

Cabinet Agenda

Monday, 5 September 2022 at 6.00 pm

Council Chamber, Muriel Matters House, Breeds Place, Hastings, East Sussex, TN34 3UY

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8.	Urgent Items (if any)	

a) Bye Laws for Pleasure Grounds, Public Walks and Open Spaces

(Cameron Morley, Waste & Cleansing Manager)

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Present: Councillors Barnett (Chair), Batsford, Haffenden, Hilton, Roark, and Rogers.

In attendance: Jane Hartnell (Managing Director), Mary Kilner (Chief Legal Officer and Monitoring Officer), and Andrew Palmer (Assistant Director, Housing and Built Environment)

444. APOLOGIES FOR ABSENCE

Apologies for absence received from Councillor Evans and Councillor Willis.

445. DECLARATION OF INTERESTS

None received.

446. MINUTES OF LAST MEETING

Councillor Hilton raised an error in the appointments to working groups attached to the minutes of the previous meeting which show Councillors Hilton and Haffenden in the Labour Group column for the Discretionary Rate Appeal Panel and Licensing Committee (Scrap Metal Dealers).

RESOLVED (unanimously) that the Minutes of the meeting held on 6th June 2022 be approved as a true record subject to the above amendment.

447. UPDATE ON HEALTH INEQUALITIES WORK IN HASTINGS

The Managing Director introduced a report to update Cabinet on progress in addressing health inequality in Hastings.

The Council agreed a motion in February 2021 regarding the health inequality gap experienced by residents of Hastings.

Since this motion was passed, the issue of health inequalities has been highlighted even further as the impact of the pandemic on deprived communities has become better understood.

During 2021 £3.4 million of funding that had been previously identified for health programmes in Hastings and Rother was re-allocated as legacy funding following lobbying by Councillor Mike Turner. The first £1 million of this allocation has been invested during 2021/22.

The remainder will fund a new year-long innovative Hastings-focused universal healthcare programme which recognises that access to healthcare is currently unequal, and poverty a key driver of poor health.

Councillor Batsford paid tribute to the work of Councillor Turner as a member of the East Sussex Health Overview and Scrutiny Committee (HOSC) in holding local

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healthcare providers to account and securing funding for Hastings health services.

Councillor Barnett thanked the NHS for their help with the universal healthcare experiment, and the Director of Public Health for East Sussex, who has been leading a Local Strategic Partnership health inequality working group which has been leading on a whole systems approach to public health.

RESOLVED (unanimously):

To welcome the progress made in ensuring the issues of health inequality that blight the lives of many residents are being addressed.

Reasons:

To update Cabinet on progress in addressing health inequalities since the Council motion was adopted in February 2021.

448. YORK BUILDINGS

The Assistant Director, Housing and Built Environment, introduced a report to provide an update on the Council's Grant Agreement with Homes England for the delivery of affordable rent housing at 12/13 York Buildings and advise members of the key conditions relating to its role as a residential landlord.

The Council has completed the development of six self-contained one bedroom flats at 12/13 York Buildings. The property is a grade II listed building which consists of retail on the ground floor with the newly developed flats repurposing the upper floors which had been empty for many years.

The Council has been awarded funding of £303,910 through the Affordable Homes programme to deliver the units at York Buildings at affordable rent. Once accepted, this will place a restriction on how the properties can be used. This will help to offset some of the cost of providing homelessness support by providing accommodation for those the Council is required to assist.

Councillor Carr was present and asked if there is a move to audit other Council owned buildings to see if they could be repurposed into affordable accommodation in the same manner.

Councillor Edwards was present and asked if the annual surplus takes account of running costs going forward.

The Assistant Director confirmed that a 30% allowance is included in the figures to offset running and maintenance costs. The building has been fully renovated so it is expected that maintenance costs will be low in the short-term. The building will be added to the Council's portfolio of temporary accommodation and will be managed by the same team of officers.

The flats will be let in accordance with the Council's letting scheme and allocation policy. This scheme can provide a blueprint for the future as the Council develops the

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appropriate policies and procedures for directly delivering social housing.

RESOLVED (unanimously):

- 1. The Council renews its role as a Registered Provider directly delivering affordable, social housing.**
- 2. The Council proceeds to drawdown funding through the Affordable Homes Programme 2021-2026 to deliver Affordable Rent housing at 12/13 York Buildings.**

Reasons:

1. The delivery of Affordable Rent at 12/13 York Buildings will provide six permanent homes to people on the Council's Housing Register and directly support the Council's Affordable Housing targets and its 500 Affordable Rented Homes Programme.
2. The development of 12/13 York Buildings is being financed by borrowing from the Public Works Loan Board and the Affordable Housing grant reduces the borrowing requirement by circa £300k. The lower borrowing costs will be capable of being funded by the rental income.
3. The Council will be able to more easily bring forward Affordable Housing in the future through its own developments or the acquisition of Section 106 units. There are more direct delivery opportunities available to the Council as a Registered Provider and a Homes England Investment Partner.

(The Chair declared the meeting closed at 6.56pm)

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Agenda Item 4



Report to: Cabinet

Date of Meeting: 05 September 2022

Report Title: Treasury Management Outturn Report for 2021-22

Report By: Simon Jones (Senior Finance Projects Officer)

Purpose of Report

This report provides the opportunity for the Cabinet, Audit Committee and Council to scrutinise the Treasury Management activities and performance of the last financial year.

