

Public Document Pack CABINET

7 FEBRUARY 2022

Present: Councillors Forward (Chair), Barnett (Vice-Chair), Batsford, Chowney, Evans, Rogers and Webb.

413. APOLOGIES FOR ABSENCE

None received.

414. DECLARATION OF INTERESTS

None received.

415. MINUTES OF LAST MEETING

Minutes of the last meeting not yet circulated.

416. BUDGET AND CORPORATE PLAN CONSULTATION RESPONSE AND DRAFT CORPORATE PLAN UPDATE 2022/23

The Continuous Improvement and Democratic Services Manager presented the draft annual update to the Council's Corporate Plan 2020-24. The annual update reflects the changes in the context within which the Council is now working and summarises some of the key activities the Council will undertake in 2022/23.

The report also contains the consultation feedback summary and responses from the exercise to seek local people's views on the draft Corporate Plan annual update and draft budget.

The Leader of the Council thanked the Continuous Improvement and Democratic Services Manager for his work and all those who responded to the consultation.

Councillor Barnett noted that during their meeting with the Council leadership the Hastings Community Network were concerned that the Council hadn't articulated its commitment to working with the local voluntary sector well enough. Councillor Barnett highlighted that the 2021-22 update set out the Council's commitment to recover from the pandemic by 'Supporting close working with the Voluntary and Community Sector to ensure the breadth of our citizens needs underpin joint recovery efforts.'

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

Under the emergency powers set out in Rule 26.22 of the Council's Constitution the Managing Director is authorised to implement the following decision in consultation with Councillors Forward, Barnett, Batsford, Chowney, Evans, Rogers & Webb.

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RESOLVED (unanimously):

Cabinet recommends to Full Council:

- 1. To note and approve the draft annual update to the corporate plan 2020-24.**
- 2. That delegated authority be given to the Managing Director, after consultation with the Leader of the Council to make further revisions as is considered necessary.**
- 3. That all those who submitted views as part of the consultation process be thanked for their contributions.**

Reasons:

The council needs to approve the annual update to the corporate plan as its statement of strategic direction for the period 2020 - 2024, mindful of the views received as part of the public consultation.

417. TREASURY MANAGEMENT, ANNUAL INVESTMENT STRATEGY AND CAPITAL STRATEGY 2022/23

Peter Grace, the Chief Finance Officer, presented a report 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 that there is an effective framework for the management of the Council's investments, cash flows and borrowing activities prior to the start of the new financial year.

The Council is expected to have some £66.06 million of external debt (as at 31 March 2022), and investments which can fluctuate between £15m and £30m in the year. The level of debt is set to increase to £90m by 2023/24.

The Chief Finance Officer noted that the impact of further interest rate increases on the Council's strategies would require careful scrutiny. In order to avoid borrowing costs schemes will be financed by capital receipts where the Council is able to do so.

Councillor Chowney proposed approval of the recommendations, seconded by Councillor Batsford.

Under the emergency powers set out in Rule 26.22 of the Council's Constitution the Managing Director is authorised to implement the following decision in consultation with Councillors Forward, Barnett, Batsford, Chowney, Evans, Rogers & Webb.

RESOLVED (unanimously):

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Cabinet recommends to Full Council that:

A. The Council approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy, Annual investment Strategy and the Capital Strategy.

B. The strategies listed are updated as necessary during 2022/23 in the light of changing and emerging risks and the Council's evolving future expenditure plans.

C. 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.

Reasons:

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 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), previously adopted by the Council, was released to take account of the more commercialised approach being adopted by councils and the enhanced levels of transparency required. The Code has represented best practice and helps ensure compliance with statutory requirements.

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 very 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.

418. REVENUE BUDGET 2021/22 REVISED AND 2022/23, PLUS CAPITAL PROGRAMME 2022/23-2024/2025

Peter Grace, the Chief Finance Officer, presented a report to advise Cabinet of the revised revenue budget for 2021/22 and a budget for 2022/23. The revised budget for 2021/22 takes account of the known variations to expenditure and income streams that have occurred since setting the budget in February 2021.

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The report identifies that a balanced budget in 2022/23 can only be achieved by using £2.172 million of reserves, and that further savings will be required given the increases in homelessness costs in particular.

The forecasts for future years show increasing deficits e.g. 2023/24 is £2.654m, in 2024/25 it is estimated at £2.674m, and in 2025/26 it is estimated at £2.665m. The level of grant funding, Council Tax increases and income from fees and charges is insufficient to meet the annual increases in costs such as inflation and pay increases.

