, early retirements, and transfer of services can significantly affect the valuation, and this will remain a risk to the council in 2017/18 and beyond.

### **National Insurance Contributions**

75. As part of the Budget on 20 March 2013, the chancellor announced that changes to the single-tier state pension will be brought forward one year to 2016/17. The changes will mean increased National Insurance (NI) contributions for contracted out employees and higher NI contributions for employers. This has been estimated to cost local government employers £1 billion nationally.
76. Based on the current number of contracted out employees, the initial cost estimate for the council is some £360,000 p.a. The Chancellor stated that "public sector employers will have to absorb the burden, as is always the case with tax changes" before adding that "any spending review in the next parliament will, of course, take the £3.3 billion cost into account". It remains to be seen how transparently these costs are acknowledged, or whether they would simply be absorbed into overall RSG changes and therefore be unidentifiable. As a new burden government funding could reasonably be expected, however there is no indication to date that they will fund this and hence the initial estimate has been included in the funding estimates – thus increasing the shortfall.

## Staffing, Information Technology and Property

77. In order to deliver its priorities the council not only requires financial resources but also good quality staff, IT, and property. There is only a finite resource available to deliver priorities whether directly by the council or in partnership with others. Service planning is important to ensure that there is sufficient capacity to deliver the annual plan.
78. A number of staff within the council are employed on temporary or fixed term contracts to match the temporary funding streams received. Where such funding streams may end it is necessary to identify exit strategies in order to meet any redundancy costs or to mainstream successful initiatives.
79. The council's capacity to respond to change, and lead on new initiatives is dependent upon the strengths and abilities of the workforce. The council has a clear strategy for workforce development and sufficient funding will be retained within the budget to fully finance the training and development programme.

## Grants

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

## New Homes Bonus

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

Year	In Year £	Prior Years £	Total Receivable £
2011/12	194,710		
2012/13	189,838	194,710	384,548
2013/14	119,097	384,548	503,645
2014/15	382,670	503,645	886,315
2015/16 Est	130,000	886,315	1,016,315
2016/17 Est	100,000	1,016,315	1,116,315

82. Councils are using the bonus in different ways, either to help balance budgets, strengthen reserves, or for one off activities that do not add to ongoing spending commitments. Hastings is using the monies received to help achieve a balanced budget.
83. The New Homes Bonus has been an important part of the government's effort to use funding to incentivise growth. The grant is currently funded by top-slicing the general formula grant and there are already real concerns over the re-distributional effects which can disadvantage deprived areas of the country with lower house prices or in areas where developers are less likely to want to build or where land is expensive to develop.

84. It has been estimated that a further £130,000 will be received in 2015/16 (in addition to the £886,315) and that an additional £100,000 will be received for 2016/17.
85. There is a real risk that this grant regime could be ended.

### Indicative Base Budget Position for 2015/16 to 2017/18 and Assumptions

86. An Indicative budget forecast for the 3 year period 2015/16 – 2017/18 has been produced (Appendix 1) to reflect the issues raised as part of the review of the MTFs. This is indicative given the uncertainty surrounding the costs of some of the financial pressures and funding levels and the recognition that further work is required to refine these figures before the budget is finalised on 25 February 2015.

#### Summary of Financial Position

	2014/15 (£000's)	2015/16 (£000's)	2016/17 (£000's)	2017/18 (£000's)
Expenditure	17,292	16,807	17,534	17,838
Funding	(16,722)	(15,310)	(15,052)	(14,385)
Funding Shortfall	570	1,497	2,483	3,453
Use of Reserves	(570)	(950)	(950)	(385)
Estimated Shortfall	0	547	1,533	2,868

87. The table above shows deficits of £1.5m in 2015/16, £2.5m in 2016/17 and £3.5m in 2017/18, before the use of reserves. The above figures do not take account of PIER savings that will be presented as part of the budget setting process.

## Council Tax

88. The government has awarded grants from 2011/12 onwards if the council freezes Council Tax. For 2014/15 the government announced a similar scheme. This time the council received a grant equivalent to a 1% increase in Council Tax and this is being rolled into the Settlement Funding Assessment. In practical terms a Band D Council Tax payer continues to pay £235.85 in 2014/15 in respect of the Hastings demand. For 2015/16 a similar scheme to 2014/15 is anticipated – details awaited.
89. The council has a record of lower than average tax increases.

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

90. In considering any Council Tax increase in 2015/16 because of the fact that the council taxbase has decreased (due to the Council Tax Support Scheme and the government now paying grants to individual councils) 1% on the Council Tax will equate to around £55,000. In 2014/15 the freeze grant payable was still based on the 2012/13 taxbase i.e. some £70,000.
91. For 2014/15 the government announced that should a council wish to increase Council Tax by more than 2% it will be required to hold a referendum (in 2012/13 the threshold was 3.5% and in 2013/14 was 2%). At the time of writing the percentage for 2015/16 is not yet known.
92. As previously stated the MTFS includes the assumption of a 1.9% increase in Council Tax for 2015/16.

## CAPITAL

93. Resources for major capital projects remain scarce. For projects to be considered schemes need to meet the following criteria:-
- (a) Contribute towards achieving the council's corporate priorities and one or more of the following,
  - (b) be of a major social, physical or economic regeneration nature,

(c) meet the objective of sustainable development,

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

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

94. The council's capital programme for 2014/15 and the next 2 years, as approved in February 2014, amounts to some £6.8m (£2.4m net of grants and contributions). The capital programme will be considered as part of the budget process and decisions taken in the light of available resources.
95. Current schemes include Coastal Space regeneration project - £3.62m, Disabled Facilities Grant – some £720,000 p.a., CCTV - £360,000, Empty Homes Strategy - £250,000, £804,000 in respect of the restoration of Pelham Crescent/ Arcade, £250,000 in respect of Castle Access/Interpretation, Public Realm improvements, and groyne refurbishments.
96. Incremental impact on Band D Council Tax: In determining the affordability of new capital proposals the council is required to consider the incremental impact on the Council Tax for future years. The impact is expressed in Band D equivalent amounts on the Council Tax. The purpose is to give the council the opportunity to consider options for capital proposals and to highlight the potential future financial burden of capital investment decisions. Some capital investments will generate efficiency savings which go part way to mitigating the revenue implications.
97. For the purposes of planning the council uses 9% as the cost of capital (4% capital repayment and 5% in respect of long term interest). If an asset has a shorter life (than 25years) then the capital repayment percentage (4%) must increase e.g. percentage becomes 10% for an asset with a 10 year life.
98. Whilst the capital programme is significantly reduced over the forthcoming years, opportunities are still being sought for funding.
99. There is a need to maintain assets to avoid higher maintenance costs and declining assets. This is vital where the council's commercial estate is involved if rental streams are to be maintained and industry is to be attracted to the area in a period of economic uncertainty - and also given the increase in competition for tenants. The council maintains a Renewal and Repair Reserve for significant items of programmed work. Where major works or alterations are required these will be included within the capital programme.

### **Minimum Revenue Provision (MRP)**

100. Local authorities are required each year to set aside some of their revenues as provision for debt repayment. Unlike depreciation which is reversed out of the accounts, this provision has a direct impact on the Council Tax requirement. The provision is in respect of capital expenditure that is financed by borrowing or credit

arrangements e.g. leases. For example, an asset that cost £100,000 and has a 10 year life, and that was financed by borrowing, would necessitate putting aside £10,000 in each year (£100,000 divided by 10) to repay the debt.

- 101. The council is required to make a “Prudent Provision” which basically ensures that revenue monies are set aside to repay the debt over the useful life of the asset acquired. Should the existing financing assumptions alter, and additional borrowing is required, there will be a direct and additional pressure on the revenue budget.
- 102. The MRP increases in 2015/16 as a result of additional borrowing in 2014/15.

**Reserves**

- 103. The strategic reasons for holding reserves are:-
  - (a) A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing
  - (b) A contingency to cushion the impact of unexpected events or emergencies
  - (c) A means of building up funds to meet known or potential liabilities. Such reserves are referred to as Earmarked reserves.
  - (d) To assist in the transition to a lower spending council in the years ahead.
  - (e) To provide the council with some resources in future years to meet corporate objectives particularly in the areas of economic development and community safety.
- 104. It should be noted that capital receipts can generally only be used for capital purposes. Reserves and movements thereof will be reviewed as part of the budget process.
- 105. For the purposes of the strategy reserves at 31 March 2015 are estimated to consist of:-

<b>General Reserves</b>	<b>Estimated Balance at 31.3.2015 £'000s</b>
Revenue Reserves	6,319
Capital Reserve (Revenue monies)	1,467
Total	<b>7,786</b>

<b>Earmarked Reserves</b>	<b>Estimated Balance at 31.3.2015 £'000s</b>
Renewals and Repairs Reserve	1589
Insurance & Risk Management Reserve	260
IT Reserve	0
On-Street Car Parking Surplus Reserve	52
S106 Reserve	280
VAT Reserve (incl. Senior and Youth support & Capital contributions)	225
Government Grant Reserve	412
Land Charges Claim	140
Monuments in Perpetuity	42
Ore Valley	245
Mortgage Reserve (LAMS)	92
Invest to Save and Efficiency Reserve	404
Resilience and Stability Reserve	600
Transition Reserve	1,885
Redundancy Reserve	544
Community Safety Reserve	350
Economic Development Reserve	485
<b>Total</b>	<b>£7,605</b>

106. The Council's earmarked reserves are reviewed at least twice a year for adequacy. If at any time the adequacy is in doubt the Chief Finance Officer is required to report on the reasons, and the action, if any, which he considers appropriate.
107. The protection of key services remains of crucial importance to the council and the Transition Reserve, Economic Development Reserve and Community Safety Reserve has provided the council with the opportunity to protect some key services and activities into the future e.g. the ability to attract new employers to the town remains a key priority. The strategy identifies the use of these reserves in 2015/16 and beyond.
108. The budget report will advise further on the minimum level of reserves to be maintained. Given the future grant losses, the need to transform services on a continuing basis until 2018 and potentially beyond, and the need to cope with unexpected events or claims the minimum level of reserves retained was increased to £4.5m. The claim from Manolete partners in respect of the pier and restricted access is an example of the need to retain adequate reserves.
109. At 31 March 2015 General and Capital Reserves will amount to an estimated £7.7m, of which some £300,000 is already committed for the empty homes strategy and the cultural regeneration in 2016/17. The balance and use of the reserves will be considered further as part of the budget process and be determined in light of the 2015/16 settlement and indicative 2016/17 settlement.