Recommendation(s)

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

Reasons for Recommendations

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 2021-22.

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.

Introduction

1. This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
2. The primary requirements of the Code are as follows:
 - a. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - b. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - c. Receipt by the Full Council of an annual treasury management strategy report - including the annual investment strategy report for the year ahead, a mid-year review report (as a minimum) and an annual review report of the previous year.
 - d. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - e. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body which in this Council is the Audit Committee.
3. Treasury management in this context is defined as:

"The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
4. During 2021/22 the minimum reporting requirements were that the Full Council should receive the following reports:
 - an annual treasury strategy in advance of the year (Council 17/02/2021)
 - a mid-year, (minimum), treasury update report (Audit Committee 18/11/2021, Council 6/01/2022)
 - an annual review following the end of the year describing the activity compared to the strategy, (this report)
5. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury

activities and highlights compliance with the Council's policies previously approved by members.

6. Member training on treasury management issues was last undertaken on 10 January 2022 and prior to that on 2 February 2021 in order to support members' scrutiny role.
7. The figures provided in this report for 2021/22 are as yet unaudited and still subject to change.
8. This annual Treasury report covers
 - a. capital expenditure and financing 2021-22
 - b. overall borrowing need (the Capital Financing Requirement)
 - c. treasury position as at 31 March 2022
 - d. performance for 2021-22
 - e. the strategy for 2021-22
 - f. the economy and interest rates in 2021-22
 - g. borrowing rates in 2021-22
 - h. the borrowing outturn for 2021-22
 - i. debt rescheduling
 - j. compliance with treasury limits and Prudential Indicators
 - k. investment rates in 2021-22
 - l. investment outturn for 2021-212

Capital Expenditure and Financing 2021/22

9. The Council undertakes capital expenditure on long-term assets. These activities may either be:
 - Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
 - If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
10. The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	Outturn 2021/22	
	£'000's	£'000's
Expenditure:		4,844
Financed By:		
Borrowing		1,097
Grants:		
Disabled Facilities Grant	1,275	
Country Park Interpretive Centre European Funding	23	
Harbour Arm and New Groynes - Contribution from DEFRA	132	
Further Sea Defence works	116	
Lower Bexhill Rd	580	
Churchfields Business Centre	938	
Restoration Pelham Crescent & Pelham Arcade	43	
Private Sector Renewal Support - Regional Housing Board & LEP		
Funding	2	
Towns Fund	125	
		3,232
CPO Provision - 21 Devonshire Rd		191
S106 - Playgrounds Upgrade		12
Reserves		254
Capital Receipts		60
		4,844

Overall Borrowing Need (Capital Financing Requirement (CFR))

11. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend.
12. Part of the Council's treasury activities is to address the funding requirements for the Council's borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure enough cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, such as the Government, through the Public Works Loan Board (PWLB), the money markets, or by using temporary cash resources from within the Council.
13. The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet

capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

14. The total CFR can also be reduced by:
 - the application of additional capital financing resources (such as unapplied capital receipts); or
 - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
15. The Council's 2021/22 MRP Policy was approved as part of the Treasury Management Strategy Report for 2021/22 by Council in February 2021.
16. The Council's CFR for the year is shown below and represents a key prudential indicator. It includes leasing schemes on the balance sheet, which increase the Council's borrowing need (albeit no borrowing of cash is required).

Table 2 CFR: General Fund	2020/21 Actual £000's	2021/22 Revised Estimate £000's	2021/22 Actual £000's
Opening balance	66,372	72,683	72,683
Add unfinanced capital expenditure	7,811	3,418	1,097
Less MRP	(1,500)	(1,668)	(1,668)
Closing balance	72,683	74,433	72,112

17. Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.
18. The Council's long-term borrowing must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2021/22 plus the expected changes to the CFR over 2022/23 and 2023/24 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs.
19. The table below highlights the Council's gross borrowing position (External Borrowing) against the CFR, which provides an indication of affordability for the Council. The Council has complied with this prudential indicator.

Table 3 CFR vs Borrowing Level	2020/21 Actual £000's	2021/22 Revised Estimate £000's	2021/22 Actual £000's
Capital Financing Requirement	72,683	74,433	72,112
External Borrowing	64,690	69,737	66,063
Net Internal/(External) Borrowing	7,993	4,696	6,049