The Chief Finance Officer informed the Cabinet that the Council needs to make a strong case over the next year for more funding to come to deprived coastal authorities. The Council has received a new Services Grant and New Homes Bonus from the government. However, costs are increasing, not least homelessness costs which are expected to increase by over £700,000 in the next financial year. Additional one-off costs incurred by the Council include the Buckshole Reservoir repairs and the Battle Road arches.

The Chief Finance Officer provided further updates to the budget. Non-domestic rate figures have now been more accurately assessed and the deficit for 2021/22 is likely to come to down by £344,000. However, in 2022/23 there is likely to be an increase in the deficit of £74,000. The budget report will be updated with these corrections once the final settlement has been received from the government.

The Council is also awaiting precept figures from Sussex Police, East Sussex County Council and East Sussex Fire Authority, which will finalise Appendix M.

The Chief Finance Officer thanked the finance team for their work on the budget.

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

Under the emergency powers set out in Rule 26.22 of the Council's Constitution the Managing Director is authorised to implement the following decision in consultation with Councillors Forward, Barnett, Batsford, Chowney, Evans, Rogers & Webb.

RESOLVED (unanimously):

Cabinet recommends that Full Council:-

- (i) Approve the revised revenue budget for 2021/22 (Appendix A).
- (ii) Approve the draft 2022/23 revenue budget (Appendix A)
- (iii) Approve a 1.99% increase in the Borough Council's part of the Council Tax.
- (iv) Agree that the absolute minimum level of reserves that shall be retained is £6m

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(plus General Fund Balance) and that if reserves look to fall below this level urgent action be taken to limit this and restore the reserves as soon as possible to recommended levels; and that Full Council be advised of the actions being taken.

(v) Approve the Capital Programme 2021/22 (revised) to 2024/25 (Appendix P).

(vi) 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.

(vii) Approve that the use of the limited monies in the budget and Reserves for "Invest to Save" schemes be determined by the Chief Finance Officer in consultation with the lead member for Finance

(viii) Agree again that the Council does not seek to undertake any capital project/scheme purely for yield that would prevent the Council from borrowing either commercially or from the PWLB to fund its Capital programme.

(ix) 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.

(x) Agree that where a Capital scheme involves a net increase in overall revenue costs to the Council, or where any guarantee is to be provided which does, or could, incur costs for the Council, such decisions continue to be made by full Council.

(xi) Agree that, no Council properties or land be disposed of, either by sale or lease, at less than market value without further express approval by Full Council - except where the lease is no longer than 5 years and the difference is less than £5,000 p.a. in which case Cabinet will have the authority to determine.

(xii) Agree that schemes marked with an asterisk in the Capital Programme can proceed without further reference to Cabinet or Council.

(xiii) 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 financial pressures.

(xiv) 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

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1992 (Appendix M – to be provided/updated for full Council).

(xv) Approve that the budget be amended as necessary to reflect the final grant figures including Disabled Facility Grants - once received.

(xvi) 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.

(xvii) It is recommended that the Council reviews the affordability of the Council Tax Support Scheme during the early part of 2022/23 in order for a consultation exercise to be undertaken.

(xviii) A task force be set up urgently to help identify and make recommendations to Council on alternative options to control, and reduce, spiralling Temporary Accommodation costs.

Reasons:

1. The Council is under severe financial pressure. It is facing increased costs, particularly from inflation and homelessness, it has large Capital projects in the pipeline and must by law set a balanced budget. It has had to use large elements of its reserves to fund the cost pressures and to balance the budgets in each of the last few years and will need to do so again in 2022/23.

2. A major overhaul of the funding mechanism for local authorities has again been postponed and when combined with a Spending Review that continues to underfund disadvantaged councils will leave the Council with little option but to cut services to the barest minimum. The Council is able to increase Council Tax by a maximum of 1.99% without a referendum against a background of inflation currently running at above 5%.

3. Despite identifying Priority Income and Expenditure Review (PIER) savings of £1.36m for 2022/23 these are insufficient to balance the budget without the further use of Reserves. Once again further significant savings need to be found during 2022/23 in order to reduce the call on the Reserves, achieve a balanced budget in future years, and to try and ensure that reserve levels can be maintained at above the minimum recommended level.

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 – as highlighted by the Covid-19 crisis and one off expenditure items such as dangerous structures, cliffs and reservoir works. The increased in-year spend on temporary housing accommodation necessitates a much greater degree of

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service reductions elsewhere in the Council.