## **Budget 2015/16 and beyond**

110. On the basis of the government's July 2013 Spending Round, the council can expect funding cuts of some 15.3% in 2015/16. Given the desire to cut the budget deficit further it can be reasonably anticipated that further cuts will occur in the years beyond too - some projections are for continued reductions until 2020.
111. To help ensure that the council can continue to deliver key services over the next three years and continue the process of transformation to a lower spending council, the use of specific reserves established from the Transition Grant and the partial use of general reserves is proposed.
112. A balanced budget was set for 2014/15 following the achievement of numerous efficiency and PIER savings and after allowing for partial use of the Transition Reserve.
113. To achieve a balanced budget in 2015/16 (without using reserves) savings of £1,497,000 need to be identified. This figure reduces to £547,000 after allowing for part use of the Community Safety Reserve (£100,000), part use of the Economic Development Reserve (£100,000), and £750,000 from the Transition Reserve.
114. To achieve a balanced budget in 2016/17 (without using reserves) savings of £2,483,000 need to be identified. This figure reduces to £1,533,000 after allowing for part use of the Community Safety Reserve (£100,000), part use of the Economic Development Reserve (£100,000), and a further £750,000 from the Transition Reserve.
115. These figures do need to be treated with some caution given that there are more uncertainties than ever in the budgeting process. The volatility in income streams has increased in respect of the business rate retention scheme.
116. The Reserves policy, to be determined as part of the budget process, will continue to take account of these risks, and will also need to take into account the ability of the council to address the indicative funding gaps within the timescales identified. For the purposes of financial planning the use of £750,000 of reserves for 2015/16, £750,000 for 2016/17 and £385,000 for 2017/18 has been included within the strategy which would still leave the council with sufficient reserves to meet significant and unexpected expenditure items.
117. The strategy does identify a number of areas that will be further reviewed as part of the budget process that could reduce the funding gap. These include the level of ongoing savings included within the existing budget (some of which will be identified as PIER).
118. A key determinant of the gap is however the funding settlement in December 2014, this will determine the level of grant receivable in 2015/16 and provide an indication for 2016/17. Future business rate income remains uncertain particularly given the level of outstanding rating appeals, bad debt provisions and small business rate relief.

119. In view of the reduced resources available in 2015/16 and beyond the council will need to continue to review the level of service it can provide and transform the way it delivers those services.

## **Risk Management**

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

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

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

viii. Restructuring Costs

In order to make savings of the magnitude required, the council will need to reconsider what services it can provide and to what level. Further restructuring is inevitable if a sustainable budget is to be achieved in the years ahead. Voluntary and/or compulsory redundancies have large financial consequences for the authority, both in terms of direct payments but also generally on the pension fund - in addition to the effect on the capacity of the organisation and knowledge management implications. The council established a redundancy reserve (£769,000) which will assist in transforming the council to a lower spending organisation in the years ahead.

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

x. The Economy

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

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

### **Equalities and Community Cohesiveness**

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

### **Consultation**

127. The 2015/16 budget proposals will be consulted upon from the middle of January 2015 and will be considered by Cabinet on the 16 February 2015.

Contact Officer: Peter Grace (Head of Finance)

Email [pgrace@hastings.gov.uk](mailto:pgrace@hastings.gov.uk)

<b>Revenue Budget Forward Plan</b>				<b>Appendix 1</b>			
Ref			<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	
			<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	
				<b>Budget</b>	<b>Projection</b>	<b>Projection</b>	
1	<b>Net Service Expenditure</b>		16,389	16,717	17,051	17,392	
2	Redundancy Provision					(225)	
3	Capital reserve funded items					(125)	
4	Govt grant reserve Funded items					(184)	
5	S106 revenue funded items					(84)	
6	On street parking reserve					(23)	
7	Older/ Younger People			(35)	(35)	(35)	
8	Local Development Framework			(78)	(78)	(78)	
9	One-off Waste start up costs			(73)	(73)	(73)	
10	Traffic Management Signage			(37)	(37)	(37)	
11	Pension Fund - Employers Contribution Increase			50	104	104	
12	Election Costs (bi-annually)			(70)	0	(70)	
13	Aquila House Rental			0	25	25	
14	Aquila House Rental - additional letting Income				(70)	(70)	
15	Business Rates Revaluation			25	25	25	
16	Fees and Charges			(60)	(120)	(180)	
17	Invest to Save Initiatives				(196)	(300)	
18	IT - profiled Spend			(95)	(95)	(95)	
19	Pebsham Landfill Site income			17	27	36	
20	National Insurance (Pensions - no contracting out)				360	360	
21	Further planned PIER savings (agreed Feb 2014)			(47)	(67)	(84)	
22	Land Charges - Part transfer to Land Registry				42	42	
23	PIER Savings (To be determined)						
24	Revenue Savings (2013-14 Outturn review)			(267)	(267)	(167)	
28	Contingency Provision		400	400	400	400	
29	Interest Payments (net of earnings)		181	181	169	169	
30	Contributions to Capital from grant and reserves		636	636	636	636	
31	Minimum Revenue Provision		520	534	551	551	
32	Contribution to Reserves		1,040	639	639	639	
33	Net Use of Earmarked Reserves		(1,874)	(1,630)	(1,457)	(711)	
34	<b>Net Council Expenditure</b>		<b>17,292</b>	<b>16,807</b>	<b>17,534</b>	<b>17,838</b>	
35	Taxbase		23,733	23,780	23,828	23,876	
36	Council Tax	1.90%	235.85	240.33	244.90	249.55	
37	<b>From Collection Fund - Council Tax</b>		(5,597)	(5,715)	(5,835)	(5,958)	
38	<b>From Collection Fund - Business Rates</b>		(3,151)	(3,086)	(3,138)	(3,138)	
39	<b>Revenue Support Grant</b>		(3,886)	(2,664)	(1,925)	(1,186)	
40	<b>Council Tax Freeze Grant</b>		(70)	(70)	(70)	(70)	
41	<b>Efficiency Support Grant</b>		(975)	(975)	(975)	(975)	
42	<b>New Homes Bonus</b>		(886)	(1,016)	(1,116)	(1,136)	
43	<b>Disabled Facilities Grant</b>		(666)	(666)	(666)	(666)	
44	<b>Housing Benefit Admin Grant</b>		(986)	(916)	(846)	(776)	
46	<b>Business Rates Section 31 Grant</b>		(467)	(477)	(480)	(480)	
47	<b>Council Tax (Surplus)/Deficit</b>		(37)	(212)	0	0	
48	<b>NNDR (Surplus)/Deficit</b>			487	0	0	
49	<b>New burdens grant</b>			0	0	0	
50	<b>Contribution To General Fund</b>		<b>(16,722)</b>	<b>(15,310)</b>	<b>(15,052)</b>	<b>(14,385)</b>	
51	<b>Funding Shortfall / (surplus)</b>		<b>570</b>	<b>1,497</b>	<b>2,483</b>	<b>3,453</b>	
52	<b>Use of General Reserve</b>	Carry forwards	(233)				
55	<b>Use of Transition Reserve (£2,222k)</b>		(337)	(750)	(750)	(385)	
56	<b>Use of Community Safety Reserve</b>		0	(100)	(100)	(100)	
57	<b>Use of Economic Development Reserve</b>		0	(100)	(100)	(100)	
58	<b>Net Funding Shortfall / (Surplus)</b>		<b>0</b>	<b>547</b>	<b>1,533</b>	<b>2,868</b>	