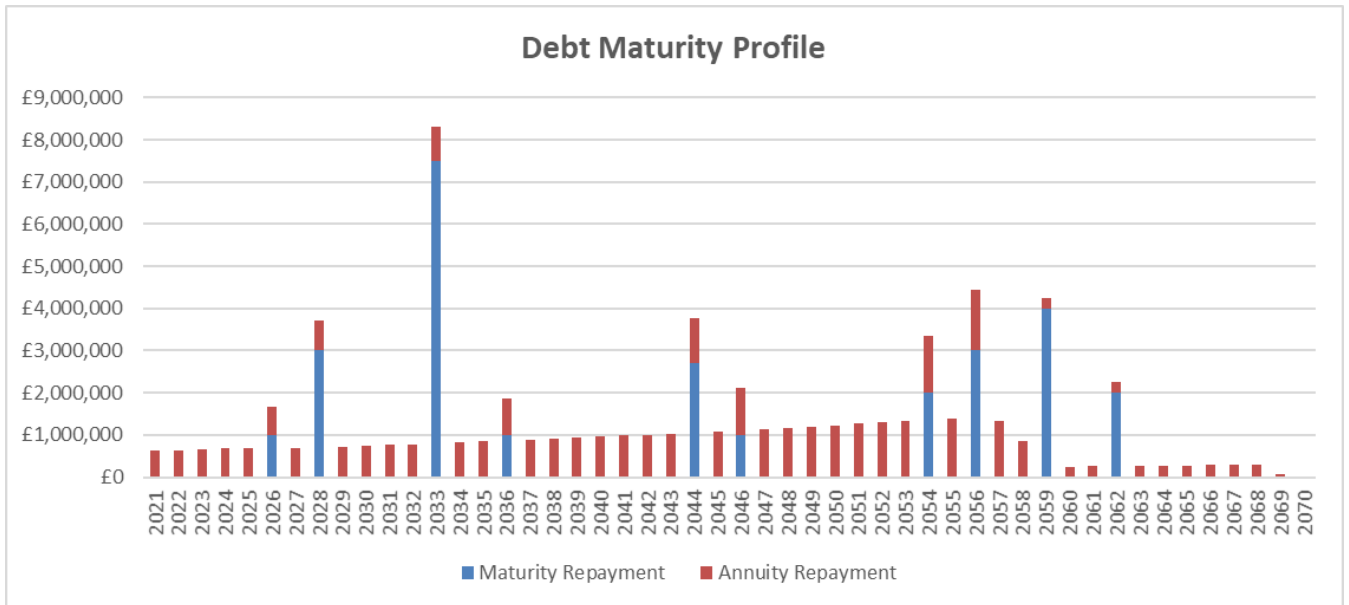
Treasury Position as at 31 March 2022

20. The Council's investment and debt position at the beginning and the end of the year is shown in the tables that follow, namely: -

Table 4	31 March 2021 Principal £m	31 March 2022 Principal £m
Investments		
Managed In-House	23.318	26.240
CCLA Managed Externally	4.752	5.219
Total Investments	28.070	31.459

Table 5	1 April 2021 Principal	Start Date	Maturity Date	31 March 2022 Principal	Rate
PWLB	£7,500,000	25/05/2007	01/02/2033	£7,500,000	4.80%
PWLB	£909,027	04/09/2014	02/09/2044	£909,027	3.78%
PWLB (Optivo)	£1,788,235	04/09/2014	02/09/2044	£1,788,235	3.78%
PWLB (FT) (Annuity)	£156,196	21/03/2016	20/03/2026	£125,981	1.66%
PWLB	£1,000,000	11/05/2016	11/05/2056	£1,000,000	2.92%
PWLB	£1,000,000	11/05/2016	11/05/2046	£1,000,000	3.08%
PWLB	£1,000,000	11/05/2016	11/05/2036	£1,000,000	3.01%
PWLB	£1,000,000	11/05/2016	11/05/2026	£1,000,000	2.30%
PWLB	£2,000,000	24/06/2016	24/06/2054	£2,000,000	2.80%
PWLB	£1,000,000	24/06/2016	24/06/2028	£1,000,000	2.42%
PWLB	£2,000,000	21/03/2017	21/03/2057	£2,000,000	2.53%
PWLB	£2,000,000	21/03/2017	19/09/2059	£2,000,000	2.50%
PWLB	£2,000,000	23/03/2017	23/03/2060	£2,000,000	2.48%
PWLB (Annuity)	£6,889,020	01/06/2017	01/06/2057	£6,772,356	2.53%
PWLB (Annuity)	£7,987,864	22/11/2017	22/11/2057	£7,860,481	2.72%
PWLB	£2,000,000	12/12/2018	12/06/2028	£2,000,000	1.98%
PWLB (Annuity)	£3,881,544	13/12/2018	13/12/2058	£3,820,026	2.55%
PWLB (Annuity)	£2,426,128	31/01/2019	31/01/2059	£2,387,758	2.56%
PWLB (Annuity)	£4,320,356	31/01/2019	31/01/2069	£4,273,795	2.56%
PWLB (Annuity)	£9,121,014	20/03/2019	20/03/2059	£8,976,150	2.54%
PWLB (Annuity)	£4,710,543	02/09/2019	02/09/2069	£4,649,533	1.83%
PWLB	£0	13/01/2022	13/01/2062	£2,000,000	1.89%
Total Debt	£64,689,926			£66,063,342	2.74%

21. The maturity structure of the debt portfolio is as shown in the chart below:



Performance Measurement (2021-22)

22. Table 6 below compares the Estimated Interest Payable and Received and associated fees for the year 2021-22.

Table 6 Interest	2020-21 Actual Outturn (Unaudited) £000's	2021-22 Revised Budget £000's	2021-22 Actual Outturn (Unaudited) £000's
Gross Interest Payable	1,849	1,843	1,813
Gross Interest Received	(522)	(504)	(540)
Fees	10	10	10
Other (e.g. PWLB Discount)	0	0	0
Net Cost	1,337	1,349	1,283

23. The Council's longer term cash balances comprise, primarily, revenue and capital resources, although these will be influenced by cash flow considerations. The Council's core cash resources are detailed below and were in line with budget expectations.

