

# CABINET

10 FEBRUARY 2020

Present: Councillors Chowney (Chair), Forward (Vice-Chair), Batsford, Evans, Fitzgerald, Rogers, Beaney, Lee and Patmore

## 237. APOLOGIES FOR ABSENCE

None received.

## 238. DECLARATION OF INTERESTS

| <u>Councillor</u> | <u>Minute No.</u> | <u>Interest</u>  |
|-------------------|-------------------|--|
| Rogers            | 242               | Personal – Trustee of St Mary in The Castle                                    |
| Forward           | 242               | Prejudicial – Owns a property very close to one of the developments discussed. |

## 239. MINUTES OF LAST MEETING

**RESOLVED** – that the minutes of the meeting held on 3rd February 2020 be approved as a true record.

## 240. DRAFT CORPORATE PLAN 2020/21

The Director of Corporate Services and Governance presented a report to inform Cabinet of the draft corporate plan 2020/24, together with feedback from the public consultation on the draft budget and corporate plan.

This Corporate Plan is structured slightly differently to other years. The deadline for the consultation was Friday 7<sup>th</sup> February, so the comments which have been received since the publication of the agenda have been included as a supplementary. The objective of having this corporate plan as a living document which is accessible online, and that people will be able to keep up with is an exciting prospect. The Director of Corporate Services and Governance also wanted to thank the specific officers who have worked hard on the creation and presentation of the new draft corporate plan. There has been a significant improvement since the year before.

Councillor Forward wanted to formally thank anyone who responded to the consultation, as well as the officers who worked on the corporate plan. She continued that everyone can see that the Council's vision is clearly stated. The plan aims to be a high-level document, which can be used to delve into the finer details if you wish to see them. Everyone will be able to hold the council to account. Councillor Forward also wanted to thank the Overview and Scrutiny Committee for their enthusiasm to get involved with the corporate plan, and is looking forward to working more closely with them in the future.

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Councillors asked whether any changes had been made as a result of the consultation.

The Director of Corporate Services responded saying some minor changes had been made. However, this document is high level and more of the changes are likely to be seen in the details which will come later on. The most significant changes have been made to the budget, rather than the corporate plan.

Councillor Forward proposed approval of the recommendations and this was seconded by Councillor Rogers.

**RESOLVED** - (Unanimously)

**1. That the Cabinet recommends to the Full Council, that the content of the attached documents form the basis of the council's corporate plan 2020/24, subject to the proviso that any significant amendment made to the council's draft budget be reflected in the final corporate plan text.**

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

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

### Reasons for Recommendations

The council needs to approve the corporate plan as its statement of Hastings Borough Council's strategic direction, mindful of the views received as part of the public consultation process on the draft corporate plan and associated budget.

### **241. REVENUE BUDGET 2019/20 REVISED AND 2020/21, PLUS CAPITAL PROGRAMME 2020/21 - 2022/23**

The Assistant Director Financial Services and Revenues (Chief Finance Officer) presented a report that advises the cabinet of the revised revenue budget for 2019/20 and a budget for 2020/21. The revised budget for 2019/20 takes account of the known variations to expenditure and income streams that have occurred since setting the budget in February 2019.

The Chief Finance Officer explained that the Council is unfortunately in the position where it needs to find significant savings. The Council has managed to identify savings of some £1.8 million for 2020/21 – increasing to £2.4m by 2022/23.. One of the major issues the council faces is the increasing spend on temporary accommodation in the borough. There are other significant costs that could still impact on 2020/21 which have yet to be confirmed e.g. local government pay settlement.

There have been one or two changes made since the original draft budget went out for consultation. These revisions have been included in Appendix K of the report. One of

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the significant changes to note is the number of staff reductions decreasing to 25.7 FTE. –

Two proposals to alter the savings proposed in Appendix K were discussed and agreed:

A proposal had been received from Hastings Voluntary Action (HVA) regarding the proposed cut of the £20k grant for hate crime coordination. HVA proposed that they could part fund the work by £10k, if the council could match the remaining £10k. Councillors were supportive of this proposal, with the £10,000 contribution being funded from the Government Grant Reserve (EU Exit funding). With respect to the saving identified from the ceasing of the monitoring of the CCTV cameras locally, it was agreed to reduce the proposed savings by £30k to enable HBC to contribute to the maintenance costs of cameras thereby ensuring the police can continue to remotely monitor the cameras. If this budget is agreed then Council Tax will increase 1.99%.

Work is continuing to identify efficiencies as significant savings will continue to be required. The Government's Fair Funding Review for next year is the big unknown; there will be winners and losers and the Council needs to be prepared for this.

The Leader asked officers to expand on the changes in the budget regarding CCTV. Officers explained that the savings figure would reduce from £150,000 to £120,000 p.a.

The Leader also thanked the officers for their hard work in producing a difficult budget report.

Councillors asked whether the Council had formally responded to the provisional local government settlement.

The Leader stated that the council had not.

The Chief Finance Officer explained that he had met with the Ministry of Housing, Communities and Local Government (MHCLG) before Christmas, that due to the elections there would be little opportunity to amend the settlement and the council was happy with the response sent by the LGA on behalf of all local authorities. No significant amendments were contained within the final settlement.