## Key Assumptions

- (1) General Inflation has been assumed of 2% for 2015/16 and beyond. Wage inflation: 2.2% assumed from January 2015 to April 2016 plus ½% p.a. representing contractual increments.
- (2) Lines 2 to 10 represent adjustments for reserve funded items. The Local Plan requirement – the spending profile will be determined as part of the budget process.
- (11) Pension fund cost increases – as per three yearly revaluation.
- (12) Local elections – the costs are budgeted for in 2016/17 (these occur every two years).
- (13) Full year cost of Aquila House leases expected in 2016/17
- (14) Estimate of additional rental from letting out vacated floor in Aquila House
- (15) Non Domestic Rates – the government phased in the impact of the last revaluation. The figures are being reviewed as part of the budget setting process.
- (16) A general 2.5% increase in fees and charges, matching inflationary increases incurred, is identified for the purposes of this strategy – except in respect of car parking income and some statutory fees.
- (17) No further contributions for invest to save initiatives beyond 2016/17
- (18) Revised spending profile on IT
- (19) Revised income profile on Pebsham Landfill site.
- (20) National Insurance – estimated cost of additional NI contributions
- (21) PIER savings already agreed - see 2014/15 budget
- (22) Land Charges Income – reduced income following transfer of responsibility
- (24) to (26) Revenue savings identified – to be included in 2015/16 budget
- (37) A Council Tax increase of 1.9% for 2015/16 and for the following 2 years has been included for the purposes of this Strategy.
- (38) Business Rates - Nil growth has been assumed for the purposes of this strategy. However the baseline is increased in line with inflation – as are annual rate bills. The amount of rates collected is potentially volatile and dependent upon levels of rating appeals, small business rate relief, and the economic environment. The estimates forming a key aspect of the council's budget process.
- (39) Revenue Support Grant - this forms part of the Settlement Funding Assessment. The actual figures for 2015/16 and indicative figures for 2016/17 will be released in early December 2014. Homelessness grant, Council Tax Freeze grant, and Council Tax

Support Grant are generally now rolled into the Settlement Funding Assessment.

- (40) Council Tax Freeze Grant: The £174,000 from 2011/12 was funded for the four years of the CSR 2010. The £174,000 in respect of 2012/13 was funded for one year only and therefore ceased for 2013/14. The 2013/14 grant of £70,012 was rolled into the Business Rates/ Revenue Support Grant baseline funding for 2014/15.
- (41) Efficiency Support Grant – a further £974,522 has been received in 2014/15. A progress report was submitted in October 2014 to the DCLG and subject to acceptable performance the Efficiency Support Grant will be included in the 2015/16 settlement. A figure of £974,522 has been allowed for in 2015/16 for budget planning purposes but there remains a risk that not all may be received.
- (42) New Homes Bonus – additional sums are expected in 2015/16 and the following 5 years following from an external review of empty properties. Funding in 2015/16 and beyond is however subject to government review.
- (43) Disabled Facility Grant – the figures are estimates of government grant funding.
- (44) Housing Benefit Administration Grant. The council suffered a reduction of £70,000 in 2014/15. For budget planning purposes a decrease of 7% has been assumed for the next 3 years in line with previous government announcements in addition to the reduction from the transfer of fraud staff to the DWP with the consequent reductions in grant funding.
- (46) The government extended the small business rate relief scheme to 31 March 2015. This results in the loss of business rate income to the council. The government reimburses the monies by way of a one off grant (termed section 31 monies). The amount and timing of the payment remain uncertain for 2015/16 and beyond.
- (55) Transition Reserve – The council has been prudent over the last few years and has taken the opportunity to strengthen reserves whenever possible to help ease the transition to a lower spending council in the years ahead. The council agreed to strengthen this reserve from the General and Capital Reserves in the sum of £1.5m and use the Transition Reserve to support the budget over the 3 year period of 2014/15 to 2016/17. Given the anticipated reduced expenditure requirements for 2014/15 the Transition Reserve may extend to support funding in 2017/2018.
- (56) Community Safety Reserve – established as part of the 2011/12 budget from Transition Grant (£350,000). The use of this reserve in 2015/16 is proposed in order to continue provision of services and activities in this area.
- (57) Economic Development Reserve – established as part of the 2011/12 budget making process from Transition Grant (£400,000) specifically earmarked for job creation activity. The use of this reserve in 2015/16 is proposed in order to continue the provision of services and activities in this area.
- (58) Funding Gap: the predicted deficits in 2015/16, 2016/17 and 2017/18 are £1,497,000, £2,483,000 and £3,453,000 respectively. After allowing for use of the Transition Reserve over three years, the savings required amount to £547,000 in 2015/16, £1,533,000 in 2016/17 and £2,868,000 in 2017/18.

# Agenda Item 6



**Agenda Item No:** 6

**Report to:** Cabinet

**Date of Meeting:** 3rd November 2014

**Report Title:** East Sussex PEER Challenge – “Open for Growth”

**Report By:** Simon Hubbard  
Director of Regeneration

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## Purpose of Report

To recommend a response to the Local Government Association (LGA) Peer Review of Economic Development and Support to Business in East Sussex

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## Recommendation(s)

- 1. That the Cabinet support the recommendations contained in the report of the LGA Peer Review Team subject to the comments in this report.**
- 2. The development of an Action Plan is supported with decisions in this respect delegated to the Director of Regeneration in consultation with the Leader and Deputy Leader**

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## Reasons for Recommendations

In order to allow the Council to work with other partners in Team East Sussex (TES) to implement the report's recommendations.

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## Introduction & Background

- Peer challenge is a tool that helps councils review their performance and was developed by local authorities and the Local Government Association (LGA) to replace the previous national performance framework of inspection and assessment. Rather than judging performance against prescribed national criteria, peer challenges are improvement focused with the scope being agreed with the council/s involved and are tailored to reflect their local needs and specific requirements. An 'Open for Growth' peer challenge looks at how councils are supporting their local economy and businesses.
- There are good, positive relationships in place locally between Hastings, Rother, East Sussex, University, Sussex Coast College, Local Business and other

partners involved in supporting economic growth. These are reflected both through the Hastings and Bexhill Taskforce and the Regeneration Company Seachange Sussex. However partnership structures in East Sussex and more locally have grown “organically” and have not been subject to any formal review by partners.

3. It was agreed through the East Sussex Leaders and Chief Executives Group that a joint review of Economic Development/Business Support would be undertaken across the County. It was further agreed that the LGA be asked to undertake this work and the work of the partners be coordinated through a joint officer working party. This was chaired by Rob Cottrill, the Chief Executive of Eastbourne Council, and serviced through East Sussex County Council. Hastings’ contribution was coordinated through Monica Adams Acton, the Head of Regeneration and Planning Policy.
4. The councils identified that the following were the five priority areas for focus:
  - Economic growth
  - Planning
  - Housing
  - Education and training for skills
  - Procurement
5. It was agreed that economic inclusion should be identified as a crucial area for the study. Whilst this was not included in the core brief the issue will be addressed in the Action Plan. Issues of economic inclusion are of high significance in Hastings and elsewhere and are connected to issues of education, skills, health and work readiness.
6. The report considered East Sussex as a whole, rather than on the basis of the functioning local economies found in the Hastings travel to work area, Eastbourne/Wealden and Lewes/Brighton. This approach reflects the county based ‘federated’ structure within the South East Local Economic Partnership but potentially masks the very different natures of the local economies covered by the review.

The review was undertaken in March 2014 with the PEER Team talking with members, others and a variety of stakeholders. A total of around 250 people participated. The report was agreed at officer level in July 2014 and since then work has continued to produce an action plan which reflects the recommendations from the review. The full report is accessible at

<http://www.eastsussex.gov.uk/NR/rdonlyres/DAA37E4C-D46C-4E84-B490-75608548F547/0/EastSussexCouncilsOpenforGrowthPeerChallengeReport.pdf>

7. Section 3 of the Review team's report contains a series of recommendations and these are attached as an appendix to the report. Key recommendations are commented on below.

## **Leadership**

8. The recommendations here are broadly supported with the following comments

- The recommendation for a revised East Sussex Growth Strategy. Shared Intelligence, who undertook work on the SELEP Growth Deal bid, have been commissioned to undertake this work. A draft is expected shortly.
- Commitment to house building is to be warmly welcomed. It is essential however that the housing supply is assessed not just in numerical total build cost, but includes a balance of tenures and values to ensure the range required by the future workforce. Housing is an issue of social justice, but it also supports the working of the wider economy.
- The need to focus upon economic inclusion and opportunity is to be welcomed. However this is not just an issue around skills. In areas of high deprivation a range of barriers exclude many from economic life. Issues of education, skills, poor health and housing are common in many coastal communities and an adequate response must be multi-faceted and long-term. These issues act as an obstacle in attracting inward investment and employment.
- It is agreed that Team East Sussex (TES) – the partnership structure under the SELEP structure – will need to concentrate its limited resources. This should not prevent Hastings (or other areas) seeking other sources of investment or funding outside this structure where they cannot be found within funds under TES influence or control.

## **Team East Sussex (TES)**

9. It is agreed that TES needs to develop its role. There is a need to review the partnerships that underpin TES to drive work locally. It is suggested this Council should continue to place importance on the Hastings and Rother Economic Task Force as a vehicle to coordinate activity within our economic area, in partnership with Rother, ESCC, business, Brighton University, Sussex Coast College and other partners.

10. There is a strong push for an East Sussex “narrative” and this clearly resonates with the SELEP county-based approach to economic development. However Hastings has a strong and distinctive set of opportunities and challenges and it can be argued that this is in many ways is stronger now (and in the future) than a county one. It is also believed that for some industry sectors a Sussex and Brighton image may be stronger than an East Sussex one. It will be necessary to ensure that the Council and its partners operate in a way which maximises the benefits from work at County, SELEP, UK and European levels. This means a pragmatic approach according to the target of any future initiative.