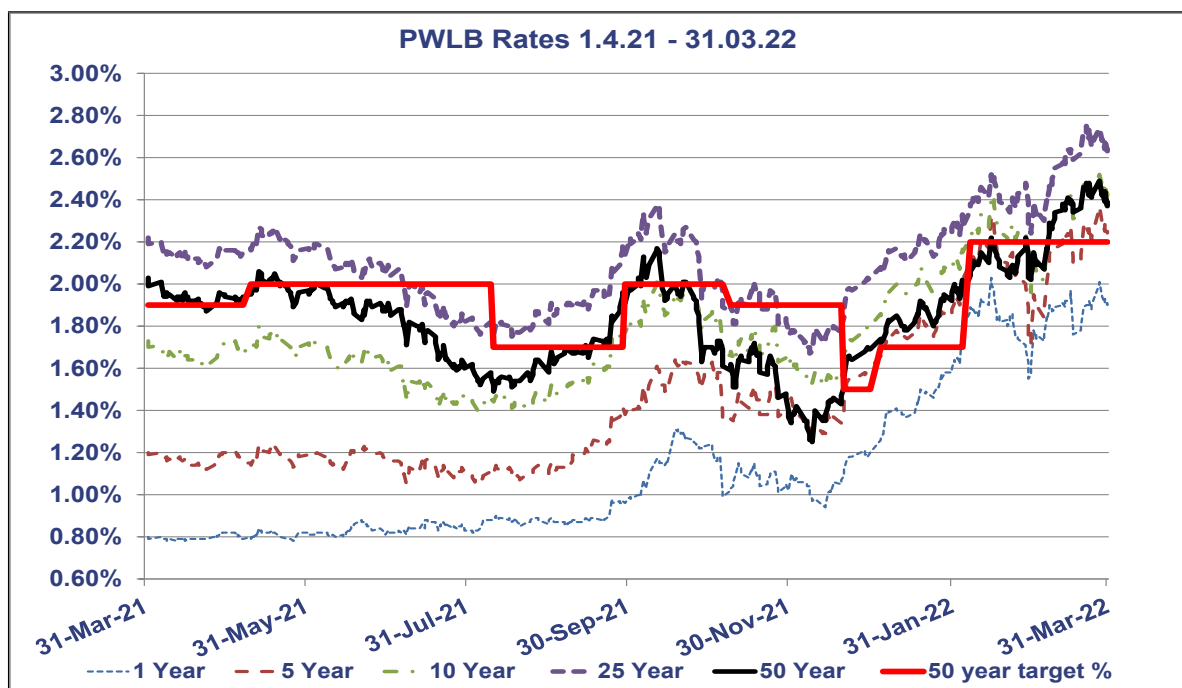
The Strategy for 2021-22

24. The general aim of the 2021-22 treasury management strategy was to minimise the costs of borrowing in both the short and longer term. In the short term it would consider avoiding new borrowing and using cash balances to finance new borrowing. However, to minimise longer term costs the Council needs to borrow when rates are at historically low levels. The timing of new borrowing is therefore important to minimise the overall costs to the Council.

25. Given that rates did not look set to increase it was recommended that new borrowing was only taken when necessary and internal balances were used to temporarily finance long life assets. If rates decreased, then opportunities to borrow may be taken. Given that the Council is increasingly using its reserves these need to be readily available and not subjected to unnecessary risk or exposure.
26. The strategy proved very effective for 2020/21 and 2021/22 in that the Council had borrowed successfully in past years and had cash backed reserves in place with little internal borrowing as at March 2020 when the Covid-19 pandemic struck. This enabled the Council to avoid having to borrow at high rates of interest to cover day to day expenses and avoided any cash flow difficulties. It also enabled the Council to avoid borrowing for the whole of 2020/21 and most of 2021/22. The Council can not avoid borrowing for long and will need to take advantage of the historically very low interest rates currently in place.

Borrowing Rates in 2021-22

27. PWLB borrowing rates - the graph for PWLB maturity rates below shows, for a selection of maturity periods, the fluctuations in rates during the last financial year.



	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2021	0.80%	1.20%	1.73%	2.22%	2.03%
31/03/2022	1.91%	2.25%	2.43%	2.64%	2.39%
Low	0.78%	1.05%	1.39%	1.67%	1.25%
Low date	08/04/2021	08/07/2021	05/08/2021	08/12/2021	09/12/2021
High	2.03%	2.37%	2.52%	2.75%	2.49%
High date	15/02/2022	28/03/2022	28/03/2022	23/03/2022	28/03/2022
Average	1.13%	1.45%	1.78%	2.10%	1.85%
Spread	1.25%	1.32%	1.13%	1.08%	1.24%

28. PWLB rates are based on gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen, over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. Recently, yields have risen since the turn of the year on the back of global inflation concerns.
29. Gilt yields fell sharply from the spring of 2021 through to September and then spiked back up before falling again through December. However, by January sentiment had well and truly changed, as markets became focussed on the embedded nature of inflation, spurred on by a broader opening of economies post the pandemic, and rising commodity and food prices resulting from the Russian invasion of Ukraine.
30. At the close of the day on 31 March 2022, all gilt yields from 1 to 5 years were between 1.11% – 1.45% while the 10-year and 25-year yields were at 1.63% and 1.84%.
31. Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows: -
- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
32. There is likely to be a further rise in short dated gilt yields and PWLB rates over the next three years as Bank Rate is forecast to rise from 0.75% in March 2022 to 1.25% later this year, with upside risk likely if the economy proves resilient in the light of the cost-of-living squeeze. Medium to long dated yields are driven primarily by inflation concerns but the Bank of England is also embarking on a process of Quantitative Tightening when Bank Rate hits 1%, whereby the Bank's £895bn stock of gilt and corporate bonds will be sold back into the market over several years.

