



# Council Meeting

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**Thursday, 6th  
January, 2022**

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## HASTINGS BOROUGH COUNCIL

Dear Councillor

You are hereby summoned to attend a meeting of the Hastings Borough Council to be held at the Council Chamber, Muriel Matters House, Breeds Place, Hastings, East Sussex, TN34 3UY, on Thursday, 6th January, 2022 at 6.00 pm at which meeting the business specified below is proposed to be transacted.

Yours sincerely,

Chief Legal Officer

Muriel Matters House  
Breeds Place  
Hastings

24 December 2021

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### **AGENDA**

1. Apologies for Absence
2. To approve as a correct record the minutes of the last meeting
3. Declarations of Interest
4. Announcements from the Mayor and Leader
5. Membership of Committees  
To give effect to any request received from a political group for a change in their representation on committee(s).
6. Supplementary questions (if any) from members of the public under Rule 11
7. Reports of Committees
  - a) To resolve that the public be excluded from the meeting during

the discussion of any items considered while the public were excluded by the relevant committee because it is likely that if members of the public were present there would be disclosure to them of exempt information as defined in the respective paragraphs of Schedule 12A to the Local Government Act 1972 referred to in the minutes of the relevant committee.

- b) To receive and consider the recommendations and any decisions of the following committees.

<b>Minute No.</b>	<b>Subject</b>	<b>Cabinet Member / Chair</b>
<b>CABINET – 1 NOVEMBER 2021</b>		
375.	Hastings Town Deal Programme Update	Barnett
376.	Additional Restrictions Grant (ARG) Update	Chowney
377.	Agreeing the way forward for the future of the Grounds Maintenance Service	Evans
378.	Solar for Business	Evans
379	Contain Outbreak Management Fund – Remaining Allocation Proposals	Forward
380	500 Affordable Homes Programme	Batsford
381	Commission of Housing Stock Condition Survey and Report	Batsford
<b>CABINET – 11 NOVEMBER 2021 (MANAGING DIRECTOR DECISION)</b>		
383.	Household Support Fund	Chowney
<b>AUDIT COMMITTEE – 18 NOVEMBER 2021</b>		
131. (C)	External Auditor Appointment	Rankin
<b>CABINET – 19 NOVEMBER 2021</b>		
386.	Medium Term Financial Strategy 2022/23 – 2025/26	Chowney

Notes:

1. The Mayor will call over the minutes and members will rise and

indicate those items which they wish to have discussed.

2. No discussion shall take place at this stage upon part II minutes covered by the resolution 7a) above. Any such discussion shall be deferred to item 8 on the agenda.

8. To consider the recommendations and decisions of committees (if any) which the Council has resolved should be discussed after the exclusion of the public from the meeting.

9. Motion (Rule 14)

Councillor Patmore to propose:

This Council mourns the loss of Sir David Amess MP, who was killed performing his constituency duties on 15 October 2021.

This Council recalls the tragic loss of Jo Cox MP in 2016 and the attack on Stephen Timms MP in 2010. The death of Sir David Amess represents the third such attack on a British parliamentarian in a little over a decade.

This Council restates the power of democratic politics to make a positive difference to people's lives and recognises that politicians of all parties are overwhelmingly dedicated, decent people discharging their democratic duties as best they can.

This Council asks that the Group Leaders collectively to convey our condolences on the loss of Sir David to the Speaker of the House of Commons and write to the Leaders of all political parties in Westminster to support measures that would see politicians at tiers of government kept safe and secure so that they continue working hard on behalf of their constituents.

10. Motion (Rule 14)

Councillor Arthur to propose:

Climate change is threatening hundreds of millions of lives, livelihoods across every continent and is putting thousands of species at risk. The burning of fossil fuels – coal, oil, and gas – is by far the major contributor to climate change and is responsible for almost 80% of carbon dioxide emissions since the industrial revolution. In addition to being the leading source of emissions, there are local pollution, environmental and health costs associated with extracting, refining, transporting and burning fossil fuels.

These costs are often paid by Indigenous peoples of the Global South as well as marginalised communities here in the UK. Hastings is one of the most deprived towns in the country, residents are forced to

spend an ever-increasing proportion of their income meeting the exponentially rising costs of energy. Standards of living and health are directly impacted. It is not sustainable to continue to extract and globally transport fossil fuels when genuinely sustainable methods of production may exist locally to meet demand.

Globally, egregious industry practices have led to human rights violations and a fossil fuel system that has left billions of people across the globe without sufficient energy to lead lives of dignity. Failure to meet the ultimate goal of the 2015 Paris Climate Agreement (to limit global warming to 1.5°C) risks pushing the world towards catastrophic global warming.

Yet, the Paris Agreement has no mention of oil, gas or coal and the much anticipated COP26 deal was disappointingly weak. Meanwhile, the fossil fuel industry continues to plan new projects. Banks continue to fund new projects. Closer to home, despite calls from the Labour-led Hastings Borough Council since 2016, East Sussex Pension Funds continue to invest in fossil fuels.

According to the most recent United Nations Environment Programme report, 120% more coal, oil, and gas will be produced by 2030 than is consistent with limiting warming to 1.5°C. Efforts to meet the Paris Agreement and to reduce demand for fossil fuels will be undermined if supply continues to grow.

The solution is clear: fossil fuels must be kept in the ground. We therefore agree:

1. To endorse the call for a Fossil Fuel Non-Proliferation Treaty (<https://fossilfuel treaty.org>). That is, for world leaders to work together in a spirit of international cooperation to:
  - End new expansion of oil, gas and coal production in line with the best available science as outlined by the Intergovernmental Panel on Climate Change and United Nations Environment Programme;
  - Phase out existing production of oil, gas and coal in a manner that is fair and equitable, taking into account the responsibilities of countries for climate change and their respective dependency on fossil fuels, and capacity to transition;
  - Invest in a transformational plan to ensure 100% access to renewable energy globally, support dependent economies to diversify away from fossil fuels, and enable people and communities across the globe to flourish through a global just transition.
2. To write to Rother District Council, Wealden District Council, Lewes District Council, Eastbourne Borough Council, East Sussex County Council and the East Sussex Pension Fund, communicating this decision to them and urging them to pass similar motions of their own.
3. To continue to call on East Sussex County Council to commit to

divesting the East Sussex Pension Fund from fossil fuels.

11. Motion (Rule 14)

Councillor Batsford to propose:

This Council, on behalf of the residents of Hastings, agrees to declare a housing emergency.

With rents soaring out of control, thousands of families are left buried in debt and under the threat of losing their home. Many remain stuck on the Council housing list, with little or no chance of an affordable secure home. The problem is made worse by a huge increase in the use of section 21 notices to secure 'no fault evictions' of tenants, destroying family homes as landlords take advantage of unprecedented price rises and sell up.

The Hastings Local Housing Allowance (which determines the maximum level of Housing Benefit that can be paid) now is at least 40% below the market value of most rented properties, once again driving families into debt, with rent arrears blocking them from seeking another home when they're evicted. The government has just announced that LHA rates are to be frozen for another year, while the rents tenants have to pay continue to escalate with no controls on the level of rents landlords can charge.

The shortage of genuinely affordable rented homes is causing a long-term problem too. But significant numbers of empty homes and identified housing sites, particularly brownfield sites, remaining undeveloped, 'land banked' by property speculators who prefer to wait for local housing values to increase still further. Councils can do little about this, as they lack the cost-neutral CPO powers to bring empty homes and land-banked land back into use for genuinely affordable, social rented housing.

Like many tourist towns, residential homes in Hastings are also being stripped out of the rental market through the increase in homes being used as holiday lets, and being bought for second homes. We recognise that holiday cottages for short-term lets are an important part of the local tourist economy. However, second homes remain empty for most of the year, and are of little local value, as well as depriving local people of a potential home to live in. Councils need powers to control the proliferation of holiday homes, and to discourage people from using properties as second homes.

All these factors have led to a huge escalation in homelessness, with hundreds of millions of pounds wasted each year across the country providing unsatisfactory temporary accommodation, when it should be spent on building affordable homes and paying realistic levels of housing benefit.

All these factors combine to precipitate a real housing crisis. We are only at the very start of this perfect storm which will condemn current and future generations of Hastings residents to insecure, unaffordable and substandard housing. A safe, secure and affordable home is a basic human right.

In recognition of the above, this Council:

1. calls on the Leader of Hastings Council, and encourages the Conservative opposition leader to join her, to write to the Hastings and Rye MP and the Secretary of State for the Department for Levelling Up, Communities and Housing, Michael Gove, demanding that he:

- abolish section 21 notices;
- reverse the decision to freeze LHA and increase it so it reflects the true level of private sector rents'.
- allows councils to charge up to 300% Council tax on second homes;
- introduces a separate planning use class for holiday let properties, so the council can control the proliferation of holiday homes through the development control process;
- reinstates the fair rent review system to cap housing rents at a realistic level;
- grants councils 'cost neutral' compulsory purchase powers that allow them to deduct costs from compensation paid for the compulsory purchase of long-term empty homes and land-banked land;
- fully funds councils to initiate a social rented house-building programme to finally produce the number of 'council' homes our town desperately needs.

2. Ask the Leader of the Council to write to Marie Lorimer, the UK Public Policy Manager at AirBnb to request a meeting, and seek to introduce a 90-day annual limit.

Note: Nothing contained in this agenda or in the attached reports and minutes of committees constitutes an offer or acceptance of an offer or an undertaking or contract by the Borough Council

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# Agenda Item 2 Public Document Pack

## FULL COUNCIL

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Present: Councillors Bacon (Chair), Cox (Vice-Chair), Arthur, Barnett, Battley, Batsford, K Beaney, S Beaney, Beaver, Bishop, Carr, Chowney, Edwards, Evans, Fernando, Forward, Foster, Hilton, Marlow-Eastwood, Patmore, Roark, Rankin, Rogers, Roberts, Scott, Sinden, Turner, Webb, Williams.

### **203. APOLOGIES FOR ABSENCE**

Apologies for absence received from Councillors Cooke, Pragnell and Hay. Councillor Carr gave apologies for leaving the meeting early.

### **204. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE LAST MEETING**

**RESOLVED** (unanimously) that the minutes of the Full Council meetings held on 14<sup>th</sup> and 22<sup>nd</sup> July 2021 be signed by the Mayor as a correct record of the proceedings.