## **Partnership Working**

11. There are four points arising from this section that require comment.

- It is to be welcomed that the structure of TES will be reviewed to ensure greater involvement by the third sector, business and community agencies.
- There is already a very healthy relationship with Rother District Council in relation to planning policy matter under the “Duty to Cooperate”. Currently HBC’s core strategy has been found sound and the two councils are working together to try and ensure approval of the second core document that will make up each council’s new Local Plan.
- Joint work on “branding” has begun at officer level. Hastings will be working with other councils on a joint prospectus but at this stage it is not possible to assess the value of this work. It is not intended to abandon or reduce marketing at Hastings or 1066 level. In fact this will be strengthened to focus on the 2016 celebrations of the Battle of Hastings and to promote our Hastings offer.
- There is clearly a need to encourage joint marketing of arts/cultural activity, food and accommodation in a way which will appeal to higher value culturally focused visitors. There is strong support for this from cultural organisations seeking to improve their performance and turnover. It is appropriate to take a balanced view of where advantage lies and to promote an offer in a way which will motivate potential customers. There will need to be a flexible approach on this issue without an insistence on a single “right” way forward.

## **Business Focus**

12. SELEP and its federated structures are intended to be business led and focused. It is not clear that other local councils or training providers have yet met the needs of employers sufficiently well.

- The commitment to tourism and culture as a key part of the local growth agenda is to be welcomed.
- There is a commitment to ensure business engagement with providers which is also to be welcomed. However there is a danger that the Annual Business Survey may not emphasise enough the concerns about skills expressed by many employers. These are not just about technical skills but about attitudes to work and the level of employability in the local workforce. In an area of predominantly small and medium business there is an urgent need to examine how the quality and depth of this engagement can be continued.
- The decision to review and evaluate the progress of LOCATE East Sussex is supported.

### **Commentary**

13. It is believed that this is the first time that such a review has been carried out over a “two tier” county area. Given the very wide differences between parts of the county this must have been an enormously challenging task for the LGA team.

14. This exercise was very interesting and beneficial for those who took part and exposed the challenges to both growth and inclusion that exist. An example of this is clearly housing where, despite Government “carrot and stick”, the planning process has not provided the housing growth that is generally supported in principle but often opposed at a local level.

15. The report offers a useful affirmation of the value of partnership in East Sussex and should increase the pressure for even more cooperative working. The report should therefore be welcomed.

16. Two caveats appear to be required. First, the push to a county wide approach could damage the value of work based in local communities and economies. Second, the need for action to address economic inclusion must be consistently asserted. This message can sometimes be lost given the higher levels of prosperity enjoyed in many parts of the county (including parts of Hastings). Economic exclusion is an issue in Eastbourne, Newhaven, Bexhill and in smaller pockets in rural areas and growth needs to be accompanied by opportunity for people in these communities and with various skill levels.

## **Implications**

17. The LGA report in itself does not carry implications for the council. Future working arrangements may result in the more effective use of funds and staff, but this cannot be judged at this point. The Council should use its resources in a way which will deliver the most benefits for local residents and for businesses that offer employment opportunity and growth to the Borough.

## **Conclusion**

18. That, subject to the issues identified in this report, the Cabinet should support the recommendations of the LGA report and agree that a decision regarding the subsequent Action Plan should be delegated to the Director of Regeneration in consultation with the Leader and Deputy Leader of the Council.

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### **Wards Affected**

All

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### **Area(s) Affected**

All

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### **Policy Implications**

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

Equalities and Community Cohesiveness

Crime and Fear of Crime (Section 17)

Risk Management

Environmental Issues

Economic/Financial Implications ✓

Human Rights Act

Organisational Consequences

Local People's Views

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### **Background Information**

Appendix 1 – Recommendations from the LGA Peer Review Group report entitled: Investment (open for growth) Peer Challenge, East Sussex councils, 10-14 March 2014 Report – Section 3, pages 8 - 9

Peer Challenge report: <http://www.eastsussex.gov.uk/NR/rdonlyres/DAA37E4C-D46C-4E84-B490-75608548F547/0/EastSussexCouncilsOpenforGrowthPeerChallengeReport.pdf>

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# APPENDIX 1 – Open for Growth – Peer Review of support to the economy and local businesses in East Sussex

## 3. Recommendations

To support the East Sussex councils achieve their priorities of growth and inward investment, the peer challenge team has made the following recommendations:

### R1: Leadership

- Use the emerging consensus around the SEP as a catalyst for driving forward the next round of Local Plans
- Raise the standards and improve the consistency of the councils' 'open for growth' services including a more consistently positive and proactive approach to the delivery of the planning system, especially development management in East Sussex
- Build consensus across the councils and develop a common and consistent strategic approach to support a shared vision and understanding of the role of house building as an economic generator, with this linked to the economic growth and inclusion strategy
- Focus on a small number of achievable infrastructure projects which are essential to the delivery of economic growth.

### R2: Team East Sussex

- Develop, with Team East Sussex and East Sussex councils, an East Sussex economic growth strategy, following the SEP submission and determination. This should set out an achievable number of deliverable and time limited priorities to focus activity, progress at pace and prioritise resources.
- Develop Team East Sussex as the partnership to co-ordinate the delivery vehicles for the East Sussex economic growth strategy in the federated structure of the LEP, to:
  - operate at a new level of maturity based on openness and trust between the partners
  - involve key public/private/third sector players as an executive driving force for the economic growth agenda
  - create the East Sussex 'narrative' which reflects the varying need and ambition across the county and which sets out an agreed vision for the future
  - Ensure the right economic partnerships exist to deliver and initiate action and strategic thinking at a local and thematic level
  - Encourage leadership and participation by all partners
  - Operate a 'light touch' approach that values innovation and creativity by all partners and enables rather than constrains this.
- Map the micro and niche clusters of business activity in East Sussex so that councils can engage with these commercial interests to understand their needs and be better able to provide support.

### R3: **Partnership working**

- Be open to new opportunities to work more closely with existing partners to maximise outcomes. But also look out for opportunities to work with wider and new partners.
- Review different governance models to ensure partnerships are effective and are inclusive of the business sector, the third sector and community agencies to maximise social value and economic growth
- Stretch ambition and trust by combining resources to improve business access to services and to develop collective capacity
- Councils help each other with the hard choices regarding the Duty to Co-operate while agreeing and incorporating priorities across the area
- Branding will be essential as will the need to recognise when to market as 'East Sussex' and when to market as 'specific areas' of the county (understand and play to collective and individual strengths as necessary) in a way which maximises the economic growth, opportunity and benefits for business and residents
- Work together to establish a more positive, proactive approach to the delivery of the planning system, especially development management, in East Sussex.

### R4: **Business focus**

- Focus procurement activities where they will have the most chance of success in supporting local businesses while delivering value for money
- Review, along with partners, procurement activities across the councils with a view to developing new procedures to promote and enhance opportunities for local businesses
- Continue to recognise tourism and culture across the county as important elements for growth and consider building resources to further support these parts of the economy
- Ensure that employers and business are able to influence and shape the skills and training priorities for the East Sussex economy with education and skills providers
- Review the performance of Locate East Sussex and inward investment activities, with a view to evaluating whether increased resources would deliver added value.

### R5: **Key message**

- East Sussex is poised to accelerate growth but this needs collective vision driven by a strategic view
- Continue to build on partnerships across the county and understand when to work collectively and when to work independently. The consensus already achieved and the proven track record is the way for councils to deliver economic growth for their communities. This approach may require individual councils to trade some control on certain issues in exchange for enhanced rates of growth and prosperity across the county as a whole. Partnerships between councils are not constrained by Team East Sussex and may include additional regional, national and international working.
- Working together and stretching the boundaries for closer working will build trust and lead to mature working relationships between councils and partners.

# Agenda Item 7



**Agenda Item No: 7**

**Report to: Cabinet**

**Date of Meeting: 3 November 2014**

**Report Title: Regulation 7 Direction - Seafront Estate Agents Boards**

**Report By: Monica Adams-Acton**  
Head of Regeneration and Planning Policy

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## **Purpose of Report**

To advise Cabinet of the making of a new Direction relating to estate agents boards and to recommend that the Council re-affirms its policy for the area.