Borrowing Outturn for 2021/22

33. Additional long-term borrowing of £2m was undertaken in early January 2022 to take advantage of the low rates on offer.
34. The Council has effectively used its reserves and balances to fund the Capital programme in 2021/22 but will need to borrow in the near future. The investment rate achievable during the year was low, and whilst the borrowing rates are still

low historically, albeit rising, they are high compared to the investment rates. The policy of “internal borrowing has saved the Council considerable monies in 2021-22 (every 1% difference on £6.156m is worth £60,156).

35. During 2021/22 there were debt repayments of £626,585 resulting in a total balance outstanding with the PWLB of £66,063,342 as at 31 March 2022.

Borrowing in advance of need

36. The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.
37. The Council had a lower level of borrowing than its Capital Financing Requirement (CFR) at the 31 March 2022.

Debt Rescheduling

38. No debt rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.
39. The Council has examined in the past the potential for making premature debt repayments in order to reduce borrowing costs as well as reducing counterparty risk by reducing investment balances. No rescheduling was undertaken during the year as the differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable. When last reviewed on the 27 September 2017 the early repayment cost of the £7.5m PWLB loan, maturing in 2033, would have amounted to £3,177,343.

Compliance with Treasury Limits

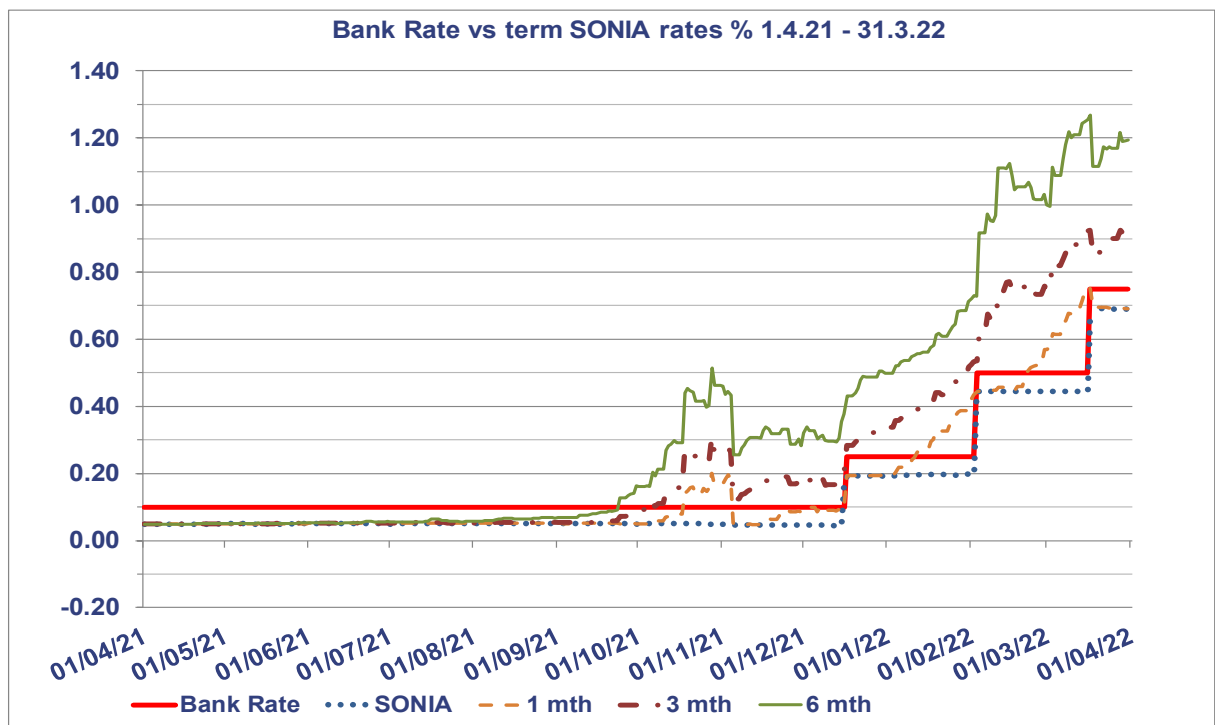
40. During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council’s annual Treasury Strategy Statement (Appendix 1).

Investment Rates in 2021-22

41. Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.
42. The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect

that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).

43. While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.
44. Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets.
45. The funds invested during the year were often available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.
46. The chart below shows the bank rate against the Sterling Overnight Index Average (SONIA) over the course of 2021/22. Previously the London Interbank Bid Rate (LIBID) data has been reported but LIBID has been phased out and replaced with SONIA.