### **205. DECLARATIONS OF INTEREST**

<b>Councillor</b>	<b>Meeting</b>	<b>Minute</b>	<b>Interest</b>
Hilton	Cabinet, 4 <sup>th</sup> October	370 – Land at Harold Place	Personal – Member of Hastings Garden Town
Roark	Cabinet, 4 <sup>th</sup> October	371 – 2-12 Battle Road – Dangerous Structure	Personal – Lives in the vicinity of the structure
Foster	Full Council, 13 <sup>th</sup> October	212 – Motion	Personal – Member of the Conservative Environment Network and works for an energy provider
Chowney	Full Council, 13 <sup>th</sup> October	212 – Motion	Personal – Owns an electric bike

### **206. ANNOUNCEMENTS FROM THE MAYOR AND LEADER**

The Leader of the Council invited the Managing Director to provide an update on the Covid-19 pandemic in Hastings.

The Managing Director informed the council that the latest wave of infections is high compared to this time last year. The main concern remains the capacity of local hospitals to cope with increased hospitalisations.

Rates of infection in Hastings have declined from the peak in September with the 10–19-year-old age group now most affected. Council colleagues are continuing to

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support the NHS to deliver the adult vaccination programme and it is disappointing that the mobile pop-up vaccinations clinics have recently been inconsistent.

The council has secured a commitment that this will improve and that increased notice of pop-up clinics will be given so that councillors and officers can continue to support the publicity campaign around the vaccination programme in Hastings.

The Town Hall vaccination clinic will open imminently and will operate in addition to the Kings Church vaccination centre, local pop-up clinics and the 3 pharmacy-led clinics in the town. The council is also continuing to lobby for a vaccination hub in St Leonards.

The location for the new local testing site has not been confirmed, however a mobile testing unit remains available at Pelham Place Car Park.

The concern raised by health professionals is of the combined risk of colds, flu and covid this winter. All those eligible for a flu vaccination are urged to get vaccinated as soon as possible and it is understood that pharmacies are able to offer the flu vaccination as an alternative to visiting a GP.

The Mayor acknowledged the climate change protest which took place outside the council building and informed councillors a letter has been received from the protestors which will be shared by email.

The Mayor thanked those who supported events throughout Hastings week.

### **207. APPOINTMENTS TO REPRESENTATIVE BODIES AND PARTNERSHIPS**

Councillor Forward proposed approval of the recommendation seconded by Councillor Batsford.

**RESOLVED (unanimously):**

**To appoint councillors to partnerships and representative bodies as set out in Appendix A.**

Reasons:

Councillors are required to serve on partnerships and representative bodies.

### **208. EXTENSION OF EMERGENCY POWERS**

Councillor Rogers proposed approval of the recommendation seconded by Councillor Barnett.

**RESOLVED (by 17 for, to 9 against with 1 abstention):**

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**Full Council adopts an amendment to Paragraph 26.22 of Part 4 of the Council's Constitution to extend the emergency powers given to the Managing Director with immediate effect for no more than six months.**

Reasons:

During the Covid 19 Pandemic it has been necessary to adapt our procedures to be able to continue the Council's business.

### **209. MEMBERSHIP OF COMMITTEES**

No changes to membership of committees were proposed.

### **210. REPORTS OF COMMITTEES**

Only those items which were reserved were discussed as follows:

<b>Meeting</b>	<b>Minute</b>	<b>Councillor</b>
Audit Committee – 29 <sup>th</sup> July 2021	121 – Audit Committee Report to Full Council	Hilton
Cabinet – 6 <sup>th</sup> September 2021	362 – Annual Treasury Management Outturn Report – 2020-21	Rankin
Cabinet – 6 <sup>th</sup> September 2021	363 - Amendment to Financial Assistance Policy	Roark
Cabinet – 4 <sup>th</sup> October 2021	369 – Annual Climate Change Report	Hilton
Cabinet – 4 <sup>th</sup> October 2021	370 – Land at Harold Place	Patmore
Cabinet – 4 <sup>th</sup> October 2021	371 – 2-12 Battle Road – Dangerous Structure	Foster

Minute 362 of Cabinet on 6<sup>th</sup> September 2021, Annual Treasury Management Outturn Report – 2020-21, was a matter requiring Full Council approval. The recommendations were proposed by Councillor Chowney, seconded by Councillor Battley and agreed unanimously.

Minute 370 of Cabinet on 4<sup>th</sup> October 2021, Land at Harold Place, was a matter requiring Full Council approval. The recommendations were proposed by Councillor Chowney, seconded by Councillor Rogers and agreed by 17 votes for, to 10 against.

Minute 371 of Cabinet on 4<sup>th</sup> October 2021, 2-12 Battle Road – Dangerous Structure, was a matter requiring Full Council approval. The recommendations were proposed by Councillor Forward, seconded by Councillor Sinden and agreed unanimously.

The meeting adjourned at 7.06pm and reconvened at 7.21pm.

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Councillors debated minute 121 of Audit Committee on 29<sup>th</sup> July 2021; minute 363 of Cabinet on 6<sup>th</sup> September 2021; and minute 369 of Cabinet on 4<sup>th</sup> October 2021. These matters did not require approval of Full Council.

When discussion moved to minute 121 Councillor Beaver proposed the meeting go into committee mode, seconded by Councillor Edwards, in order for the Chief Finance Officer to answer questions on the Audit Committee report.

### 211. QUESTIONS (IF ANY) FROM:

#### 211a Members of the Public under Rule 11

Written questions were received from the public and written responses sent to the questioners and published on the council's website.

Mr Collins submitted a supplementary question asking if the council would consider appointing a person to advise those who would like to set up a housing co-operative.

Councillor Batsford responded that there are individuals within the community who have a lot of experience on setting up, and living within, housing co-operatives. Council officers would be happy to signpost members of the public to those individuals for advice.

#### 211b Councillors under Rule 12

Councillor Hilton submitted a written question to Councillor Batsford, a written response was received and published on the council's website.

Questioner	Subject	Reply given by
Councillor Patmore	<p><u>Climate Change</u> – Can you give an assurance that all homes built with council investment, and on council land which is sold on, will go above and beyond the current building regulations to make sure we are doing our utmost to combat climate change?</p> <p>Councillor Forward responded that the council will strive to do all it can to achieve that aim. It is important that all councillors come together to challenge the government to enable local authorities to do this.</p>	Councillor Forward
Councillor Battley	<p><u>Equality Charter</u> – Could you provide an update on what has happened so far, how the charter has been received and how local groups can get</p>	Councillor Rogers

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	<p>involved?</p> <p>Councillor Rogers said that the Local Strategic Partnership have agreed to take onboard the Equality Charter and the council is now working in conjunction with local partners. The Equality Charter is currently out for consultation and local groups and organisations are encouraged to feedback and meet with councillors and officers to discuss further.</p>	
Councillor Beaver	<p><u>Mental Health</u> – Can the Leader provide an update on what she and colleagues have done over the past 18 months to help those with mental health concerns? After recently losing a friend of 20 years to suicide will the Leader also join me in urging those who are feeling suicidal to speak to someone.</p> <p>Councillor Forward extended her condolences to Councillor Beaver and thanked him for raising this question. Councillor Forward urged anyone who is feeling suicidal or alone to speak to someone. There is a need to work together as a community to end the stigma around mental health. The council will continue to work with partners to raise concerns about the lack of provision around mental health and to amplify messages around mental health and suicide prevention.</p>	Councillor Forward
Councillor Roark	<p><u>Housing</u> – The housing crisis for families in our town is looming large with soaring rents and lack of suitable housing. Can you give us an overview of the issues the council is facing and what action can be taken by those facing homelessness?</p> <p>Councillor Batsford said he had met with local campaigners on this issue and will soon be meeting with the local MP to raise concerns.</p> <p>Labour group councillors from Hastings raised these issues at the recent Labour Party conference and moved a successful conference motion to support an increase in brownfield developments and Compulsory Purchase Orders.</p>	Councillor Batsford
Councillor K Beaney	<p><u>Brown Field Land Release Fund</u> – I understand this council has been awarded funding from the Brown Field Land Release Fund. Can you tell us how this money will be spent?</p> <p>Councillor Batsford confirmed that the council</p>	Councillor Batsford

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	received just over £147,000 and is now looking at a site on Bexhill Road with the hope of bringing forward 16 LHA rate affordable homes.	
Councillor Cox	<p><u>The Bale House</u> – Could you tell us more about the prestigious award the Bale House has recently won?</p> <p>Councillor Evans replied that the Bale House was mentioned in the Low Carbon Prize category at the International Green Solutions Awards. Plans are now in place for an official opening of the Bale House in the spring.</p>	Councillor Evans
Councillor Edwards	<p><u>York Buildings</u> – Can you confirm what type of heating was installed in the recently renovated flats in York Buildings?</p> <p>Councillor Batsford said he was not involved in this particular project and would respond to Councillor Edwards after the meeting with the information he has requested.</p>	Councillor Batsford
Councillor Sinden	<p><u>Cultural Regeneration Strategy</u> – Can the Deputy Leader outline what is being done to renew this important document?</p> <p>Councillor Barnett responded that just over ten years ago Hastings agreed a new approach to regeneration, joining it up with the cultural agenda, in recognition of the world class arts community in the town.</p> <p>Arts Council England have seconded a senior officer for a twelve-month period to help develop a new Cultural Regeneration Strategy. The officer has been meeting local people over the summer and a draft strategy will be ready for consideration soon.</p>	Councillor Barnett
Councillor Fernando	<p><u>CCTV</u> – Could you ensure more CCTV coverage in the town centre to prevent blind spots so that when crime occurs criminals can be prosecuted?</p> <p>Councillor Rogers responded that there is good CCTV coverage across the town centre and that she understood that additional CCTV is due to be installed in York Gardens to tackle anti-social behaviour.</p>	Councillor Rogers
Councillor Hilton	<p><u>Air BnB's</u> – A local resident has calculated that there are 743 Air BnB listings in Hastings, 77% of which are entire homes. What can we do about this problem which is taking houses out of use for local</p>	Councillor Batsford

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	<p>people?</p> <p>Councillor Batsford said that he had been speaking to his counterpart in Cornwall to discuss their approach to this issue, however, there is a need for national legislation around Air BnB's and second homes. The council already charge maximum council tax on empty homes, with around 20 empty homes paying 400% council tax.</p>	
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**212. MOTION (RULE 14)**

Councillor Foster proposed a motion, as set out in the agenda, seconded by Councillor Edwards.