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## **Recommendation(s)**

**That Cabinet welcomes the making of the new Direction and re-affirms its policy within the area of the Direction of not granting consent under the Advertisement Regulations for any estate agents boards except in the most exceptional circumstances.**

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## **Reasons for Recommendations**

**The Secretary of State for Communities and Local Government has made a new Direction restricting the display of estate agents boards along the majority of the seafront and it is now necessary for Cabinet to once again consider its policy for the area.**

## Introduction

1. At its March 2014 Meeting Cabinet resolved to apply to the Secretary of State for Communities and Local Government for the renewal of the Direction made by him under Regulation 7 of the Town and Country Planning (Control of Advertisements) (England) Regulations 2007, taking away deemed consent rights for the display of advertisements relating to the sale and letting of properties along the majority of the Hastings and St Leonards seafront between Grosvenor Gardens and Pelham Place. The Direction came into effect on the 1<sup>st</sup> January 2010 for a period of 5years, expiring on the 31<sup>st</sup> December 2014.
2. The effect of the Direction was to make express consent under the Advertisement Regulations required for the display of advertisement boards relating to the sale or letting of properties within the designated area, which includes the following addresses in St Leonards - 26-30 Caves Road, Eversfield Place (all properties), Grand Parade (all properties), 1-24 Grosvenor Crescent, Grosvenor Gardens (all properties), 1, 3 and 5 London Road, Marina (all properties), 1-11 Terrace Road, 9-14 Undercliff, Verulam Place (all properties) and Warrior Square (all properties). In Hastings - 1-3 Claremont, Pelham Arcade (all properties), Pelham Crescent (all properties), 7-9 Pelham Place and White Rock (all properties).
3. Application for the renewal of the Direction was made in April 2014. The Secretary of State has now made a new Direction on the same terms and covering an unchanged area. The Inspector who visited the site did look at several streets around the Direction area but concluded that the level of estate agents boards in these areas could not be considered as unreasonable and did not contribute to a cluttered appearance. The Inspector's main conclusion was that the area of the Direction has a special visual quality which would only be preserved by the removal of deemed consent for the display of estate agents boards. He considered that the improvement of the property market and an increased number of flat conversions in the area, would lead to a proliferation of boards if the Direction were not renewed, with a harmful effect on the visual improvements that have been achieved.
4. The main difference is that the Secretary of State has acceded to the Borough Council's request and made the Direction effective in perpetuity, which means that it will no longer be necessary to apply for a renewal every five years.

## The Next Steps

5. It is a requirement that the Direction is advertised in a local paper and the London Gazette, to come into effect on the 1<sup>st</sup> January 2015 when the present Direction expires. Although it is not a statutory requirement, letters will be sent to local estate agents and properties within the designated area to advise them of the new Direction and its implications.
6. It is also necessary for Cabinet to re-consider its policy for determining applications for express consent to display estate agents boards submitted under the new Direction. The present policy of not granting consent for any estate agents boards except in the most exceptional circumstances, for example, where a building is in a very poor state of repair and all other methods of advertising it for sale have failed,

has worked well. Local estate agents have co-operated fully with it and over the last five years only six cases have occurred of unauthorised boards being erected, and all of these have resolved by agreement without the need for formal action, resulting in a marked improvement in the appearance of the seafront area. It is therefore considered that there is no need for Cabinet to alter its policy.

## Recommendations

7. Cabinet is recommended to welcome the making of the new Direction, particularly as it is now on a permanent basis, and to re-affirm its policy of not granting consent for any estate agents boards except in the most exceptional circumstances

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### Wards Affected

Castle, Central St Leonards, West St Leonards

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### Area(s) Affected

Central Hastings, South St Leonards

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### 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	YES
Economic/Financial Implications	NO
Human Rights Act	NO
Organisational Consequences	NO
Local People's Views	NO

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### Background Information

Secretary Of State's 2014 Direction and accompanying letter.

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### Officer to Contact

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Officer Telephone Number 01424 783304

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# Agenda Item 8



**Agenda Item No:** 8

**Report to:** Cabinet

**Date of Meeting:** 3 November 2014

**Report Title:** Museum Forward Plan

**Report By:** Virginia Gilbert  
Head of Amenities, Resorts and Leisure

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## **Purpose of Report**

To present the Museum Forward Plan for 2014-19

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## **Recommendation(s)**

- 1. That Cabinet adopt the Museum Forward Plan and Key Actions to support our application for reaccreditation by the Arts Council**

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## **Reasons for Recommendations**

A Forward Plan for the Museum Service is a requirement of the Museum Accreditation scheme, which is run by the Arts Council. This Plan was presented in draft form to Museums Committee on 16 June 2014. Suggested changes were incorporated and presented to Museums Committee on 15 September 2014 where it was resolved that the Committee accepted the report and were satisfied with the comments in the report, subject to minor changes which have since been made.

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## Introduction

1. A Forward Plan for the Museum Service is a requirement of the Museum Accreditation scheme, which is run by the Arts Council. The Accreditation scheme sets nationally recognised standards for Museums in the UK and enables the institutions and their governing bodies to assess their current performance and plan and develop their services.
2. The Accreditation scheme assesses organisational health, collections care and management, and the quality of visitor experience. The aim is to encourage confidence in museums as organisations that manage collections for the benefit of society and manage public funds appropriately.
3. As an accredited Museums service, we are able to obtain loans of artifacts and collections from other museums and are eligible for various grant programmes which are only open to accredited institutions.
4. Hastings Museum and Art Gallery and the Old Town Hall Museum have been fully accredited since 2007. We have now been invited to reapply with returns due by the end of February 2015. All new and updated Museum policy documents will need to have been approved before this date.
5. This Forward Plan will replace the Forward Plan 2010-13, and considers the achievements of the last three years as well as the proposed Action Plan for the next five years.

## Financial Considerations

6. Officers acknowledge the continuing difficult financial picture in which the Council must operate. This Forward Plan is written to comply with accreditation requirements whilst acknowledging the need to freeze or reduce costs whilst maintaining standards through the use of volunteers, increasing income from events and sales and any other cost-saving measures that may emerge.

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## Wards Affected

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

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## Area(s) Affected

None

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## Policy Implications

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

Equalities and Community Cohesiveness                      No

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

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### **Background Information**

Museum Forward Plan 2014-2019

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### **Officer to Contact**

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# Hastings Borough Council

Hastings Museum and Art Gallery

Old Town Hall Museum

Forward Plan

2014 – 2019



## **1.0 Introduction**

- 1.1 This Forward Plan sets out the strategic objectives of Hastings Museum and Art Gallery and Old Town Hall Museum for the period October 2014 to October 2019.
- 1.2 It will be reviewed annually, with the first review scheduled for October 2015

## **2.0 Statement of Purpose**

- 2.1 Hastings Museum aims to fulfil its core role in the preservation, collection, documentation and interpretation of the collections associated with the history and natural history of the area, the fine arts and from a wider cultural context. Visitors and other users will be at the heart of what we do, and we believe that our collections have the power to educate and inspire people of all ages, backgrounds and abilities, and the local communities we serve.

## **3.0 Background to Hastings Museums**

- 3.1 Hastings Museum (HMAG) was founded in 1890 by the Hastings and St Leonards Museum Association, but in 1905 ownership was transferred to the Borough Council. The constitution of the Museum is embodied in the deed of transfer.
- 3.2 The Museum was first housed in the Brassey Institute, but moved to its current site in 1928. The Durbar Hall, originally constructed as an Indian palace for the Indian and Colonial Exhibition of 1886, and Long Gallery were added in 1930-32.
- 3.3 A major refurbishment took place in 2006-7 funded by the heritage Lottery Fund and Hastings Borough Council, which expanded the floor space by 40%, improved access and facilities and introduced environmental control and monitoring.
- 3.4 The Old Town Hall Museum (OTH) is housed in a listed building, the former Town Hall which was erected in 1823 and converted into a Museum in 1949. A major refurbishment in 1999 involved redisplay, access improvements and environmental control and monitoring. In 2009 there was a further redisplay of exhibits and a Tourist Information Point introduced.
- 3.5 The collections of the Museum are large and diverse, and include Fine Art, Ceramics, Local History, Archives, Natural History, Geology, Native American and World Collections. Reserve collections are currently stored on-site and off-site at HBC's Castleham archive.

## 4.0 Current Position

4.1 HMAG and OTH are operated as part of Amenities and Leisure Services within Hastings Borough Council's Environmental Services Directorate. Other services sitting alongside the Museums Service include Seafront services, Theatre, Parks and Open Spaces and Leisure Development.

4.2 The Museum employs 6.5 FTE staff.

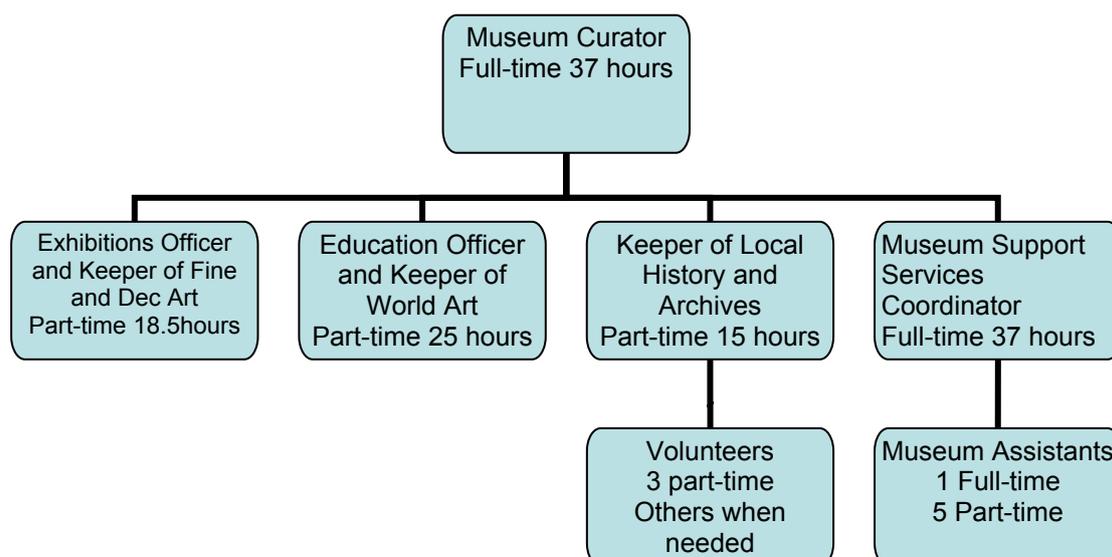
4.3 There are 3 regular volunteers working at the Museum, who collectively contributed over 1000 hours during 2013-14. Other work experience students and volunteers on short-term contracts contributed c800 hours.