	Bank Rate	SONIA	1 mth	3 mth	6 mth
High	0.75	0.69	0.75	0.93	1.27
High Date	17/03/2022	18/03/2022	16/03/2022	28/03/2022	17/03/2022
Low	0.10	0.05	0.05	0.05	0.05
Low Date	01/04/2021	15/12/2021	10/11/2021	14/04/2021	09/04/2021
Average	0.19	0.14	0.17	0.24	0.34
Spread	0.65	0.65	0.71	0.88	1.22

Investment Strategy

47. The strategy for 2021/22 was agreed at the Council meeting in February 2021. The Investment strategy did not change during the year given the already low interest rates, other than investing money for shorter periods to ensure there was sufficient monies available for cash flow purposes.
48. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained very low.
49. While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.
50. Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.
51. The revised budget in February 2022 forecast investment returns (including loans) of £504,000 whilst the actual outturn was £540,000. This is considered to be a very good outcome given the impact of Covid-19 and the reduction in the base rate to 0.1% for three quarters of the year.
52. The impact of Covid-19 has been significant on all investments and particularly the stock markets around the world. Hastings BC has not been immune, but the strategy of limiting the level of investments with different institutions, with different countries, and the amounts invested in property and other funds has stood the Council in a good position. Losses have been limited, with values now increasing, and the Council has had no issues in managing its cash flow.

Investments: Property Fund & Diversified Income Fund (DIF)

53. The return on the Property Fund investment (£2m with CCLA) was 21.82% net of fees to the end of March 2022 i.e. capital gains and dividends. This compares to returns of 3.75% in the previous year. The net dividends received amounted to £73,039 in the financial year. The table below highlights the overall performance compared to previous years.

Discrete year total return performance

12 months to 31 March	2022	2021	2020	2019	2018
The Local Authorities' Property Fund	+21.82%	+3.75%	+0.66%	+5.99%	+9.72%
Comparator Benchmark	+22.52%	+2.46%	+0.12%	+5.69%	+10.46%

Annualised total return performance

Performance to 31 March 2022	1 year	3 years	5 years
The Local Authorities' Property Fund	+21.82%	+8.36%	+8.15%
Comparator Benchmark	+22.52%	+7.92%	+7.97%

Net performance shown after management fees and other expenses. Comparator Benchmark – MSCI/AREF UK Other Balanced Quarterly Property Fund Index. Past performance is not a reliable indicator of future results. Source: CCLA

54. In addition to the £2m invested in the CCLA Property Fund the Council invested £3m in the CCLA Diversified Income Fund (DIF) during 2019/20. The net dividends received amounted to £70,972 in 2021-22.
55. At the 31st March 2022 the Property Fund had a capital value (Mid-Market price) of £2.247m and the DIF £2.972m. The yields have continued to be high, with the DIF yielding some 2.39% (March 2022) and the Property Fund 3.25% (March 2022).
56. The Property Fund and DIF are both longer term investments (5 years plus) and it has always been well understood that the capital values can go up as well as down. The impact of Covid-19 on the values and the subsequent recovery has been reported previously. Capital value of both funds are continuing to grow and make up the losses from the impact of Covid-19. The Property Fund capital value is now in positive territory, having made back the initial costs of investment, and the DIF now sits only just below the original investment amount.

Investment Outturn for 2021-22

57. Cash balances fluctuated widely during the year. The Council, at times received considerable additional monies from the government to distribute to businesses and this was held in readily accessible bank accounts but gained little or no interest.
58. The average rate of return for the year on the investments made was 0.25% (excluding CCLA investments). The total interest earned for the year was £46,489 (excluding the CCLA monies). The comparable performance indicator is the un compounded 7-day SONIA rate which was 0.1355%. These returns also exclude the interest received on loans e.g. Hastings Housing Company, Optivo, Foreshore Trust.
59. The table below provides a snapshot of the investments/deposits held at 31 March 2022 (excluding those with CCLA).

Counterparty	Rate/Return (%)	Start Date	End Date	Principal (£)	Term
NatWest	0.01			6,147	Call
Australia and NZ BCG Ltd	0.43	14/10/2021	14/10/2022	5,000,000	Fixed
Goldman Sachs	0.52	31/12/2021	30/06/2022	5,000,000	Fixed
Barclays	0.40			5,003,194	Call
Lloyds Gen	0.01			11,230,360	Call
			Total	26,239,701	

60. In addition to the investments the Council has a few loans in place, namely as at 31 March 2022: -

Counterparty	Rate/Return (%)	Start Date	End Date	Principal O/S * (£)	Type
Amicus/Optivo	3.78	04/09/2014	02/09/2044	1,788,235	Maturity
The Source	2.43	17/12/2015	17/12/2025	10,730	Annuity
Foreshore Trust	1.66	21/03/2016	20/03/2026	125,981	Annuity
			Total	1,924,946	

*Note: these are the balances outstanding – assuming all repayments are made

Loans to Hastings Housing Company Ltd

61. Hastings Housing Company, wholly owned by the Council, has two loan facilities with the Council, a revenue loan, and a capital loan. The rate chargeable on the revenue loan is calculated monthly and stood at 4.69% at the end of March 2020 – this loan has now been repaid to the Council.
62. The Capital loan rate is based on the rate prevailing at the time of the advance and is fixed for the period of the loan. Three separate loans have been made as per the table below.