Councillor Evans proposed an amendment, seconded by Chowney, to add the following words:

*E-bike charging points will be part of a comprehensive programme supporting cycling to include a bicycle and e-bike hire scheme, and storage shelters where charging points can be safely available. This programme requires national funding and the agreement of ESCC Highways to progress.*

The amendment was accepted by Councillors Foster and Edwards and the motion as amended became the substantive motion.

**RESOLVED (unanimously) that Full Council do accept the motion as set out below:**

To help tackle the climate emergency, the council install secure electric bike charging points at strategic points around the town.

E-bike charging points will be part of a comprehensive programme supporting cycling to include a bicycle and e-bike hire scheme, and storage shelters where charging points can be safely available. This programme requires national funding and the agreement of ESCC Highways to progress.

**213. MOTION (RULE 14)**

Councillor Patmore proposed a vote, seconded by Councillor K Beaney, on whether the meeting should continue past 9pm.

**RESOLVED (by 19 for, to 7 against) that the meeting continue past 9pm.**

Councillor Hilton proposed a motion, seconded by Councillor Bishop.

Councillor Roark proposed an amendment, seconded by Councillor Battley, to add the following as a fourth bullet point:

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*'Carbon Tax' in this context is a tax levied on businesses proportionate to the amount of carbon dioxide derived from fossil carbon their operations emit, with the proceeds used to provide a 'carbon premium' in the form of lower taxes and more generous benefits for those on low incomes.*

Councillors Hilton and Bishop accepted the amendment and the motion as amended became the substantive motion.

**RESOLVED (by 13 for, to 9 against) that Full Council do accept the motion as set out below:**

'Concentrations of CO2 in the atmosphere continue to rise despite international agreements. Whilst targets can serve a purpose, what has been lacking are mechanisms to drive down emissions quickly. Crucially, this means a Carbon Tax, given that 'Cap and Trade' systems have failed to drive the change we need.

The moral and economic case for such a tax rests on the 'polluter pays' principle:

- Currently the costs of climate breakdown are not born by the industries and activities that are causing the damage but by people and communities coming under increasing pressure and danger. As The Economist leader states (17/7/21); 'The opportunity to pollute the atmosphere without penalty is ... a kind of distorting subsidy'.
- A Carbon Tax, set at the right level, will drive fossil fuel burning out of the economy and promote investment in clean alternatives.
- Applied at the border it will have the same effect internationally. Such a tax can be used as a citizen's dividend to ensure a just transition for communities facing rapid change, help pay for the essential retrofitting to our draughty cold housing stock and helping to alleviate fuel poverty, as well as to help communities around the world adapt to the inevitable change and disruption that climate breakdown is already bringing. It could also help finance a Universal Basic Income as passed by Hastings Borough Council at the last full council meeting.
- 'Carbon Tax' in this context is a tax levied on businesses proportionate to the amount of carbon dioxide derived from fossil carbon their operations emit, with the proceeds used to provide a 'carbon premium' in the form of lower taxes and more generous benefits for those on low incomes.

This approach is supported by a broad coalition of NGOs and civil society groups and was recently included in a set of proposals from the European Commission. COP26 should establish an international carbon tax framework, but if this doesn't happen, the UK and other countries wishing to show leadership should introduce their own carbon taxes. By including border tax adjustment this can drive other economies to follow suit.

Therefore Council resolves to support calls for a Carbon Tax by;



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Writing to our MPs, to Alok Sharma, President of COP26, and to the Prime Minister, calling for the UK to:

1. propose an international carbon tax framework to the COP; the tax to be applied to imports as well as to domestic production
2. Introduce a UK-wide carbon tax by the end of 2022.

(The Mayor declared the meeting closed at 9.12pm)

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Questioner	Question	Answer
Gabriel Carlyle	<p>Heating residential properties is one of the major sources of the UK's carbon emissions. Properly insulating them is therefore an essential step in tackling climate change.</p> <p>In its June 2018 report, the UK's independent statutory Committee on Climate Change (CCC) called for all practicable lofts to be insulated by 2022, and for all practicable cavity walls – and 2 million solid walls - to be insulated by 2030 ('Reducing UK emissions: 2018 Progress Report to Parliament', <a href="https://www.theccc.org.uk/wp-content/uploads/2018/06/CCC-2018-Progress-Report-to-Parliament.pdf">https://www.theccc.org.uk/wp-content/uploads/2018/06/CCC-2018-Progress-Report-to-Parliament.pdf</a>).</p> <p>However in its June 2021 report to Parliament, the CCC noted that: 'There has been little of the necessary progress in upgrading the building stock' with insulation rates remaining 'well below the peak market delivery achieved up to 2012 before key policies were scrapped' ('Progress in reducing emissions: 2021 Report to Parliament', <a href="https://www.theccc.org.uk/wp-content/uploads/2021/06/Progress-in-reducing-emissions-2021-Report-to-Parliament.pdf">https://www.theccc.org.uk/wp-content/uploads/2021/06/Progress-in-reducing-emissions-2021-Report-to-Parliament.pdf</a>). Indeed, they note, 'installations of loft and solid wall insulation are [currently] only a third of the rate needed by 2021 in the CCC pathway'.</p> <p>In light of the above:</p> <p>A. How many residential properties are there in Hastings &amp; St Leonards that have lofts that it would be practicable to insulate, but which are not currently insulated? What is the estimated cost of installing loft insulation in these properties?</p> <p>B. How many new loft insulations took place in Hastings in 2019 and 2020?</p> <p>C. How many residential properties are there in Hastings &amp; St</p>	<p>Councillor Evans:</p> <p>HBC's Housing Team has a remit that focuses predominately on the private rented sector and therefore we are not exposed to direct information about all properties in the Hastings and St Leonards area which includes owner-occupied properties.</p> <p>Data such at that requested can be by going to <a href="https://epc.opendatacommunities.org/">https://epc.opendatacommunities.org/</a> where once registered you can access information and search various parameters including loft insulation.</p> <p>The council use this resource as well as other databases such as Pathways which again can be accessed if you register. You can use these services directly as the data is not for Hastings Borough Council to share and circulate. The data is based on open-source information and therefore may not be 100% accurate.</p> <p>The Housing Team are involved in a number of initiatives that seek to both reduce fuel poverty and improve the energy efficiency of people's homes.</p> <p>Funding from the Department for Business, Energy and Industrial Strategy (BEIS) has enabled proactive and targeted resources to advise and support landlords to meet their requirements under MEES (Minimum Energy Efficiency Standards) and where reasonable and proportionate enforce those standards which require all properties offered for rent to be a minimum of an E rating.</p> <p>The outcomes of the second phase of the project which HBC were involved in resulted in to date sending out 90 nudge letters. We have initially focussed on the areas with the highest concentration of F &amp; G rated properties. This also broadly coincides with the areas with the highest instances of fuel poverty.</p>

Leonards that have:

- (a) cavity walls; or
- (b) solid walls, that it would be practicable to insulate, but which are not currently insulated? What is the estimated cost of insulating the walls in these properties?

D. How many new cavity wall and solid wall insulations took place in Hastings in 2019 and 2020?

We have opened 196 proactive M3 worksheets, these are properties that have required further investigation. We have 32 properties currently live and in various stages of investigation (including waiting for information from other councils, in process of selling property, works in progress, yet to respond to nudge letter).

Whilst the nudge letters have seen a significant success rate in obtaining compliance with the Minimum Energy Efficiency Standards, we have had to send Compliance Notices out to those that failed to communicate with us. Out of the 196 proactive M3 worksheets we created, 33 (16%) had to be progressed to a Compliance Notice.

Our Home Energy Conservation Act (HECA) return for 2021 highlights the impacts that have been made through insulation and other measures via our Green Homes Grant Local Area Delivery Scheme Funding, ECO Flex statement of Intent etc. The 2021 return will be available [here](#) very shortly.

We have recently submitted a bid for £2.2 million from the Sustainable Warmth Fund to support continued upgrades and improvements to residential properties to make them more energy efficient. This will incorporate a range of measures including loft insulation and the vision adopted is very much a fabric first approach. Successful bids are due to be announced by BEIS at the end of October / early November.

<p>Andrea Needham</p>	<p>In its June 2021 progress report to Parliament (<a href="https://www.theccc.org.uk/wp-content/uploads/2021/06/Progress-in-reducing-emissions-2021-Report-to-Parliament.pdf">https://www.theccc.org.uk/wp-content/uploads/2021/06/Progress-in-reducing-emissions-2021-Report-to-Parliament.pdf</a>) the Government's own Committee on Climate Change noted that: 'The rigour of the Climate Change Act helped bring COP26 to the UK, but it is not enough for Ministers to point to the Glasgow summit and hope that this will carry the day with the public.</p> <p>Leadership is required, detail on the steps the UK will take in the coming years, clarity on tax changes and public spending commitments, active engagement with people and businesses across the country. These steps are essential, so people can see opportunity in climate-positive choices.</p> <p>We cannot rely on good will alone. 'This demands a step change in Government action, but it is hard to discern any comprehensive strategy in the climate plans we have seen in the last 12 months. There are gaps and ambiguities. Climate resilience remains a second-order issue, if it is considered at all. We continue to blunder into high-carbon choices.</p> <p>Our Planning system and other fundamental structures have not been recast to meet our legal and international climate commitments.'</p> <p>If Hastings Borough Council determines that national policies are making it impossible for it to meet its share of the UK's obligations under the Climate Change Act, is it willing to take legal action in order to force the Government to align these policies with the Act?</p>	<p>Councillor Evans:</p> <p>The advice of the Monitoring Officer (notwithstanding the pressing demands to meet the challenge of climate change) is that taking legal action against the Government is not a matter for which HBC has a power, duty, function and moreover the funds to enforce.</p> <p>Hastings Borough Council has been ravaged by austerity cuts over the last 11 years. As a Socialist council we want to direct our funding towards helping the most vulnerable within our community, especially those on low incomes, who will need extra assistance when transitioning to cope with climate change. Legal tassel are very expensive, time consuming and without guaranteed outcomes, it's not what we consider a priority for the public purse.</p> <p>The council will nevertheless continue to play its part within its responsibilities and functions to support climate change obligations and commitments.</p>
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Amanda Jobson

Hastings and St Leonard's is a beautiful place, now with a new stretch of Marine Conservation Zone (MCZ - 2020). If the natural environment is imperative to 'our survival' and tourism vital for a town.