4.4 During 2013-14 the net revenue cost of the Museum to the Local Authority was £404,990

4.5 The Museums have benefitted from awards from a range of external funding streams over many years for both capital works and revenue projects. The greatest amount was £863,500 from the Heritage Lottery Fund (HLF) for the refurbishment of HMAG in 2006-7, and the most recent was £34,400 from HLF for the 'Hastings remembers...' World War One project.

4.6 During 2013-14 the Museum recorded 39,179 visitors at HMAG and visitors 24,891 at OTH.

### 4.7 Organisation Chart



#### 4.8 Current Position: SWOT Analysis (September 2014)

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• <i>Skilled dedicated workforce</i></li> <li>• <i>Significant and varied collections</i></li> <li>• <i>Free entry and parking</i></li> <li>• <i>Support of Hastings &amp; St Leonards Museum Association</i></li> <li>• <i>Good relationships with national funders eg Arts Council (ACE), HLF and Art Fund</i></li> <li>• <i>Scenic green setting</i></li> <li>• <i>Out of town centre!</i></li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• <i>Public perception</i></li> <li>• <i>Inadequate marketing and low profile</i></li> <li>• <i>Presentation standards in galleries variable, and some displays static</i></li> <li>• <i>Small number of curatorial staff</i></li> <li>• <i>Small number of Front-of-house staff to maintain building and security</i></li> <li>• <i>Lack of facilities eg kitchen and education space</i></li> <li>• <i>Out of town centre!</i></li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• <i>Generate increased income through shop</i></li> <li>• <i>Improve website and social media</i></li> <li>• <i>Use permanent collections to refresh displays</i></li> <li>• <i>Develop exhibitions of regional and national interest</i></li> <li>• <i>Increase volunteer opportunities</i></li> <li>• <i>Innovative projects and partnerships</i></li> <li>• <i>Develop hire subject to improved facilities</i></li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• <i>Non-statutory, subject to reduced operational revenue budget</i></li> <li>• <i>Storage space inadequate</i></li> <li>• <i>Lack of documentation</i></li> <li>• <i>Repairs and maintenance costs for both sites</i></li> <li>• <i>Exposed site subject to vandalism</i></li> <li>• <i>Increased competition for external funding</i></li> <li>• <i>Environmental conditions</i></li> </ul>

## 5.0 Review of previous Forward Plan

5.1 The previous Forward plan for Hastings Museum and Art Gallery and Old Town Hall Museum covered the period 2010-2013.

5.2 The table below provides details of scheduled tasks within the previous Forward Plan and their outcomes.

<b>Key Action</b>	<b>Outcome/Status</b>	<b>Comments</b>
Accreditation biennial returns	Invitation date awaited from ACE	Expected by Feb 15
Attend training on changes to accreditation	Completed – March 2014	
Operational Review of OTH	Completed 2011	
Data-mapping and audience development plan	Not completed	Removed
Review of Access and Learning Policy	Completed 2013	
Volunteer Management Policy	Completed 2012	
Policy on care/display of human remains	Completed 2011	
Review of Guidelines for Detection of Archaeology on Council Land	Not completed	2015
Review of Loans Policy	Partly completed	New agreements
Review of Acquisitions and Disposal Policy	Not completed	New format required for Accreditation
Complete inventory of collections	Partly completed	Ongoing – linked with store conservation
Draw up conservation programme for priority exhibits	Not completed	Now linked with store conservation project
Review of storage of archeological material from outside Borough	Partly completed	
Actions from Security Review, including external CCTV	Completed 2011	
Repacking of ceramic collection	Partly completed	Now linked with store project
Update Disaster Plans for OTH and HMAG	Completed 2012	
Redisplay and interpretation of displays	Ongoing	
Provide handrails to steps in ground	Not completed	No longer considered necessary
Complete collections pages on website	Not completed	Website has had extensive redesign;

		relaunch expected early 2015
Reconfigure films at OTH	Completed 2011	
Consult with Communications staff on Social media	Completed 2013	Twitter and Facebook accounts now active
Investigate provision of dedicated education space	Completed 2012	To be removed from actions following review
Continue with community learning through Sure Start	Ongoing	
Expand involvement in national initiatives such as Big Draw, National Science & Engineering Week	Ongoing	
Continue with outreach to schools and INSet sessions	Ongoing	
Create new Loan boxes and resource packs	Ongoing	
Develop website' interactive section to include games etc	Not completed	2015
To work with national and regional institutions and practitioners to develop exciting programme of exhibitions and events	Ongoing	
Increase shop sales by identifying trends and new products	Ongoing	Shop refitted 2011, new lines at both sites, retail report for OTH, training attended
Provision of Cyber-till to improve stock audit and control	Not completed	Not considered necessary by Audit. Other stock control procedures brought in
Continue to advertise and develop Durbar Hall as wedding venue	ongoing	Wedding Fair Sept 14 resulted in increased bookings
Encourage day-time use of Museum for events etc	Ongoing	Day-time hire charges introduced 2014
Increase income generated by copyright etc and review charges	Ongoing	Charges reviewed 2014
Investigate alternative sources of income, funding and governance options	Completed for OTH 2011 Ongoing	
Investigate potential for 'garden land' behind HMAG	Completed 2013	Land cleared 2013; uses limited until access from museum is redesigned
Research possibility of café franchise	Completed 2012	Not suitable within current layout

Re-evaluation of Education Officer, Exhibitions Officer, Archivist and Admin Officer posts	Completed 2010	
Support relevant training for staff	Ongoing	

5.3 In reviewing the previous Forward Plan a new set of priorities emerge. Quarterly monitoring against targets in the Corporate Plan highlights the following: a) Provide a Museum exhibition and education programme for visitors. b) Develop proposals for the long-term sustainability of the service in light of financial constraints.

5.4 An anticipated lack of growth or reduction in financial and human resources during the next five years prompts further new priorities not featured in the previous Plan: attracting and nurturing volunteers, promoting certain parts of the site to external hirers and developing the Museum's retail opportunities all feature in the new Plan.

## 6.0 Consultation and Analysis

6.1 In shaping its current and future service priorities Hastings Museum undertakes a range of consultations. These include:

- Visitor Surveys – usually undertaken because of a special exhibition or event.
- Visitor Questionnaires – a more in-depth survey usually carried out over a season. The Museum will be carrying out its next questionnaire in August-September 2014.
- Visitor Book – a book is available for comments from visitors all year round.
- Workforce Feedback – the least formal method, but often the most useful. Many visitors are prepared to mention things to staff that they are less inclined to record in a survey. This is fed back to the museum's management at team meetings or on an ad-hoc basis.
- Tripadvisor, Facebook, Twitter – the Museum receives comments and reviews through these media.

6.2 We recognise that the gathering of raw data and its analysis is an area for improvement. Visitor exit surveys will provide postcode analysis to plot where the Museum's visitors are travelling from and to aid future marketing.

## 7.0 Education

7.1 We are committed to offering a stimulating and creative programme to excite and inspire learners of all ages, backgrounds and abilities.

7.2 Our aims and objectives are defined in the Access and Learning Policy (2013-18):

- To encourage more schools to use the museum to enhance and support their teaching and learning.
- To attract more families to participate in a range of opportunities, encouraging repeat visits.
- To promote the museum as a centre of lifelong learning for all local communities.

## **8.0 Customer Care**

8.1 The key aspects of our customer care programme include:

**Staff are welcoming and friendly, offering visitors information and assistance.**

All Museum Assistants have attended, or will attend training which covers how to meet and greet visitors, equality and diversity awareness and listening and communications skills

**The Museum is a clean and welcoming environment**

The museum floors are cleaned every morning before opening. Showcases are polished on a daily basis. The fully accessible toilets are cleaned thoroughly before opening and checked regularly throughout the day, replenishing stocks where necessary.

**All displays are fully accessible to all visitors**

The museum displays are on four different levels which are fully accessible by two main staircases and two lifts.

**The Museum is a safe environment for visitors**

All Museum Assistants are trained in all aspects of health and safety which include fire warden training, fire evacuation procedures, emergency plan awareness and fire alarm testing.

**Staff present a professional image**

All Museum Assistants will wear a uniform with the Council logo clearly displayed to identify them to visitors. Other staff and volunteers will wear badges as identification,

## 9.0 Resource Plan

9.1 This resource plan shows the position of the Museum with regards to its human resources as at September 2014.

9.2 The table below shows the breakdown of weekly annualised staff hours.

<b>Staffing Resource</b>
Curator x 37 hours
Museum Support Services Administrator x 37 hours
Education Officer and Keeper of World Art x 25 hours
Exhibitions Officer and Keeper of Fine Art x 18.5 hours
Archivist and Keeper of Local History x 15 hours
Museum Assistant x 37 hours
Museum Assistant x 21.5 hours
Museum Assistant x 21 hours
Museum Assistant x 15.5 hours
Museum Assistant x 10.5 hours
Museum Assistant x 5.5 hours

9.3 Staff ensure the Museums are open six days a week (OTH 3 days in winter), and that the Museums are both welcoming visitor attractions.