5. The Council remains exposed to a much greater degree of volatility in terms of its income from Non Domestic Rates and expenditure in terms of Council Tax Support claims – the cost falling directly on the Council and the preceptors.

6. The government provided additional funding for Covid-19 in 2020/21 and 2021/22, which has significantly helped the financial position. However even with this additional assistance the Council's costs have exceeded the income it receives and overall there is less government funding for the Council in 2022/23.

(The Chair declared the meeting closed at 6.31pm)

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Minute Annex

Managing Director Decision Notice



In accordance with Rule 26.22 of the Constitution the Managing Director (having carried out a prior risk assessment) made the decision, in consultation with members of the Cabinet, to hold the Cabinet meeting on 7th February 2022 virtually.

The following decisions were made in accordance with emergency powers granted to the Managing Director to implement the decisions made at that Cabinet meeting in consultation with Councillors Forward, Barnett, Batsford, Chowney, Evans, Rogers and Webb

The reasons for the decisions are set out in the Cabinet minutes for that date.

Item 5

Report: Budget and Corporate Plan consultation response and draft Corporate Plan update 2022/23

Report Author: Jane Hartnell, Managing Director

Decision Type: Cabinet recommendation to Full Council

Decision:

1. That Cabinet recommends to Full Council, to note and approve the draft annual update to the corporate plan 2020-24.
2. That delegated authority be given to the Managing Director, after consultation with the Leader of the Council to make further revisions as is considered necessary.
3. That all those who submitted views as part of the consultation process be thanked for their contributions.

The Councillors present voted unanimously in favour to approve the recommendations in the report.



Item 6

Report: Treasury Management, Annual Investment Strategy and Capital Strategy 2022/23

Report Author: Peter Grace, Chief Finance Officer

Decision Type: Cabinet recommendation to Full Council

Decision:

Cabinet recommend to Full Council that:

A. The Council approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy, Annual investment Strategy and the Capital Strategy.

B. The strategies listed are updated as necessary during 2022/23 in the light changing and emerging risks and the Council's evolving future expenditure plans.

C. 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.

The Councillors present voted unanimously in favour to approve the recommendations in the report.

Item 7

Report: Revenue Budget 2021/22 Revised and 2022/23, plus Capital Programme 2022/23-2024/2025

Report Author: Peter Grace, Chief Finance Officer

Decision Type: Cabinet recommendation to Full Council

Decision:

Cabinet recommends that Full Council:-

(i) Approve the revised revenue budget for 2021/22 (Appendix A).

(ii) Approve the draft 2022/23 revenue budget (Appendix A)

(iii) Approve a 1.99% increase in the Borough Council's part of the Council Tax.

(iv) Agree that the absolute minimum level of reserves that shall be retained is £6m (plus General Fund Balance) and that if reserves look to fall below this level urgent action be taken to limit this and restore the reserves as soon as possible to recommended levels; and that Full Council be advised of the actions being taken.

(v) Approve the Capital Programme 2021/22 (revised) to 2024/25 (Appendix P).

(vi) 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.

(vii) Approve that the use of the limited monies in the budget and Reserves for "Invest to Save" schemes be determined by the Chief Finance Officer in consultation with the lead member for Finance

(viii) Agree again that the Council does not seek to undertake any capital project/scheme purely for yield that would prevent the Council from borrowing either commercially or from the PWLB to fund its Capital programme.

(ix) 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.

(x) Agree that where a Capital scheme involves a net increase in overall revenue costs to the Council, or where any guarantee is to be provided which does, or could, incur costs for the Council, such decisions continue to be made by full Council.

(xi) Agree that, no Council properties or land be disposed of, either by sale or lease, at less than market value without further express approval by Full Council - except where the lease is no longer than 5 years and the difference is less than £5,000 p.a. in which case Cabinet will have the authority to determine.

(xii) Agree that schemes marked with an asterisk in the Capital Programme can proceed without further reference to Cabinet or Council.

(xiii) 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 financial pressures.

(xiv) 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 (Appendix M – to be provided/updated for full Council).

(xv) Approve that the budget be amended as necessary to reflect the final grant figures including Disabled Facility Grants - once received.

(xvi) 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.

(xvii) It is recommended that the Council reviews the affordability of the Council Tax Support Scheme during the early part of 2022/23 in order for a consultation exercise to be undertaken.

(xviii) A task force be set up urgently to help identify and make recommendations to Council on alternative options to control, and reduce, spiralling Temporary Accommodation costs.

The Councillors present voted unanimously in favour to approve the recommendations in the report.

Signed



Jane Hartnell
Managing Director
Hastings Borough Council