What actions for 'Climate Change' are being implemented to stop the frequent (CSO'S) combined sewer outfall from (Southern Water), overflowing into our coastline and shores, not only polluting marine life but affecting the health of a community, during the ongoing and frequent storms and floods we are now facing.

Councillor Evans:

Natural England have responsibility for the designated Marine Conservation Zone designation [MCZ Beachy Head East](#)

The Combined Sewer Overflows (CSO) are owned and controlled by Southern Water, and the Environment Agency is the body responsible for enforcement relating to pollution caused by the inappropriate operation of CSOs.

Although HBC does not have direct power in this area, we are looking to pull every lever at our disposal to ensure Hastings' beaches are as clean as possible. We believe that CSOs are an outdated way of dealing with the issue of surges in storm water overwhelming the sewerage system, and the council is pressing Southern Water to spend more on their local infra-structure, including replacing CSOs.

The Leader, Deputy Leader of the Council, and myself have raised this with the Chief Executive of Southern Water when we met last week, to discuss the Bulverhythe Sewer Failure that occurred this Summer. Going forward, the CSO is now a priority issue for us.

From a climate change perspective, anything that helps rainwater to be absorbed into the ground rather than simply running off into the sewerage system will reduce the pressure on CSOs. So in relation to the built environment, things like tree planting, permeable landscaping rather than tarmac and concrete, roof gardens, and of course these have biodiversity benefits too.

The Council have an agency agreement with ESCC whereby we manage the 'highway trees' on their behalf. As a result we have always tried to retain as many highway trees as possible. This helps to keep streets cool and support local biodiversity. Whereas some council's have removed many of theirs to reduce the associated maintenance costs.

		<p>The majority of planning applications involving additional areas of hardstanding to park vehicles require a sustainable urban drainage scheme (Suds) in order to show that rainwater can drain away from the site in a suitable way.</p> <p>The Council has supported and promoted the 'Clean Seas' Project that was set up in 2013 to help address the problem of environmental pollution arising from domestic plumbing connecting to the surface water drainage system as opposed to the main sewer system.</p>
<p>Virginia Vilela</p> <p>Page 55</p>	<p>Tourism is key to our Town's economy and Hastings and St Leonards seafront appears to be falling behind other resorts with innovative ideas to encourage tourism to the town despite our famous name.</p> <p>A large volume of our seafront is given over to parking, largely car parks and the only open space that could be developed for innovative leisure use in West St Leonards is earmarked by the council for housing and commercial development.</p> <p>What is the council's strategy to improve and enhance our Seafront and therefore reinforce our tourism economy?</p>	<p>Councillor Barnett:</p> <p>Tourism is indeed vital to the town and is estimated to have supported over 7000 jobs and contributing over £385m to the local economy in 2019.</p> <p>Since publishing the <a href="http://hastings.gov.uk">Seafront Strategy (hastings.gov.uk)</a> in 2015 and delivering many of the commitments within the strategy the seafront features as a key element of the new emergent Local Plan alongside the Foreshore Trust Business plan.</p> <p>The Council has secured funding over many years to enhance and develop the seafront, including to support the projects listed below and projects within the coastal communities fund, designed to enhance the seafront and encourage tourism and footfall along the whole stretch of our urban coastline.</p> <p>The Stade development around ten years ago created a major new art gallery, a new cafe, and popular event space, which continues to host events all year round. A few years earlier the Azur helped revitalise the seafront in St Leonards, and the area around Goat Ledge in front of Warrior Square has become hugely</p>

popular with residents and visitors alike.

The new pier tenants have helped turn the seafront landmark into a major attraction and music venue. The Source Park has transformed the derelict White Rock Baths site, and the addition of the courtyard this year has made the area even more lively.

The public sector funding that has helped much of this is now not so readily available due to national funding reductions so we welcome recent private sector investment, for example, the Old Town funfair.

It has been great to see that the seafront and beach have been busier than ever this summer, with many local residents and visitors commenting about the buzz in the town.

We are using a partnership approach with the private sector at West Marina to regenerate the site for innovative leisure and housing. I look forward to detailed discussions with residents, local businesses and our development partners starting soon.

In 2021 the Council secured Town Deal funding [Hastings Town Deal Blog](#) which includes capital infrastructure investment for projects on the seafront and the town centre including the innovative [Town Centre Public Realm & Green Connections — Hastings Town Deal](#) and the Castle.

It's not just about capital investment either: to support the local economy and attract visitors to the town, the Council funds the Museum and Art Gallery, the White Rock Theatre, the cliff railways and street scene through street cleansing, sustainable planting, parks and open spaces, coastal protection and management and supports local events and festivals details of which can be found at [1066 Country of Origin - Visit 1066 Country](#)



		<p>The council is now engaged at Chief Executive level in securing better water quality for our beaches by holding Southern Water to account, not just for their recent sewage leak at Bulverhythe, but also for ensuring long term investment across the town.</p>
<p>Tony Collins</p>	<p>What is the Council doing to support the development of housing cooperatives in Hastings and St Leonards?</p>	<p>Councillor Batsford:</p> <p>Cooperative living is very close to my heart as I lived in and contributed to one in Hastings for many years when I was a young man looking not only for an affordable place to live but that sense of common bond and agency you get when living with like minded people.</p> <p>The council has been using its Community Housing Fund grant received in 2017 to support the development of community led housing locally. We contributed to the establishment and ongoing development of the Sussex Community Housing Hub which provides specialist support to local groups interested in community led housing, including housing cooperatives.</p> <p>Alongside this we have awarded grants directly to local groups to support the expansion of community housing. These grants have supported a range of activities including property refurbishment, project development and start-up costs, initial survey work, financial modelling and capacity building.</p> <p>In this time of spiralling rents, and for many the insecurity of tenancy that almost over 50% of our fellow Hastings people experience, co-ops could be one of the many solutions that can provide that stable home.</p>

		<p>I have met with those who currently run and live in the Hastings cooperatives and have attended the training sessions. The offer is still there from me as Lead for Housing that anything the Council can do to facilitate or support the forming of co-ops we will be there.</p> <p>I believe that co-ops need to form themselves and normally the group have a common purpose to form around so it's important that those living in the co-op have full ownership and the amazing skills and training offered by the Sussex Community Housing Hub is a great starting point.</p> <p>I would be excited to see growth of this type of housing in Hastings.</p>
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Questioner	Question	Answer
Councillor Hilton	<p>In the last year, both house prices and rents in Hastings have risen astronomically.</p> <p>There are now over 1500 empty homes including full time/commercial Air BnBs in Hastings and 1500 people on the housing waiting list. All Air BnB's rented out more than 140 days a year should be registered as business premises.</p> <p>Does the council know how many of these Air BnB's are operating legally, ie registered as business premises and also demonstrating that they have the correct building and public liability insurances in place?</p>	<p>Councillor Batsford:</p> <p>As of 5 October 2021, we have the following domestic rated Empty Properties:</p> <ul style="list-style-type: none"> <li>• 873 properties which have been empty for under 2 years. Council Tax charge is normal Band Rate</li> <li>• 189 properties empty between 2 and 5 years (charged equivalent of 200% of normal charge)</li> <li>• 33 properties empty between 5 and 10 years (charged equivalent of 300% of normal charge)</li> <li>• 23 properties empty over 10 years (charged equivalent of 400% of normal charge)</li> </ul> <p>Air BnBs are not easily identifiable in our records. If a property is domestic rated we will not be aware if it is being used as a holiday let/AirBnB. If an owner has approached the Valuation Office (VO) requesting that the property is treated as a business premises, they will be required to provide evidence to support their claim. It is the VO that makes the decision not Hastings Borough Council.</p> <p>If business rated, the Rateable Value will be well below the threshold of £15,000. In most cases they will qualify for Small Business Rate Relief and therefore have no charge. Currently we have 101 properties on our Business Rates database which are classed as self-catering holiday lets. We have no way of telling how many of the 101 are advertising as Air BnB.</p> <p>In addition there are 763 second homes, with Council Tax charged at the normal Band Rate.</p>

		<p>The Housing Renewal Team are aware when inspecting properties, particularly HMO's (Houses of Multiple Occupation) that some of the self-contained units are sometimes claimed as being used as holiday lets / Air BnB.</p> <p>Unfortunately, unless we can prove this is not the case, the housing legislation we enforce does not apply to these dwellings, although it would to the common parts. There is no requirement for them to register the property use with us and therefore unless there is evidence it is being used to the contrary, the housing team have no further remit.</p>
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# Agenda Annex Document Pack

## CABINET

1 NOVEMBER 2021

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

### 372. APOLOGIES FOR ABSENCE

None.

### 373. DECLARATION OF INTERESTS

Councillor	Item	Interest
Forward	375	Personal – Member of the Town Deal Board.

### 374. MINUTES OF LAST MEETING

**RESOLVED** - that the minutes of the meeting held on 4<sup>th</sup> October 2021 be approved as a true record.

**RESOLVED** - the Chair called over the items on the agenda, under rule 13.3 of the council's constitution the recommendations set out in minutes number 376 and 379 are agreed without being called for discussion.

### 375. HASTINGS TOWN DEAL PROGRAMME UPDATE

The Assistant Director, Regeneration and Culture, presented a report to approve the revised investment programme, set out arrangements for the delivery of the Town Deal Programme and provide an update on the Levelling Up fund.

The report provides an update of the work undertaken to reprofile the Town Investment Plan to fit within the funding allocation of £24.3 million. There is also an option to utilise some of the funding for management and administration of the programme with proposals set out in Appendix 2 of the report.

Both the reprofiling of individual projects, and the proposal to utilise the Management Allowance to establish a programme management team, have been approved by the Town Deal Board and submitted to government. The council is currently awaiting the grant funding agreement from the Department for Levelling Up, Housing and Communities.