9.4 We recognise that volunteers are a valuable resource to our organisation and are committed to providing voluntary opportunities throughout the Museum.

9.5 In 2013-14 volunteers worked on a regular basis across a number of disciplines in the museum.

9.6 The total number of volunteers hours worked in 2013-4 was approximately 1,860.

## 10.0 Aims and Objectives of the Museum Service

10.1 The key aims of the Museum Service are:

- To care for, record, research and interpret the Museum's collections
- To increase the number and range of people who use the Museum, both on-site and remotely.
- To enhance the visitor experience through providing the highest standards of customer care.
- To ensure the sustainability of the Museum through improving opportunities for income generation.

10.2. Details of action plans created to deliver these aims through a set of clear objectives and scheduled tasks appears as Appendix 1: Action Plan.

**Museum Forward Plan  
Appendix 1 Action plan  
Key Aim no.1 To ensure long-term care of collections**

Objectives	Tasks	Timescale/status	Lead officer/Team
<ul style="list-style-type: none"> <li>• <b>Carry out programme of mould clearance in store</b></li> </ul>	<ul style="list-style-type: none"> <li>• Quotations obtained for collection areas</li> <li>• Draw up conservation programme for priority exhibits</li> <li>• Training for non-specialist cleaning</li> <li>• Clean objects repacked, stored</li> <li>• Disposal of damaged objects</li> <li>• Improved heating and humidity control in store</li> <li>• MODES updated for locations</li> </ul>	<p>Completion by Dec 2014</p> <p>Collection works required for exhibition by Dec 2014</p> <p>Completion by April 2015</p> <p>Completion by Dec 2016</p> <p>Completion by Dec 2016</p> <p>Completion by Jan 2016</p> <p>Ongoing throughout project</p>	<p>All curatorial staff</p> <p>Exhibitions Officer and Keeper of Fine and Dec Art</p>

<ul style="list-style-type: none"> <li>• <b>Collections Review</b></li>   <li>• <b>Develop and update relevant policies</b></li>   <li>• <b>Deliver Documentation action plan</b></li> </ul>	<ul style="list-style-type: none"> <li>• Identify and assess condition, potential, documentation of collections</li>   <li>• Acquisitions and Disposal</li> <li>• Documentation Policy</li> <li>• Collections care and Conservation Policy</li> <li>• Loans Policy</li>   <li>• Create inventory of objects in storage that have inadequate documentation</li>   <li>• Check and clarify extent of backlog</li> </ul>	<p>Concurrent with store project</p> <p>All policy updates required by Accreditation deadline of Feb 2015, and then to meet individual review dates</p> <p>Completion by Dec 2016</p> <p>Completion by Dec 2016</p>	<p>Curator</p> <p>All curatorial staff</p> <p>Curator</p>
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<ul style="list-style-type: none"> <li>• <b>Apply to Esmee Fairbairn Trust for funding for collections review and conservation of World Art</b></li> <li>• <b>Ensure the accessibility of collections through improved interpretation</b></li> </ul>	<ul style="list-style-type: none"> <li>• Update plan to deal with backlog</li> </ul>	<p>Accreditation requirement by Feb 2105</p> <p>First round by Sept 2014 Second round by Nov 2014</p>	<p>Education Officer and Keeper of World Art</p>
	<ul style="list-style-type: none"> <li>• Gain as much information as possible about objects at 'Object Entry' stage of collection process</li> </ul>	<p>Introduced from Sept 2014</p>	<p>All staff</p>
	<ul style="list-style-type: none"> <li>• Improve interpretation and signage in galleries</li> </ul>	<p>Rolling programme of improvements</p>	<p>All curatorial staff</p>

## Key Aim no. 2 Increase the number and range of the Museum's Service users

Objectives	Tasks	Timescale/status	Lead Officer/Team
<ul style="list-style-type: none"> <li>• <b>Produce annual programme of displays and exhibitions based upon the Museum's</b></li> </ul>	<ul style="list-style-type: none"> <li>• To continue to work with national and regional institutions and practitioners to develop exciting programme of</li> </ul>	<p>Ongoing</p> <p>Programme for 2015-16 completed by Dec 2014</p>	<p>Exhibitions officer</p>

<p><b>collections and loaned material</b></p> <ul style="list-style-type: none"> <li>• <b>Deliver Museum's 'Hastings Remembers: Local Stories of the First World War' HLF project</b></li> <li>• <b>Deliver a programme of special events and activities</b></li> <li>• <b>Engage with service</b></li> </ul>	<p>exhibitions</p> <ul style="list-style-type: none"> <li>• Programme to reflect local and national events and celebrations</li> <li>• Plan, coordinate and deliver programme with volunteers</li> <li>• Monitor and report on details and progress of programme delivery</li> <li>• Research and create events and activities programme for delivery at Museum</li> <li>• Investigate ways to</li> </ul>	<p>Programme for 2015-16 completed by Dec 2014</p> <p>Completion by Dec 2018</p> <p>Ongoing Final report March 2019</p> <p>Ongoing. Events leaflet produced 2x per year Dec and May</p> <p>Completion by Sept 2015</p>	<p>Exhibitions officer and keeper of Fine and Dec Art Education Officer and keeper of World Art</p> <p>Education Officer and Keeper of World Art</p> <p>Exhibitions Officer and Keeper of Fine and Dec Art Education officer and Keeper of World Art</p> <p>Keeper of Local History and Archives</p>
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<p><b>users to research collections</b></p> <ul style="list-style-type: none"> <li>• <b>Improve marketing and promotion of the Museum</b></li> <li>• <b>Improve the Museum's website</b></li> </ul>	<p>facilitate individual research using museum collections</p> <ul style="list-style-type: none"> <li>• Promote research opportunities via website</li> <li>• Create annual marketing plan for Museum including key deadlines</li> <li>• Complete updating of design and contents of website</li> <li>• Provide appropriate staff training to enable maintenance and development of website</li> <li>• Increase Museum presence on Social media platforms</li> </ul>	<p>Completion by Sept 2015</p> <p>Annual plan to be completed by March each year</p> <p>Completion by Dec 2014</p> <p>Completion by Dec 2014</p> <p>Ongoing</p>	<p>All curatorial staff</p> <p>All curatorial staff</p> <p>IT services</p> <p>All staff</p>
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<ul style="list-style-type: none"> <li>• <b>Promote the Museum as an educational resource for formal and informal learning</b></li> </ul>	<ul style="list-style-type: none"> <li>• Monitor and develop condition and content of loan boxes, and promote to schools</li> </ul>	Ongoing Annual review in July each year	Education Officer and Keeper of World Art
	<ul style="list-style-type: none"> <li>• Continue with community learning through In2Play and BookBugs programme subject to continued external funding</li> </ul>	Ongoing	Education Officer and Keeper of World Art
	<ul style="list-style-type: none"> <li>• Continue with outreach to local schools</li> </ul>	Ongoing	Education Officer and Keeper of World Art

### Key Aim no. 3 Enhance Visitor Experience

Objectives	Tasks	Timescale/status	Lead Officer/Team
<ul style="list-style-type: none"> <li>• <b>Provide Museum staff with appropriate Customer care training</b></li> </ul>	<ul style="list-style-type: none"> <li>• All staff to participate in annual personal appraisal</li> <li>• All front of house staff to participate in programme of</li> </ul>	<p>Ongoing – appraisals scheduled on annual basis</p> <p>Annual schedule of training to be created, informed by individual appraisals</p>	<p>Curator Museum Support Services Co-ordinator</p> <p>Museum Support Services Co-ordinator Personnel advisor</p>

<ul style="list-style-type: none"> <li>• <b>Ensure all facilities within museums' buildings and grounds maintained</b></li> <li>• <b>Provide opportunities for visitors to comment on the services provided</b></li> </ul>	<p>customer care training</p> <ul style="list-style-type: none"> <li>• All staff to be issued with uniforms</li> <li>• Checklist detailing Museum's daily cleaning regime created</li> <li>• Record repairs, maintenance and service of buildings and equipment</li> <li>• Provide visitors book for comments</li> <li>• Carry out annual visitor questionnaire</li> </ul>	<p>Completion by April 2015</p> <p>All staff to deliver as part of daily duties</p> <p>Ongoing. Annual review of agreements adjusted to reflect requirements of Museum and its resources</p> <p>Ongoing – comments are reviewed regularly and used to improve services</p> <p>Ongoing – comments are reviewed regularly and information used to shape future policies and procedures</p>	<p>Museum Support Services Co-ordinator</p> <p>Museum Support Services Co-ordinator Museum Assistants And external contractors as required</p> <p>Museum Support Services Co-ordinator</p> <p>Museum Support Services Co-ordinator Museum Assistants</p> <p>Museum Support Services Co-ordinator Curator</p>
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## Key Aim no. 4 Ensure the Sustainability of the Museum through Improved Income Generation