Councillors wanted to thank the Union representatives that were present at the meeting. Councillors also wanted to acknowledge how significant the budget cuts are and the way they will influence people's lives – from the staff in the posts being deleted to the people of the borough who will be impacted by the changes to services.

Councillors also recognised concerns about the temporary housing cost increases and how this is impacting the council.

The Assistant Director Financial Services and Revenues (Chief Finance Officer) added the following to the list of recommendations:

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- *'In light of consultation responses, the following amendments to the budget have been made:*
  - *£10,000 grant to the Hastings Voluntary Association in respect of Community Cohesion (Hate crime monitoring).*
  - *An additional £30,000 will be retained in CCTV to ensure continued operation by the police.'*

Councillor Chowney proposed the approval of the amended recommendations. This was seconded by Councillor Batsford.

**RESOLVED** - (7 For, 2 Against)

**Cabinet recommends that full Council:-**

- 1. Approve the revised revenue budget for 2019/20 (Appendix A).**
- 2. Approve the draft 2020/21 revenue budget (Appendix A)**
- 3. Approve a 1.99% increase in the Borough Council's part of the Council Tax.**
- 4. Agree that the absolute minimum level of reserves that shall be retained be £6m (plus General Fund Balance).**
- 5. Approve the Capital Programme 2019/20 (revised) to 2022/23 (Appendix P).**
- 6. Approve the proposed expenditure from the Renewal and Repairs Reserve, and Information Technology Reserve (Appendices J and I respectively) and those items from other reserves shown in Appendix H that can proceed without further reference to Cabinet or Council.**
- 7. Approve that the use of the monies in the budget and Reserves for "Invest to Save" schemes be determined by the Chief Finance Officer in consultation with the Leader of the Council.**
- 8. Approve the transfer of £500,000 from the General Reserve to the Redundancy Reserve to meet future costs.**
- 9. Agree that authority be granted to enter into a Funding agreement/ Memorandum of Understanding with the government (BEIS) on Minimum Energy Efficiency enforcement subject to no adverse grant terms, and that the necessary authority is granted for expenditure up to the level of funding received (£48,600 for 2019/20).**
- 10. Approve the revised Land and Property Disposal Programme (Appendix L), and agree that disposals can be brought forward if market conditions make it sensible to do so.**

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11. Agree that where a Capital scheme involves a net increase in overall costs to the Council, or where any guarantee is to be provided which does, or could, incur costs for the Council, such decisions are now made by full Council.
12. Agree that, with immediate effect no Council properties or land be disposed of, either by sale or long leasehold, at less than market value without further express approval by Full Council.
13. Agree that schemes marked with an asterisk in the Capital Programme can proceed without further reference to Cabinet or Council.
14. Agree that work on Priority Income and Efficiency Reviews (PIER) through the Strategic Oversight and Planning Board should continue, and where possible identify a sustainable budget for a period in excess of one year. A mid-year review, for members and officers, to be undertaken in the light of the continuing severe government grant reductions.
15. Approve the detailed recommendations in Appendix M, which relate to the setting of Council Tax in accordance with Sections 31 to 36 of the Local Government Act 1992 (to be updated for full Council).
16. Approve that the budget be amended as necessary to reflect the final grant figures including Disabled Facility Grants - once received.
17. Approve that the determination of eligibility and award in respect of the Business Rate Retail Relief Scheme is delegated to the Chief Finance Officer for the next financial year and any extension period thereafter.
18. Full Council adopt the existing Council Tax Support scheme subject to amendments to allowances in line with national changes. Determination of the allowances to be delegated to the Chief Finance Officer in line with prior year practice.
19. Agree the following amendments which have been made in light of the consultation responses:
  - £10,000 grant to the Hastings Voluntary Association in respect of Community Cohesion (hate crime monitoring).
  - An additional £30,000 will be retained in the CCTV budget to fund ongoing maintenance costs.

### Reasons for Recommendations

1. The Council must by law set a balanced budget. It will have used most of its Transition Reserves to fund 2019/20 expenditure and hence must identify significant savings for 2020/21 in order to achieve a balanced budget. The redundancy provision and Redundancy Reserve will be fully exhausted.

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2. Despite identifying PIER savings of £1,784,000 (£1,420,000 during this year's PIER process) these are insufficient to balance the budget in 2020/21 without the use of General and other reserves. Further service cuts need to be made throughout the year to achieve an ongoing sustainable budget and further redundancy costs can be expected.
3. Under resourcing looks set to continue in 2020/21 and beyond and this impacts heavily upon the Council's ability to provide services or grants across all areas of existing activity in future years. A major overhaul of the funding mechanism along with the Government's Spending Review, postponed until 2020/21 continues to provide considerable uncertainty on funding for 2021/22 and beyond.
4. The Council needs to be in a position to match its available resources to its priorities across the medium term and to maintain sufficient reserves and capacity to deal with potentially large and unexpected events in addition to fluctuations in income and expenditure levels. In the light of increased in-year spend on temporary accommodation (estimated at some £380,000 above budget) this requires a much greater degree of service cuts elsewhere and spend within housing areas must be reprioritised.
5. The Council is now exposed to a much greater degree of volatility in terms of its income from Non Domestic Rates and expenditure in terms of Council Tax Support claims – the cost falling directly on the Council and the preceptors. The potential downside risks of Brexit and the increased reliance on income streams provide greater volatility to the Council's funding.
6. The Council has had enormous budget cuts every year since 2010, but work will need to continue to identify and make savings in order to continue to produce balanced budgets for future years – with consequential impacts on service provision.
7. The Council values consultation responses and will incorporate where possible.