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

**RESOLVED (unanimously):**

## CABINET

1 NOVEMBER 2021

- 1. To approve the revised investment programme profile (Appendix 1) as agreed with the government and authorise the signature of the Grant Funding Agreement when provided by the government.**
- 2. To delegate to the Assistant Director of Regeneration and Culture, in consultation with the Lead Member for Regeneration, the authority to offer grants and payments to partner organisations to deliver their projects as identified in Appendix 1.**
- 3. To delegate any alterations to the Town Deal programme to the Section 151 Officer, in consultation with the Town Deal Board and the government office.**
- 4. To approve funding of up to 5% of the Town Fund allocation towards the early development of projects to assist them in preparing clear design concepts, seek professional advice and prepare indicative costings.**
- 5. In addition to above, to approve the use of the Management Allowance (M&A) of £1.215m, provided for by the government, to establish a Town Deal Programme Management Team and support related programme activities as agreed by the Town Deal Board (see Appendix 2). This is in addition to budgets approved by June 2021 Cabinet and as revised in item 9 below.**
- 6. To delegate to the Assistant Director of Regeneration and Culture, in consultation with the Lead Member for Regeneration, to develop a HBC Levelling Up capital project bid and submit to government when the new prospectus and deadlines are published. To utilise the £125,000 of capacity funding recently awarded by the government to prepare for the bid.**

Reasons:

1. The Town Investment Plan (TIP) has been developed with the Town Deal Board and wider stakeholders. The projects in the TIP will act as a catalyst for the transformation and recovery of Hastings Town Centre for the benefit of the whole town. The Town Centre contains our largest employment base, learning and skills opportunity for our residents.
2. The TIP provides for a 5-year 're-set' strategy for the town addressing a wide range of economic and social issues. It is an opportunity to commence the recovery process from the pandemic and is expected to lead to other investment opportunities including those emerging from national and local funding streams, as well new inward investment.
3. The TIP has now been re-assessed by government and £23.085m (excluding £1.215m M&A Allowance) of funding has been allocated for projects – see Appendix 2.

## CABINET

1 NOVEMBER 2021

4. The Grant funding agreement allows for early development costs up to a maximum of 5% of stated grant allocation per project.
5. As the accountable body, Hastings Borough Council will retain overall responsibility for the delivery of the programme. Project management and delivery support will continue to be provided by the Council in conjunction with partner agencies.
6. The Levelling Up funding is a new opportunity for the council to potentially bid for up to £20m of capital grants (under current government guidance), which is expected to be open over the next six months.

### **376. ADDITIONAL RESTRICTIONS GRANT (ARG) UPDATE**

The Assistant Director, Financial Services and Revenues, submitted a report to update cabinet on the Additional Restrictions Grant (ARG) spend and to agree how the remaining funds should be spent.

Under rule 13.3 the recommendations of the report were agreed without being called for discussion.

#### **RESOLVED:**

- 1. To approve how the remaining ARG funds are to be spent as per the proposals in this report.**
- 2. To authorise the Chief Finance Officer to make any adjustments, as required, in consultation with the lead member for Financial Management and Estates to ensure the remaining available funding is distributed in line with Central Government guidance.**

Reasons:

1. With the limited funds remaining, it is vital that we make best use of the money and give assistance where it is most needed.
2. As the level of funding cannot be exceeded, it is important to be able to make changes in a timely manner in order to minimise delays in awarding the remaining financial support.

### **377. AGREEING THE WAY FORWARD FOR FUTURE OF THE GROUNDS MAINTENANCE SERVICE**

The Assistant Director, Environment and Place, presented a report to agree the way forward for the Grounds Maintenance Service from November 2022.

## CABINET

1 NOVEMBER 2021

The Grounds Maintenance Service delivers the basic maintenance required to keep the council's parks and open spaces attractive, safe, and clean. Work already undertaken suggests that bringing the service in-house is likely to improve flexibility for the council in meeting challenges such as climate change. An in-house service will also maximise opportunities arising from the Town Deal and help the council improve local biodiversity.

As resources have been diverted to support the pandemic response a business plan for an in-house service has been delayed. It has also become clear that expert external support will be required to review the in-house service option and develop a comprehensive business plan.

Therefore, the existing grounds maintenance contract has been extended for a further year to November 2023.

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

### **RESOLVED (unanimously):**

- 1. Following our successful experience with the street cleansing service, a comprehensive business case is prepared for consideration by Full Council, for the option of providing an in-house grounds maintenance service. Thereby creating an innovative service fit for the future. Better able to maximise the opportunities presented by the council's commitment to addressing climate change and bio-diversity concerns, and for adding value to projects such as the Town Deal.**
- 2. A budget of up to £50,000 from the council's invest to save fund is allocated, for specialist external support to develop the service specification and comprehensive business case.**

Reasons:

1. The Council's corporate plan commitments include:

- preparing and implementing delivery of succession arrangements following the end of the ground's maintenance, and building cleaning, and public convenience cleaning contracts ending in 2022.
- Scope options to bring services back in house as part of contract reviews and renewals e.g. reviewing grounds maintenance
- Review in-house staffing capacity and skill sets as a basis for progressing inhouse delivery opportunities



## CABINET

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2. Following a preliminary (but detailed) options analysis, which included soft market testing, initial officer conclusions are that an in-house grounds maintenance service is more likely to provide the flexibility needed to respond to the challenges of climate change mitigation, improving local bio-diversity, and the 'greening' of Hastings through closer alignment with initiatives such as the Town Deal over the next 10 years, and that these opportunities need to be developed into a detailed specification and method statement, and detailed business case for Council to base its final decision.
3. As with the successful Street Cleansing DSO project, sufficient officer capacity and expertise is required to support the existing officer team to undertake the work to develop the new specification, and an operational 'method statement' together with the comprehensive business case. The costs of this are estimated at circa £50k.
4. That to capitalise on the opportunities presented in developing an in-house service option, and to provide time for mobilisation of a new service, the option to extend the current grounds maintenance contract by a year has been exercised.

### **378. SOLAR FOR BUSINESS**

The Assistant Director, Regeneration and Culture, presented a report to propose that the council works with council tenants and other local businesses, to consider the installation of solar panels on their roofs.

Work on this project was paused as part of the council's response to the pandemic but has now resumed. There may be income generation opportunities however the main reason for proceeding with the project is to support decarbonisation of the energy grid and contribute to a reduction in energy costs for local businesses.

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

#### **RESOLVED (unanimously):**

- 1. To authorise the spend of £1.638 million on the Solar for Business Programme which is the remainder of the £1.76 million as agreed in December 2017 Cabinet decision on 'An Energy Transition for Hastings'.**
- 2. To delegate authority to the Chief Financial Officer and the Assistant Director Regeneration and Culture, in consultation with the Leader, to agree the assessment of individual sites and to sign off for the installation of individual sites.**
- 3. To agree to the method of analysis for all sites.**

Reasons:

## CABINET

1 NOVEMBER 2021

1. This Solar for Business programme is a key step within the Climate Emergency response as it reduces businesses energy demand from the grid and therefore helps businesses reduce their emissions and therefore the wider borough emissions.
2. This Solar for Business programme aids the Green Recovery following the COVID crisis as it is designed to save businesses money on their electricity bills with no upfront costs for the business. This will offer businesses peace of mind and enable them to focus on building their business back.
3. The method of analysis has been developed in consultation with the Chief Financial Officer to ensure estimations of performance and financial considerations are as accurate as possible.
4. Delegating authority to the Chief Finance Officer and the Assistant Director Regeneration and Culture, in consultation with the Leader, will ensure each site is reviewed in both an economic and broader local financial and sustainability benefits.
5. Delegating authority to the Chief Financial Officer and the Assistant Director Regeneration and Culture, in consultation with the Leader, will allow for sites to be processed quickly and efficiently from point of identification through to the installation and commissioning of the PV system.

### **379. CONTAIN OUTBREAK MANAGEMENT FUND - REMAINING ALLOCATION PROPOSALS**

The Managing Director submitted a report to set out proposals for allocation of the remainder of Contain Outbreak Management Fund (COMF).

Under rule 13.3 the recommendations of the report were agreed without being called for discussion.

#### **RESOLVED:**

**1. That delegated authority is granted to the Managing Director or relevant nominee, in consultation with the Leader to:**

- **allocate the remainder of the COMF fund (£90 351.45) in line with the scheme criteria**
- **ensure further scoping and feasibility of the headline proposals and indicative budget allocations outlined in this report where appropriate**
- **decide on the final proposals and associated budgets to be progressed**

Reasons:

## CABINET

1 NOVEMBER 2021

1. To set out intended direction of travel in terms of the remainder of the COMF.

### **380. 500 AFFORDABLE HOMES PROGRAMME**

The Assistant Director, Housing and Built Environment, presented a report to outline a programme of 500 affordable homes which combines direct delivery of affordable housing by the council, alongside enhanced partnership work with Registered Providers (RPs).

Unprecedented demand for affordable accommodation is being driven by rising house prices, higher rents, and a shortage of affordable properties in the social rented sector. The pandemic has driven up temporary accommodation costs, with the council's temporary accommodation budget doubling over the last twelve months.

Therefore, the council is committing to deliver 500 homes for affordable rent in partnership with local providers. The council will also consider the direct provision of affordable rented homes.

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

#### **RESOLVED (unanimously):**

**1. That the council sets a target for the delivery of 500 homes for affordable rent (capped at Local Housing Allowance rate) over the five-year period 2022/3 – 2026/7.**

**2. That the two main Registered Provider Partners working locally are asked to commit their support to the programme.**

**3. That the council undertakes a review of its own land holdings with a view to supporting this programme.**

**4. That the Affordable Homes Programme Pipeline (Appendix A) is kept updated to track progress against our target.**

Reasons:

The supply and delivery of new affordable housing locally is failing to keep pace with rising demand. This has been shown by the growing number of people on the waiting list for social housing, as well as the increasing demand for the council's homelessness services. The pandemic has exacerbated this problem, and the number of households living in temporary housing has continued to rise. This has a significant impact on the council's resources and negatively effects the quality of life of residents.

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1 NOVEMBER 2021

A lack of affordable housing also undermines the ongoing regeneration of the town, including employment growth and education, as well as the health and general wellbeing of residents.

### **381. COMMISSION OF HOUSING STOCK CONDITION SURVEY AND REPORT**

The Assistant Director, Housing and Built Environment, presented a report to inform cabinet about the need to commission a new housing stock condition survey.

The survey is a requirement under section 3 of the Housing Act 2004 and will inform future activity around enforcement, empty homes, and climate change. The survey will also support any future selective licensing scheme should the council wish to develop further schemes.

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

#### **RESOLVED (unanimously):**

**That the Council agree to proceed with the commissioning of a stock condition assessment in line with the budget proposed of up to £46,000.**

(The Chair declared the meeting closed at 6.54pm)

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11 NOVEMBER 2021

## **382. DECLARATION OF INTERESTS**

The Managing Director declared no interests.