Counterparty	Interest Rate	Start Date	End Date	Principal O/S 31/03/2022	Term		Annual Interest
HHC Ltd - Loan 1	4.48%	28/02/2018	28/02/2058	£784,676	Fixed	Maturity Loan	£35,153
HHC Ltd - Loan 2	4.84%	12/02/2019	12/02/2059	£344,810	Fixed	Maturity Loan	£16,689
HHC Ltd - Loan 3	4.84%	13/06/2019	13/06/2059	£4,359,912	Fixed	Maturity Loan	£211,020
				£5,489,398			£262,862

63. The value of the capital loans was £5,489,398 at the end of March 2022 and as the loans are maturity loans the principal outstanding will not reduce annually but be repaid or refinanced in one lump upon maturity 40 years after the loan was issued. The interest rates are fixed and were determined in accordance with EU rules.
64. The debt costs (principal and interest) incurred by the Council in making advances to the housing company are covered by the interest repayments from the housing

company. The interest receivable by the Council amounted to £262,862 in 2021-22 (unaudited).

65. It should be noted that due to cashflow difficulties related to the Covid-19 pandemic the Housing Company is a year behind on its interest repayments to the council. The overdue amount owed is £262,862. The late payment of interest from the Housing Company will attract additional interest charges. A separate briefing paper on this issue has been prepared.

Other Issues

The Economy and Interest Rates

66. Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022, 0.75% in March 2022 and then to 1.0% in April 2022.
67. The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.
68. Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.
69. Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

IFRS 9 fair value of investments

70. Following the consultation undertaken by the Ministry of Housing, Communities and Local Government, [MHCLG] (now renamed the Department of Levelling Up, Housing & Communities) on IFRS 9 the Government previously introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This was effective from 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the

override in order for the Government to keep the override under review and to maintain a form of transparency.

IFRS 16 Leases

71. The implementation of IFRS 16 bringing currently off-balance sheet leased assets onto the balance sheet has again been delayed until 2024/25. The Council has work to do on implementing this change, although now has an additional 2 years to prepare.

Financial Implications

72. The security of the Council's monies remains the top priority within the strategy, along with liquidity – being able to access sufficient money as and when required. Investment rates available in the market have continued to be at very low levels during the last year.
73. Minimal new borrowing (£2m) was undertaken in the year, albeit that the capital expenditure incurred and future capital programme plans may necessitate further borrowing shortly. The use of the Council's reserves and balances to temporarily fund the Capital expenditure has resulted in significant savings to the Council.
74. The Council has carefully considered the overall levels of borrowing being undertaken against the size of the Council's budget and its unencumbered assets, along with the affordability of the debt commitments as and when income streams potentially reduce – as unfortunately tested by the recent Covid-19 crisis. At no time during the year has cash flow been an issue for the Council.
75. The effective management of the Council's cash flow, reserves, and investments remains of critical importance. The increasing governance in this area, as well as the increasing sums involved will necessitate more staff resources being required to manage and report on this critical area.
76. Recent changes to the Prudential Code and Treasury Management Code has increase the controls and reporting requirements. Any further limits on borrowing could potentially impact significantly on the Council's plans.
77. On 11 May 2022, the government announced new measures to address excessive risk stemming from borrowing and investment practices. The measures, to be taken forward through the Levelling Up and Regeneration Bill, will put in place statutory powers allowing the government to investigate local practices and, where necessary, require remedial action by an authority where there is excessive risk to financial stability from capital practices. The intent of the powers is to provide the government with the ability to take targeted and precise action where it has concerns, without the need for further reform to the Prudential Framework as a whole. The Councils current treasury management, investment and capital expenditure plans are unlikely to see us impacted by this new legislation.

Timetable of Next Steps

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

Action	Key milestone	Due date (provisional)	Responsible
Cabinet	Report	4 July 2022	Chief Finance Officer
Full Council	Report	13 July 2022	Chief Finance Officer
Audit Committee	Report	28 July 2022	Chief Finance Officer

Wards Affected

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

Implications

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

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

Additional Information

Treasury Management and Annual Investment Strategy 2021/22
CIPFA - Treasury Management Code of Practice
CIPFA - The Prudential Code
Appendix 1 – Prudential Indicators
Appendix 2 – Capital Expenditure 2021-22 (and amounts financed by borrowing)

Officer to Contact

Officer Name: Simon Jones
Officer Email Address; simon.jones@hastings.gov.uk

Appendix 1 - Prudential Indicators

The Council's Capital expenditure plans are the key driver of treasury management activity. The output of the Capital expenditure plans (detailed in the budget) is reflected in the prudential indicators below.

TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt					
borrowing	110,000	110,000	110,000	110,000	110,000
other long term liabilities	5,000	5,000	5,000	5,000	5,000
TOTAL	115,000	115,000	115,000	115,000	115,000
Operational Boundary for external debt					
borrowing	105,000	105,000	105,000	105,000	105,000
other long term liabilities	5,000	5,000	5,000	5,000	5,000
TOTAL	110,000	110,000	110,000	110,000	110,000

The Council's external borrowing at 31 March 2022 amounted to £66,063,342 which is well within approved borrowing limits.