### **242. TREASURY MANAGEMENT, ANNUAL INVESTMENT STRATEGY AND CAPITAL STRATEGY 2020/21**

Councillor Forward left the room for the discussion and vote of this item due to a prejudicial interest.

The Assistant Director Financial Services and Revenues (Chief Finance Officer) presented a report for Cabinet to consider the draft Treasury Management Strategy, Annual Investment Strategy, Minimum Revenue Provision (MRP) Policy and Capital Strategy and make recommendations to full Council as appropriate. This is to ensure

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that there is an effective framework for the management of the Council's investments, cash flows and borrowing activities prior to the start of the new financial year. This report also provides an update on performance to 31 December 2019.

The Council has some £64.55 million of debt (as at 1 January 2020), and investments which can fluctuate between £15m and £30m in the year. The level of debt is set to increase to some £104m by 2021/22 with a consequently increase in risks.

The Chief Finance Officer stated there would be an amendment in the capital strategy as a result of the last agenda item. This would be a minor change to the use of reserves as a result of the change in funding for community cohesion (hate crime monitoring).

The Chief Finance Officer explained that this report is all about the management of the Council's cash and resources. This report doesn't include every project in the pipeline, e.g. the Bohemia development and the Lower Tier Site development. There would have to be a separate discussion if there is a decision made to borrow money ourselves for these purposes. If the borrowing levels proposed in this document are not agreed, then the Capital programme as proposed cannot proceed. The level of borrowing set out in the report is affordable. The debt and investment strategies are both reasonable and prudent.

The Leader stated that the capital programme is bigger than it used to be and there is a limited revenue budget. The Leader hopes that the deficit will be further addressed by some commercial property purchases. We have an extra burden this year regarding essential repairs, such as the West Hill Cliff Railway and Buckshole Reservoir. The debt here compared to other councils remains at a relatively affordable level.

Councillors wanted to thank officers for their hard work in creating the strategy and also explaining the strategy to councillors. They acknowledged the Chief Finance Officer's comments about this strategy being affordable and prudent given the level of reserves and the diversified portfolio of properties that the Council owns.

The Assistant Director Financial Services and Revenues added a further recommendation to the report as;

*'Due to the previous amendments to Agenda Item 'Revenue Budget 2019/20 Revised and 2020/21, plus Capital Programme 2020/21 – 2022/23', there will be minor changes to the use of reserves.'*

Chowney proposed the approval of the recommendations of the report. This was seconded by Councillor Fitzgerald.

**RESOLVED** - (6 For, 2 Against)

**Cabinet recommend to full Council that -**

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- 1. The Council approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy, Annual Investment Strategy, and the Capital Strategy.**
- 2. The strategies listed are updated as necessary during 2020/21 in the light changing and emerging risks and the Council's evolving future expenditure plans.**
- 3. The Financial rules and the Financial Operating Procedures of the Council are reviewed and revised as necessary to meet the requirements of the Code of Practice.**
- 4. The Cabinet and full Council note that there is likely to be the use of Money Market Funds in 2020/21 – as already allowed for in the investment strategy.**
- 5. Due to the previous amendments to Agenda Item 'Revenue Budget 2019/20 Revised and 2020/21, plus Capital Programme 2020/21 – 2022/23', there will be minor changes to the use of reserves.**

### Reasons for Recommendations

1. The Council seeks to minimise the costs of borrowing and maximise investment income whilst ensuring the security of its investments. The Council continues to make substantial investments in commercial property, housing and energy generation initiatives, and this will continue to involve the Council in taking on additional borrowing.
2. The sums involved are significant and the assumptions made play an important part in determining the annual budget. The CIPFA Treasury Management Code of Practice (2017 Edition), adopted by the Council last year, was released to take account of the more commercialised approach being adopted by councils and the enhanced levels of transparency required. The Code represents best practice and helps ensure compliance with statutory requirements.
3. The Council has the ability to diversify its investments and must consider carefully the level of risk against reward against a background of historically relatively low interest rates. Investments can help to close the gap in the budget in the years ahead and thus help to preserve services, assist in the regeneration of the town, provide additional housing and enhance the long term sustainability of the town. However over reliance on such income streams would involve taking unnecessary risks with the future of the Council and its ability to deliver statutory services.
4. The Council has the option of using Money Market funds within its Investment Policy already. These are on occasion providing higher rates of return than some straight deposit accounts and as such the use of these funds is likely to occur in the near future.

(The Chair declared the meeting closed at. 6.44 pm)