## **383. HOUSEHOLD SUPPORT FUND**

The Assistant Director, Financial Services and Revenues, submitted a report to approve receipt and expenditure of £195,000 grant funding from East Sussex County Council (ESCC) under the Department for Work and Pension's Household Support Fund, for administration by the Council.

Under the emergency powers set out in Rule 26.22 of the Council's Constitution the Managing Director made the following decision in consultation with Councillors Forward, Barnett, Batsford, Chowney, Rogers and Patmore.

### **RESOLVED:**

- 1. The Council's Managing Director in consultation with the Leader of the Council, the Deputy Leader, the lead member for Financial Management and Estates and other appropriate Councillors (as required by the emergency powers) approve the decision to receive and administer the grant award of £195,000 paid to Hastings Borough Council under the Household Support Fund. This decision is being taken by the Managing Director pursuant to her urgency powers exercisable to enable the Council to act quickly in administering the provision of financial support to qualifying vulnerable households in the Borough;**
- 2. To administer payments to residents who qualify in accordance with the scheme's eligibility criteria; and**
- 3. To commend Hastings Borough Council staff for their proactive response to ESCC's call for assistance.**

### **Reasons:**

- 1. To enable the Council to act quickly in the administration and distribution of the Household Support Grant to qualifying vulnerable households in the Borough as the country recovers from the Covid-19 pandemic.**

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# Minute Annex

## Managing Director Decision Record



**Date:** 11<sup>th</sup> November 2021

**Item:** Household Support Fund

**Report by:** Peter Grace, Chief Finance Officer

**Decision Type:** Cabinet

**Decision:**

1. The Council's Managing Director in consultation with the Leader of the Council, the Deputy Leader, the lead member for Financial Management and Estates and other appropriate Councillors (as required by the emergency powers) approve the decision to receive and administer the grant award of £195,000 paid to Hastings Borough Council under the Household Support Fund. This decision is being taken by the Managing Director pursuant to her urgency powers exercisable to enable the Council to act quickly in administering the provision of financial support to qualifying vulnerable households in the Borough;
2. To administer payments to residents who qualify in accordance with the scheme's eligibility criteria; and
3. To commend Hastings Borough Council staff for their proactive response to ESCC's call for assistance.

**Reasons:**

1. To enable the Council to act quickly in the administration and distribution of the Household Support Grant to qualifying vulnerable households in the Borough as the country recovers from the Covid-19 pandemic.



**As required by Rule 26.22 of the Council's Constitution this decision was made in consultation with:**

Cabinet	For	Against	Abstain
Councillor Forward	x		
Councillor Barnett	x		
Councillor Batsford	x		
Councillor Chowney	x		
Councillor Evans			
Councillor Rogers	x		
Councillor Webb			
Opposition			
Councillor Patmore	x		
Councillor Rankin			

Signed



Jane Hartnell  
Managing Director  
Hastings Borough Council



# Public Document Pack

## AUDIT COMMITTEE

18 NOVEMBER 2021

Present: Councillors Rankin (Chair), Battley (Vice-Chair), Beaney, Sinden and Chowney

### **123. APOLOGIES FOR ABSENCE**

None received.

### **124. DECLARATIONS OF INTEREST**

None.

### **125. MINUTES OF THE LAST MEETING**

**RESOLVED** – that the minutes of the meeting held on 29<sup>th</sup> July 2021 be approved as a true record.

### **126. GRANT THORNTON AUDIT COMPLETION REPORT- AUDIT FOR THE YEAR ENDED 31 MARCH 2020**

The Chief Finance Officer reported to the Audit Committee to consider the matters raised by the Council's external auditors (Grant Thornton) in respect of their Governance Report. This includes the audit opinion of the Council's 2019/20 accounts, and their value for money assessment of the Council.

Darren Wells and Andy Conlan from Grant Thornton addressed the committee and highlighted the key points. It is acknowledged the 19/20 audit has taken a long time. The pandemic working has affected the auditing team and authorities and auditors have found it difficult to catch up. There are plans to conclude the audit in early December. It was highlighted that there are still a number of adjustments and the volume of adjustments is still too high for the size of authority. The control recommendations from the 18/19 Audit have been reviewed and there are still some changes to be implemented, a review of debtors and creditors classification came with the recommendation that management strengthen future controls for review and reconciliation of debtor and creditor balances, and to produce clear reconciliations to subsystems.

Three further control recommendations have been made from the 19/20 audit, These are that management strengthen future working papers in this area to provide a more detailed explanation of the rationale for these sensitive accounting estimates. That where the Authority team makes adjustments to the accounts, a log of accounts changes is kept which makes clear why the changes have been made and references into working papers. It is also recommended that where the professional valuer advises useful lives for assets which are revalued that these are updated in the fixed asset register. All three recommendations have been discussed and agreed by the finance teams.

## **AUDIT COMMITTEE**

**18 NOVEMBER 2021**

Councillors asked regarding a statement in the audit report about the outturn position 2019/20. The Chief Finance Officer updated the committee on the Medium Term Financial Strategy which is going to cabinet on 19<sup>th</sup> November 2021 identifies that the reserves are likely to drop below the recommended level without in year action. One of the areas of most concern is the spiralling costs of dealing with homelessness.

Councillors asked the auditors regarding the adjustments made to accounts and what can be done differently. The auditors updated the committee that control recommendations have been put forward including working papers being dual reviewed.

### **RESOLVED (unanimously)**

That the report and action plan be accepted.

### **Reasons**

Compliance with statutory requirements and good practice. The Council is accountable for the use of public money and continuously seeks to improve Value for Money. The Council's external auditors are required to submit a report to the Council's Audit Committee on any significant matters that are identified during their audit.

### **127. EXTERNAL AUDIT PLAN - YEAR ENDING 31 MARCH 2021**

The Chief Finance Officer handed over to Darren Wells from Grant Thornton who addressed the committee and highlighted the key points. The audit plan was presented to the Audit Committee to inform councillors of Grant Thornton's audit plan for the audit of the Council's accounts and Value for Money arrangements. The report from Grant Thornton highlights the risk based approach to the audit and the main risks they have identified. The Audit plan for 2021 sets out the environment for the year. Key matters are a new code of audit practice has been set by the National Audit Office, an adoption of new auditing standards and the impact of Covid 19 pandemic. A commentary will be needed on governance, financial sustainability, and economy efficiency and effectiveness. Reporting of value of money will have a 3 month grace period put in by the National Audit Office once finance statements have been signed. Key risks are revenue recognition and management override controls.

There are new auditing standards regarding estimates. The changes mean that a greater depth of understanding is needed of how the estimates are obtained. There will also need to be further explanation of how the audit committee are made aware of the estimates that are included in the finance statements.

Darren Wells from Grant Thornton highlighted to the committee the risks identified. These include revenue recognition, management over-ride of controls, valuation of land and buildings, valuation of the Council pension fund and valuation of investment properties. A risk in respect of Covid-19 grants is whether these have been recognised correctly – between monies for the Council and monies distributed to businesses for example.

Councillors asked questions regarding the increase in the audit fees. Darren Wells from Grant Thornton explained that the increase in value for money work will impact

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on the work needed. Government commissioned a review which a recommendation of audit fee increases for local authorities. The amount in the report is an estimate of the fee.

Councillors asked regarding the plan for year ending 31<sup>st</sup> March 2022. Darren Wells from Grant Thornton explained it may be possible to produce the Audit Plan report before the end of this year (normally produced in advance of the year being audited) but that it would be extremely difficult given that other audits all remain unfinished. The Chief Finance Officer informed the committee that Grant Thornton plan to start the 2020/21 in January 2022 and that it will be a very complex year to audit given the challenges on the Collection Fund and grant monies received (the opinion would normally have been expected to be received by the end of September 2021).

### **RESOLVED (unanimously)**

#### **To accept the External Auditor's Audit Plan**

##### **Reasons**

The Audit Committee, as required by the Constitution, receives and notes the External Auditor's Audit Plan on behalf of the Council.

#### **128. ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2020/21**

The Chief Finance Officer reported to the Audit Committee to provide the opportunity to scrutinise the Treasury Management activities and performance of the last financial year: this includes unaudited figures.

There has been cash savings from not borrowing externally. The debt at the end of March 2021 has not shown an increase as expenditure has been funded by internal borrowing. This is a short-term saving with a potential risk in the future – should borrowing rates increase significantly. Performance regarding gross interest receivable and net borrowing costs are very close to what the revised budget was set at. Investment rates stayed low throughout 2020/21 and there wasn't an expected increase due to Covid-19 and the impact on the economy. The Property Fund and Diversified Income Fund performed well last year and was highlighted in the report.

Councillors asked regarding the proportion of borrowing used to buy commercial properties. The Chief Finance Officer informed the committee that some years ago money was set aside for income generation this was used for Muriel Matters House, the Aldi site on Bexhill Road. Lacuna House on Havelock road is another site.

The committee discussed commercial units held by the council. The Chief Finance Officer explained that the council have a diversified portfolio of different commercial properties. This had always been planned and has helped offset the decrease in retail valuations. The demand for industrial units is still high.

The chair thanked the finance team for their work from himself and the other members of the committee.

### **RESOLVED (unanimously)**

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**To consider the report – no recommendations are being made to amend the current Treasury Management Strategy as a result of this review.**

### Reasons

To ensure that members are fully aware of the activities undertaken in the last financial year, that Codes of Practice have been complied with and that the Council's strategy has been effective in 2020/21.

Under the Code adopted the Full Council are required to consider the report and any recommendations made. There will be a further report forthcoming on Treasury Management covering a review of the current financial year i.e. the Mid-year review.

### **129. TREASURY MANAGEMENT MID YEAR REPORT 2021-22**

The Chief Finance Officer reported to the Audit Committee on the treasury management activities and performance midway through the current year. It provides the opportunity to review the Treasury Management Strategy and make appropriate recommendations to Cabinet and Council to take account of any issues or concerns that have arisen since approving it in February 2021.

Highlighted was the further reduction in overall borrowing. The capital spend is going to be lower than estimated. Some redevelopment projects have been moved to next year this included Harold Place and Cornwallis Street projects. Net internal borrowing projects some borrowing in this financial year, and this should remove some risk. Investments are at a reasonably high level. The Council is well below the borrowing limit set at the beginning of the year. Debt Maturity graph showed in 2033 a spike, but money is being set aside for repayment or a decision can be made to refinance the loan.