Objectives	Tasks	Timescale/Status	Lead officer/team
<ul style="list-style-type: none"> <li>• <b>Attract external funding for Museum projects</b></li> </ul>	<ul style="list-style-type: none"> <li>• Investigate funding opportunities available through HLF, ACE and similar agencies</li> </ul>	Research to be ongoing	All curatorial staff
<ul style="list-style-type: none"> <li>• <b>Apply through Museums Development Service for micro-consultancy for feasibility study</b></li> </ul>		Completion by April 2015	Curator
<ul style="list-style-type: none"> <li>• <b>Increase income generated by private hire of facilities, including weddings</b></li> </ul>	<ul style="list-style-type: none"> <li>• Investigate potential commercial sponsorship opportunities</li> <li>• Create special event at Museum and invite potential sponsors</li> </ul>	April 2015	
<ul style="list-style-type: none"> <li>• <b>Explore potential of hiring gallery space</b></li> </ul>	<ul style="list-style-type: none"> <li>• Promote and market wedding and other ceremony opportunities</li> </ul>	Event to be held by Sept 2016	Museum Support Services Co-ordinator Curator
		Completion by Dec 2015	

<ul style="list-style-type: none"><li>• <b>Improve commercial potential of Museum shop</b></li></ul>	<ul style="list-style-type: none"><li>• Review hire charges.</li> <li>• Promote Museum shop to visitors through general museum marketing</li> <li>• Increase sales by identifying trends and researching new products</li></ul>	<p>April 2015</p>	<p>Curator Head of Amenities and Leisure</p> <p>Museum Support Services Co-ordinator</p> <p>Museum Support Services Co-ordinator</p>
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# Agenda Item 9

## CHARITY COMMITTEE

29 SEPTEMBER 2014

Present: Councillors Hodges (Chair), Forward, May and Cartwright (as the duly appointed substitute for Councillor Westley). Also in attendance, Mr Chris May, the Protector.

Apologies for absence were noted for Councillor Westley

### 9. MINUTES OF THE MEETING HELD ON 30 JUNE 2014

**RESOLVED – that the minutes of the meeting held on 30 June 2014 be approved and signed by the Chair as a correct record.**

### 10. FORESHORE TRUST SMALL GRANTS PROGRAMME

The Head of Regeneration and Planning Policy presented a report to introduce the recommendations of the Grant Advisory Panel (GAP) in respect of projects to be funded by round 4 of the Foreshore Trust Small Grants Programme 2014/15.

The purpose of the small grants programme was to assist with the improvement of the economic and financial environment in the Borough and to support organisations delivering a range of activities for local people.

The Chair of the GAP presented the panel's recommendations to the committee. The small grants programme had been advertised from April 2014 in a variety of web pages and printed publications, and a total of 41 applications for funding had been received. Each grant application had been assessed against the Foreshore Trust's objectives and scored by two members of the GAP, and then jointly reviewed by a meeting of the full panel. The panel had recommended approving eighteen grant applications for the 2014/15 programme, totalling £50,000. Each of the successful applications would be subject to monitoring of take up and impact of the project, in line with the Foreshore Trust's equalities policy.

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

Councillor Cartwright moved approval of the recommendations to the report which was seconded by Councillor Forward.

**RESOLVED (unanimously) that the Grant Advisory Panel's recommendations to award small grants to the organisations shown in Appendix A of the Chair's report be approved.**

The reason for this decision was:

The Grants Advisory Panel (GAP) carefully reviewed all 41 applications received for grant support and has made its recommendations following a thorough assessment involving all members of the panel. The decision on grant funding rests with the

## CHARITY COMMITTEE

29 SEPTEMBER 2014

Charity Committee. The panel's recommendations can be funded from the allocated budget.

### 11. FORESHORE TRUST - FINANCIAL REPORT

The Head of Finance presented a report to advise Members of the financial position of the Trust for current financial year.

In March 2014, the Trust had agreed its budget for 2014/15, with an estimated surplus of £250,000. Due to an increased rental income, the surplus was now projected to be £258,000.

The report also gave an overview of changes to the Foreshore Trust's business plan. The Charity Committee had recently approved a scheme for the redevelopment of White Rock Baths, and the business plan had been amended to reflect this decision. Further revisions may be necessary in the future, depending on the final external funding package for the project.

Although the programmed spend would continue to reduce the cash balances held by the Trusts, reserves would continue to be maintained above the minimum level identified in the reserves policy.

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 the current financial position for 2014/15 be agreed.**

The reasons for this decision was:

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

A surplus 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.

### 12. ANNUAL REPORT AND FINAL ACCOUNTS 2013/14

The Head of Finance presented a report for the committee to consider the 2013/14 annual report and financial accounts.

A surplus of £174,000 had been achieved in 2013/14, which was in line with projections. The report identified key areas of income and expenditure for the Trust over the previous financial year. The main programme reserve was £627,015.

The council had received an unqualified opinion on the accounts from its external auditors. The Charity Committee, on behalf of the council as Trustee, was required to approve the annual report and financial accounts by 30 September 2014.

## CHARITY COMMITTEE

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

**RESOLVED (unanimously) that the annual report and financial accounts for 2013/14 be approved.**

The reason for this decision was:

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

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

### **13. FORMER LADIES TOILETS UNDER PROMENADE AT VERULAM PLACE**

The Head of Finance presented a report on a proposed new lease for the former ladies toilets at Verulam Place to Hastings Pier Charity (HPC).

HPC intended to implement a seasonal events strategy, to generate income for the development of the pier, including the pavilion restaurant and the new visitor centre, and to fund the ongoing maintenance of the structure. The toilets, which had been closed to the public since 2002, were well located for use by HPC to support this activity, including providing storage and facilities for events staff. HPC had already secured a lease of the former gentlemen's toilets nearby.

The report proposed leasing the former ladies toilets to HPC on coterminous terms to the former gentlemen's toilets.

The Coastal Users Group had supported the proposal at their meeting on 9 September 2014.

Councillor Hodges proposed an amendment to the recommendation of the report, as set out in the resolution below, which was seconded by Councillor Cartwright.

**RESOLVED (unanimously) that the Charity Committee delegate authority to the Chair, in consultation with the Deputy Leader of the Council and Regeneration Portfolio Holder and the Head of Finance to agree a lease of the former ladies toilets to Hastings Pier Charity (HPC)**

The reason for this decision was:

The terms of the proposed lease are considered to be less than the best price obtainable in compliance with the exceptions under the Charities Act 2011.

### **14. MINUTES OF THE MEETING OF COASTAL USERS GROUP HELD ON 9 SEPTEMBER 2014**

The minutes of the Coastal users Group meeting held on 9 September 2014 were submitted.

**CHARITY COMMITTEE**

**29 SEPTEMBER 2014**

**RESOLVED that the minutes of the meeting of the Coastal Users Group held 9 September 2014 be received and noted.**

(The Chair declared the meeting closed at. 6.35 pm)

## CHARITY COMMITTEE

29 SEPTEMBER 2014

Present: Councillors Hodges (Chair), Forward, and Cartwright (as the duly appointed substitute for Councillor Westley). Also in attendance, Mr Chris May, the Protector.

Apologies for absence were noted for Councillor Westley.

### **15. TRUSTEE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR 2013/14**

The Head of Finance presented the 2013/14 annual report and financial accounts. The report set out key areas of income and expenditure for the Trust over the previous financial year.

A surplus of £174,000 had been achieved in 2013/14, which was in line with projections and the main programme reserve was £627,015. The Charity Committee had reviewed the Trust's reserves policy at its meeting on 30 June 2014, and would continue to consider the reserves policy on a regular basis.

The council had received an unqualified opinion on the accounts from its external auditors. The Charity Committee, on behalf of the council as Trustee, had approved the annual report and financial accounts, in line with the deadline of 30 September 2014.

The Chair of the Grant Advisory Panel (GAP) advised the committee that the panel would hold their annual meeting in November, a report on the activities of the GAP over 2013/14 would then be submitted to the Charity Committee at its meeting in December.

### **16. PUBLIC QUESTION TIME**

A notice had been placed in the local newspaper inviting written questions, however none had been received. The Chair invited questions from the public gallery on matters relating to the Trust.

Mr D Edwards asked whether the resurfacing of Rock-a-Nore car park, which had been included in the Trust's business plan, would be going ahead.

The Chair replied that the works to resurface the car park at Rock-a-Nore had been deferred to make funds available for other projects, including the redevelopment of the White Rock Baths. Works were carried out each year to maintain the car park surface; this had included removing shingle washed up from the beach by storms earlier in the year. The Chair noted that resurfacing the car park was unlikely to deliver any additional income for the Trust. The resurfacing works were originally planned to ensure the number of parking spaces was maximised, however, a coach stacker had since been employed to ensure space in the car park was fully utilised at busy times of the year.

## **CHARITY COMMITTEE**

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Mr Edwards acknowledged that the funds had been reallocated to support other projects, he encouraged the Charity Committee to reconsider resurfacing the car park if funds were available in the future.

Mr Edwards asked whether chairs and drinking water could be made more easily available for meetings at the Stade Hall, and whether a recently installed barrier at the beach near Carlisle Parade could be redesigned to prevent it becoming a potential trip hazard.

The Chair replied that following a letter he had received from Mr Edwards, regarding the barrier on the beach near Carlisle Parade, he had contacted the Head of Amenities, Resorts and Leisure and asked for it to be redesigned. The Director of Environmental Services agreed to investigate Mr Edwards' comments regarding the provision of chairs and drinking water at the Stade Hall.

Mr Edwards thanked the Facilities Development Officer for his assistance with administering bookings for the Stade Hall.

(The Chair declared the meeting closed at. 7.20 pm)