Revised Codes of Practice on Treasury Management are being produced by CIPFA which will bring in new reporting requirements and controls which may necessitate some additional training.

Councillors asked regarding the update of CIPFA's position on local authority commercial investments. The revised code will emphasise that any borrowing made solely for the purpose of financial return constitutes imprudent activity, while also taking into account the realities that accompany regeneration activities. The Chief Finance Officer informed the committee that the Government are saying that they don't want to see borrowing being used to fund schemes that are purely for yield e.g. commercial property acquisitions that do not form part of regeneration plans.

Councillors asked if interest rates would change by 3 quarters of a percent would that be a good or bad thing. The Chief Finance Officer informed the committee that an increase in interest would not expose the Council to big risks on its existing loans portfolio, due to borrowing at fixed rates, and would help achieve a better return on investments – providing that it still has significant balances to invest. There remains a risk on the amounts internally borrowed.

### **RESOLVED (unanimously)**

Audit Committee agree the Mid-Year report.

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### Reasons

The Code of Practice on Treasury Management requires, as a minimum, a mid-year review of the Treasury Management Strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved (February 2021). It is a requirement of the Code of Practice that the Mid-year review is considered by Cabinet, Audit Committee and full Council.

### **130. CIPFA FINANCIAL MANAGEMENT CODE**

The Chief Finance Officer handed over to Senior Finance Projects Officer who reported to the committee that in October 2019 the Chartered Institute of Public Finance and Accountancy (CIPFA) published “The CIPFA Financial Management Code”. The purpose of the report is to provide Members with an overview of the Management Code, along with the initial self-assessment that has been undertaken by officers to identify compliance and areas for further consideration. The Code requires that a local authority demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances and sought to rely on the local exercise of professional judgement backed by appropriate reporting. The principles are designed to assist in determining whether, in applying standards of financial management a local authority is financially sustainable. There are six headings, Organisational leadership, Accountability, Transparency, Standards, Assurance and Sustainability. A self-assessment has been completed. The right policies and procedures are in place, but a number of areas don't fully meet the requirements. Likewise some areas are compromised due to the covid pandemic e.g external audit reporting, regular finance reports to O&S committee. A couple of areas have been flagged with the recommendation of using a ‘option appraisal’ methodology with regards to value for money. It is also recommended to have a quarterly risk management working group to discuss emerging risks.

The committee discussed ‘option appraisal’ methodology. The Chief Finance Officer explained that in the Treasury’s green book, appraisal is based around achieving value for money, and nationally there is greater focus on the net benefit to the community. It was discussed that to identify a transparent scheme that shows value for money results in a un-complicated way will be difficult and the Council should not try to reinvent the wheel as this would be a time consuming model to produce.

The Council sees itself as in a generally compliant position although the appraisal element will not be in place for this year. There are improvements to be made as covid 19 effected last year’s operations.

### **RESOLVED (unanimously)**

The Committee agree the outcome of the self-assessment to demonstrate compliance with the CIPFA Financial Management Code; The areas identified in the review where improvements can be made have been considered by the Council’s Corporate Management Team.

### Reasons

To comply with CIPFA guidance on the Financial Management Code and ensure Members are aware of the position of the Council with regard to it’s self-assessment

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and the future work that needs to be done to ensure higher scoring in future assessments.

### **131. EXTERNAL AUDITOR APPOINTMENT**

The Chief Finance Officer handed over to the Senior Finance Projects Officer who set out proposals for appointing an external auditor to audit the Council's accounts for a five-year period from 2023/24.

The current year and the next year will be audited by Grant Thornton. The appointment will need to be done by the end of 2022 and requires a long lead in time. The council has three options. These would be to appoint our own auditor panel, to act jointly with other authorities or to opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).

The committee asked that if joining the PSAA would mean having a different auditor in future years. The Senior Finance Projects Officer explained how there is a pool of nine auditor firms, and one would be appointed. It was noted it is good practice to not become too familiar with an auditing team and the PSAA prefer to move the teams from authority to authority.

### **RESOLVED (unanimously)**

**The Audit Committee recommends that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors for five financial years from 1 April 2023.**

### **Reasons**

An external auditor for the audit of the accounts for 2023/24 must be appointed before the end of 2022. The council needs to let Public Sector Audit Appointments (PSAA) know if it wants to opt into the sector-wide procurement conducted by PSAA by 11 March 2022. The decision of Full Council is required

### **132. NOTIFICATION OF ANY ADDITIONAL URGENT ITEMS (IF ANY)**

None.

(The Chair declared the meeting closed at. 20:11)

**Agenda Item No:**

**Report To:            Audit Committee**

**Date of Meeting:    18 November 2021**

**Report Title:        External Auditor Appointment**

**Report By:           Peter Grace,  
Assistant Director – Financial Services and Revenues (Chief  
Finance Officer)**

**Key Decision:        N**

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### **Purpose of Report**

This report sets out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

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### **Recommendation**

1. The Audit Committee recommends that the Council accepts Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors for five financial years from 1 April 2023.

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### **Reasons for Recommendations**

An external auditor for the audit of the accounts for 2023/24 must be appointed before the end of 2022. The council needs to let Public Sector Audit Appointments (PSAA) know if it wants to opt into the sector-wide procurement conducted by PSAA by 11 March 2022. The decision of Full Council is required.

## **Background and summary**

1. The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council opted into the 'appointing person' national auditor appointment arrangements established by PSAA for the period covering the accounts for 2018/19 to 2022/23.
2. PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During Autumn 2021 all local government bodies need to make important decisions about their external audit arrangements from 2023/24. They have options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they can join and take advantage of the national collective scheme administered by PSAA.
3. The report concludes that the sector-wide procurement conducted by PSAA will produce better outcomes and will be less burdensome for the Council than a procurement undertaken locally because:
  - collective procurement reduces costs for the sector and for individual authorities compared to a multiplicity of smaller local procurements;
  - if it does not use the national appointment arrangements, the Council will need to establish its own auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
  - it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement; and
  - supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term.
4. If the Council wishes to take advantage of the national auditor appointment arrangements, it is required under the local audit regulations to make the decision at full Council. The opt-in period started on 22 September 2021 and closes on 11 March 2022. To opt into the national scheme from 2023/24, the Council needs to return completed opt-in documents to PSAA by 11 March 2022.

## **Procurement of External Audit for the period 2023/24 to 2027/28**

5. Under the Local Government Audit & Accountability Act 2014 ("the Act"), the council is required to appoint an auditor to audit its accounts for each financial year. The council has three options;
  - To appoint its own auditor, which requires it to follow the procedure set out in the Act.



- To act jointly with other authorities to procure an auditor following the procedures in the Act.
  - To opt into the national auditor appointment scheme administered by a body designated by the Secretary of State as the 'appointing person'. The body currently designated for this role is Public Sector Audit Appointments Limited (PSAA).
6. In order to opt into the national scheme, a council must make a decision at a meeting of the Full Council.

### **The Appointed Auditor**

7. The auditor appointed at the end of the procurement process will undertake the statutory audit of accounts and Best Value assessment of the council in each financial year, in accordance with all relevant codes of practice and guidance. The appointed auditor is also responsible for investigating questions raised by electors and has powers and responsibilities in relation to Public Interest Reports and statutory recommendations.
8. The auditor must act independently of the council and the main purpose of the procurement legislation is to ensure that the appointed auditor is sufficiently qualified and independent.
9. The auditor must be registered to undertake local audits by the Financial Reporting Council (FRC) employ authorised Key Audit Partners to oversee the work. As the report below sets out there is a currently a shortage of registered firms and Key Audit Partners.
10. Auditors are regulated by the FRC, which will be replaced by a new body with wider powers, the Audit, Reporting and Governance Authority (ARGA) during the course of the next audit contract.
11. Councils therefore have very limited influence over the nature of the audit services they are procuring, the nature and quality of which are determined or overseen by third parties.

### **Appointment by the Council itself or jointly**

12. The Council may elect to appoint its own external auditor under the Act, which would require the council to;
- Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.
  - Manage the contract for its duration, overseen by the Auditor Panel.

13. Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.

### **The national auditor appointment scheme**

14. PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now undertaking the work needed to invite eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

15. In summary the national opt-in scheme provides the following:

- the appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- appointing the same auditor to other opted-in bodies that are involved in formal collaboration or joint working initiatives to the extent this is possible with other constraints;
- managing the procurement process to ensure both quality and price criteria are satisfied. PSAA has sought views from the sector to help inform its detailed procurement strategy;
- ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- minimising the scheme management costs and returning any surpluses to scheme members;
- consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed;
- consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- ongoing contract and performance management of the contracts once these have been let.

## **Pressures in the current local audit market and delays in issuing opinions**

16. Much has changed in the local audit market since audit contracts were last awarded in 2017. At that time the audit market was relatively stable, there had been few changes in audit requirements, and local audit fees had been reducing over a long period. 98% of those bodies eligible opted into the national scheme and attracted very competitive bids from audit firms. The resulting audit contracts took effect from 1 April 2018.
17. During 2018 a series of financial crises and failures in the private sector year led to questioning about the role of auditors and the focus and value of their work. Four independent reviews were commissioned by Government: Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator; the Competition and Markets Authority review of the audit market; Sir Donald Brydon's review of the quality and effectiveness of audit; and Sir Tony Redmond's review of local authority financial reporting and external audit. The recommendations are now under consideration by Government, with the clear implication that significant reforms will follow. A new audit regulator (ARGA) is to be established, and arrangements for system leadership in local audit are to be introduced. Further change will follow as other recommendations are implemented.
18. The Kingman review has led to an urgent drive for the FRC to deliver rapid, measurable improvements in audit quality. This has created a major pressure for audit firms to ensure full compliance with regulatory requirements and expectations in every audit they undertake. By the time firms were conducting 2018/19 local audits during 2019, the measures they were putting in place to respond to a more focused regulator were clearly visible. To deliver the necessary improvements in audit quality, firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to the firms' ability to complete all their audits by the target date for publication of audited accounts. Delayed opinions are not the only consequence of the FRC's drive to improve audit quality. Additional audit work must also be paid for. As a result, many more fee variation claims have been needed than in prior years.
19. This situation has been accentuated by growing auditor recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explore innovative ways of developing new or enhanced income streams to help fund services for local people. These challenges have increased in subsequent audit years, with Covid-19 creating further significant pressure for finance and audit teams.
20. None of these problems is unique to local government audit. Similar challenges have played out in other sectors, where increased fees and disappointing responses to tender invitations have been experienced during the past two years.

### **The invitation**

21. PSAA is now inviting the Council to opt in for the second appointing period, for 2023/24 to 2027/28, along with all other eligible authorities. Based on the level of opt-ins it will enter into contracts with appropriately qualified audit firms and appoint a suitable firm to

be the Council's auditor. Details relating to PSAA's invitation are provided in Appendix A to this report.

### **The next audit procurement**

22. The prices submitted by bidders through the procurement will be the key determinant of the value of audit fees paid by opted-in bodies. PSAA will:
- seek to encourage realistic fee levels and to benefit from the economies of scale associated with procuring on behalf of a significant number of bodies;
  - continue to pool scheme costs and charge fees to opted-in bodies in accordance with the published fee scale as amended following consultations with scheme members and other interested parties (pooling means that everyone within the scheme will benefit from the prices secured via a competitive procurement process – a key tenet of the national collective scheme);
  - continue to minimise its own costs, around 4% of scheme costs, and as a not-for-profit company will return any surplus funds to scheme members. In 2019 it returned a total £3.5million to relevant bodies and in 2021 a further £5.6million was returned.
23. PSAA will seek to encourage market sustainability in its procurement. Firms will be able to bid for a variety of differently sized contracts so that they can match their available resources and risk appetite to the contract for which they bid. They will be required to meet appropriate quality standards and to reflect realistic market prices in their tenders, informed by the scale fees and the supporting information provided about each audit. Where regulatory changes are in train which affect the amount of audit work suppliers must undertake, firms will be informed as to which developments should be priced into their bids.
24. The scope of a local audit is fixed. It is determined by the Code of Audit Practice (currently published by the National Audit Office)<sup>1</sup>, the format of the financial statements (specified by CIPFA/LASAAC) and the application of auditing standards regulated by the FRC. These factors apply to all local audits irrespective of whether an eligible body decides to opt into PSAA's national scheme or chooses to make its own separate arrangements. The requirements are mandatory; they shape the work auditors undertake and have a bearing on the actual fees required.
25. There are currently nine audit providers eligible to audit local authorities and other relevant bodies under local audit legislation. This means that a local procurement exercise would seek tenders from the same firms as the national procurement exercise, subject to the need to manage any local independence issues. Local firms cannot be invited to bid. Local procurements must deliver the same audit scope and requirements as a national procurement, reflecting the auditor's statutory responsibilities.

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<sup>1</sup> MHCLG's Spring statement proposes that overarching responsibility for Code will in due course transfer to the system leader, namely ARGAs, the new regulator being established to replace the FRC.

## **Assessment of options and officer recommendation**

26. If the Council did not opt in there would be a need to establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members as defined by the Act. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority input to assessing bids and choosing to which audit firm to award a contract for the Council's external audit.
27. Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act and the Council would need to liaise with other local authorities to assess the appetite for such an arrangement.
28. These would be more resource-intensive processes to implement for the council, and without the bulk buying power of the sector-led procurement would be likely to result in a more costly service. It would also be more difficult to manage quality and independence requirements through a local appointment process. The council is unable to influence the scope of the audit and the regulatory regime inhibits the council's ability to affect quality.
29. The Council and its auditor panel would need to maintain ongoing oversight of the contract. Local contract management cannot, however, influence the scope or delivery of an audit.
30. The national offer provides the appointment of an independent auditor with limited administrative cost to the council. By joining the scheme, the council would be acting with other councils to optimise the opportunity to influence the market that a national procurement provides.
31. The recommended approach is therefore to opt in to the national auditor appointment scheme.

## **The way forward**

32. Regulation 19 of the Local Audit (Appointing Person) Regulations 2015 requires that a decision to opt in must be made by a meeting of the Council (meeting as a whole) i.e. Full Council, except where the authority is a corporation sole.
33. The Council then needs to respond formally to PSAA's invitation in the form specified by PSAA by the close of the opt-in period (11 March 2022).
34. PSAA will commence the formal procurement process in early February 2022. It expects to award contracts in August 2022 and will then consult with authorities on the

appointment of auditors so that it can make appointments by the statutory deadline of 31 December 2022.

### **Risk Management**

35. The principal risks are that the Council:

- fails to appoint an auditor in accordance with the requirements and timing specified in local audit legislation; or
- does not achieve value for money in the appointment process.

36. These risks are considered best mitigated by opting into the sector-led approach through PSAA.

### **Legal implications**

37. Section 7 of the Local Audit and Accountability Act 2014 requires a relevant Council to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.

38. Section 8 governs the procedure for appointment including that the Council must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor. Section 8 provides that where a relevant Council is a local Council operating executive arrangements, the function of appointing a local auditor to audit its accounts is not the responsibility of an executive of the Council under those arrangements.

39. Section 12 makes provision for the failure to appoint a local auditor. The Council must immediately inform the Secretary of State, who may direct the Council to appoint the auditor named in the direction or appoint a local auditor on behalf of the Council.

40. Section 17 gives the Secretary of State the power to make regulations in relation to an 'appointing person' specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this gives the Secretary of State the ability to enable a sector-led body to become the appointing person. In July 2016 the Secretary of State specified PSAA as the appointing person.

### **Financial Implications**

41. There is a risk that current external audit fee levels could increase when the current contracts end. It is clear that the scope of audit has increased, requiring more audit work. There are also concerns about capacity and sustainability in the local audit market. The current external audit scale fee is £36,000, as determined by PSAA. Where more or less work is required than is envisaged in the scale fee, a fee variation process will apply. The variations process will ensure that fees for additional work cannot be invoiced until agreed with the audited body and approved by PSAA.

42. Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible, while ensuring the quality of audit is maintained, by entering into a large scale collective procurement arrangement.
43. If the national scheme is not used some additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement exercise is completed it is not possible to state what, if any, additional resource may be required for audit fees from 2023/24.

### Timetable of Next Steps

44. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Inform PSAA of our chosen option	Decision at Audit Committee	11 March 2022	Chief Finance Officer

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#### Wards Affected

None

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#### Area(s) Affected

None

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#### Implications

Relevant project tools applied? Yes

Have you checked this report for plain English and readability? Yes. This has been done as far as possible considering the complex financial issues involved. Flesch-Kincaid grade level 13.9.

Climate change implications considered? N/A

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

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

Local People's Views  
Anti-Poverty

No  
No

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**Additional Information**

Appendix 1: Hastings Borough Council invitation to opt into the national scheme for auditor appointments from April 2023

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**Officer to Contact**

Simon Jones  
[simon.jones@hastings.gov.uk](mailto:simon.jones@hastings.gov.uk)  
Senior Finance Projects Officer  
01424 451532



22 September 2021

To: Ms Hartnell, Chief Executive  
Hastings Borough Council

Copied to: Mr Grace, S151 Officer  
Councillor Rankin, Chair of Audit Committee or equivalent

Dear Ms Hartnell,

### **Invitation to opt into the national scheme for auditor appointments from April 2023**

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at [ap2@psaa.co.uk](mailto:ap2@psaa.co.uk). We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to [ap2@psaa.co.uk](mailto:ap2@psaa.co.uk), and we will respond to you.

Yours sincerely

Tony Crawley  
Chief Executive

Encl: Summary of the national scheme

## Why accepting the national scheme opt-in invitation is the best solution

### Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

### The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

### What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

## **Opting in**

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

## **Local Government Reorganisation**

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

## **Next Steps**

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).

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# Public Document Pack

## CABINET

19 NOVEMBER 2021

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

### **384. APOLOGIES FOR ABSENCE**

None received.

### **385. DECLARATION OF INTERESTS**

None received.

### **386. MEDIUM TERM FINANCIAL STRATEGY 2022/23 - 2025/26**

The Chief Finance Officer presented a report to set out the Medium Term Financial Strategy (MTFS) 2022/23 – 2025/26.

The MTFS seeks to inform the budget process and enables the council to produce a viable and fully resourced Corporate Plan.

The report identifies £1.83 million of additional expenditure that the council is likely to incur in the current financial year. Some of these items are one-off expenditures, such as the dangerous structure at Battle Road and the West Hill Cliff Railway closure. The council has also made a claim to the government for loss of fees and charges income during the pandemic.

However, the increase in homelessness costs, predicted to be £475,000 this year, have resulted in substantial additional expenditure. Similarly, net expenditure on rough sleepers is projected to increase by £270,000 in the current year, with demand likely to increase.

The Leader of the Council has written to the government explaining the situation and calling for additional funding. It is not yet known what the funding settlement will be from central government, although this is expected to be announced before Christmas.

Overall, the deficit is set to rise from the £1.483 million initially projected to £2.292 million this financial year and thereafter increasing until 2025-26. Unless action is taken the council's unallocated reserves are set to fall below the agreed minimum of £6 million. £465,000 of in-year savings have been identified in the current financial year in order to mitigate the need for the reserves to fall below the recommended minimum level.

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

## CABINET

19 NOVEMBER 2021

### **RESOLVED** (unanimously):

1. Approve the Medium Term Financial Strategy.
2. The Council take the robust actions necessary in this financial year and throughout the 2022/23 budget process to achieve a sustainable budget and maintain the minimum recommended level of unallocated reserves.
3. Service costs are reduced in this financial year to contain costs as detailed in Table 1 of this report, and that further savings be made where practicable.
4. Full Council to note the action taken and that there is potentially a greater call on Reserves in 2021/22.

Reasons:

The council matches its available resources to its priorities across the medium term. The Council needs to achieve estimated savings of some £3.1m in order to achieve a sustainable budget in 2022-23. In arriving at this figure many assumptions have once again had to be made on future funding, spiralling costs of homelessness, and also the ongoing impacts of Covid-19 on income streams. The estimates will continue to be updated as and when the government announces details of future funding and demand and inflationary impacts are updated.

The report provides the opportunity to assess the council's resources to assist the review of corporate priorities. Given the additional spending pressures in 2021-22 and an increase in the deficit of some £809,000 immediate action should be taken to cut expenditure to preserve reserves at their minimum recommended levels.

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.

### **387. MINUTES OF LAST MEETING**

**RESOLVED** - that the minutes of the meeting held on 1<sup>st</sup> November 2021 be approved as a true record.

(The Chair declared the meeting closed at 3.10pm)