Interest Rate Exposures	2021/22 Upper	2022/23 Upper	2023/24 Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	100%	100%	100%
Limits on fixed interest rates:			
· Debt only	100%	100%	100%
· Investments only	100%	100%	100%
Limits on variable interest rates			
· Debt only	30%	30%	30%
· Investments only	100%	100%	100%
Maturity Structure of fixed interest rate borrowing 2022/23			
	Lower	Upper	
Under 12 Months	0%	100%	
12 months to 2 years	0%	100%	
2 years to 5 years	0%	100%	
5 years to 10 years	0%	100%	
10 years to 20 years	0%	100%	
20 years to 30 years	0%	100%	
30 years to 40 years	0%	100%	
40 years to 50 years	0%	100%	
Maturity Structure of variable interest rate borrowing 2022/23			
	Lower	Upper	
Under 12 Months	0%	30%	
12 months to 2 years	0%	30%	
2 years to 5 years	0%	30%	
5 years to 10 years	0%	30%	
10 years to 20 years	0%	10%	
20 years to 30 years	0%	10%	
30 years to 40 years	0%	10%	
40 years to 50 years	0%	10%	

Affordability prudential indicator - Ratio of financing costs to net revenue stream

This indicator assesses the affordability of the capital investment plans. It provides an indication of the impact of the capital investment plans on the Council's overall finances. This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

Prudential Indicator: Financing Cost to Net Revenue Stream	2020/21 Actual	2021/22 Revised Estimate	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Financing Costs	£'000	£'000	£'000	£'000	£'000	£'000
1. Interest Charged to General Fund	1,836	1,843	1,813	2,137	2,320	2,494
2. Interest Payable under Finance Leases and any other long term liabilities	-	-	-	-	-	-
3. Gains and losses on the repurchase or early settlement of borrowing credited or charged to the amount met from government grants and local taxpayers	-	-	-	-	-	-
4. Interest and Investment Income	-522	-504	-540	-503	-513	-505
5. Amounts payable or receivable in respect of financial derivatives	-	-	-	-	-	-
6. Minimum Revenue Provision (MRP) / Voluntary Revenue Provision (VRP)	1,500	1,668	1,668	1,711	1,946	2,246
7. Depreciation/Impairment that are charged to the amount to be met from government grants and local taxpayers	-	-	-	-	-	-
Total	2,814	3,007	2,941	3,345	3,753	4,235
Net Revenue Stream						
Amount to be met from government grants and local taxpayers	16,332	14,253	14,253	14,245	13,960	13,821
Ratio						
Financing Cost to Net Revenue Stream	17%	21%	21%	23%	27%	31%

Note: Outturn figures for 2019/20, 2020/21 and 2021/22 are unaudited

This prudential indicator shows that the ratio of financing costs to the net revenue stream is generally increasing. This is not unexpected given that the Council agreed a programme for over £50m of Capital expenditure over the period 2017/18 to 2021/22 - thus increasing borrowing costs.

Appendix 2 - Capital Expenditure financed by borrowing in 2021-22

Capital Expenditure 2021/22	2021/22 Actual £	Finance by Borrowing £
RP16 CPO property	190,519	0
Private Sector Renewal Support	2,000	0
Disabled Facilities Grant	1,274,675	0
Restoration of Pelham Crescent/ Pelham Arcade	614	0
RP16 Road at Pelham Arcade	42,081	0
Work on Harbour Arm and New Groynes	131,505	0
ES36 Further Sea Defence works	115,763	0
Country Park -Interpretive Centre	37,606	15,042
Playgrounds Upgrade Programme	47,397	0
Conversion of 12/13 York Buildings	335,994	129,994
Buckshole and Shornden Reservoirs	290,445	290,445
Priory Street Multi Storey Car Park	3,150	0
Temporary Homelessness Accommodation	141,342	141,342
Lower Bexhill Road	579,540	0
Churchfields Business Centre	937,812	0
Development / Furbishment of Lacuna Place	172,918	172,918
Cornwallis Street Development	236,169	236,169
Harold Place Restaurant Development	47,630	0
Electric Vehicles	12,992	12,992
Electric Vehicle Infrastructure	4,439	0
Priory Street Works	92,662	92,662
Castleham Car Park Resurfacing	21,845	4,950
Towns Fund Capital	125,000	0
	4,844,097	1,096,514

Agenda Item 5



Report to: Cabinet

Date of Meeting: 05 September 2022

Report Title: Medium Term Financial Position Update

Report By: Kit Wheeler
Chief Finance Officer

Purpose of Report

To update the executive on the Councils projected medium term financial position and approve an action plan which aims to ensure members are in a position to reduce the current year projected deficit and to enable a balanced budget to be agreed for future years.

Recommendation(s)

That Cabinet agree:

- 1) Officers continue with detailed work to bring forward business case options to the Executive designed to address the deficit by curbing unplanned cost increases, reduce core costs and/or increase income.
- 2) Officers report monthly to the Executive on progress with developing and implementing the business cases, savings achieved/identified to date and the latest financial position.
- 3) Officers provide regular updates to the Executive on all the other management action points listed in this report.
- 4) An urgent review of all fees and charges be undertaken with the aim of implementing them as soon as legally possible (allowing for any statutory consultation periods).
- 5) The council request that the LGA (Local Government Association) organise a finance peer challenge in early Spring 2023.
- 6) A review of the capital programme is completed to ensure it is affordable and commencement of new capital schemes which require borrowing is restricted until the strategy to address the financial deficit has been determined.
(*Exceptions to include schemes that demonstrate reduction in revenue costs, or where schemes are fully externally funded).

- 7) A further, more detailed Medium Term Financial Strategy be brought to the October Cabinet meeting setting out more detail of the strategy to address the budget deficit, including scenario planning, as well as in-year and other budget savings where these have been identified.

Reasons for Recommendations

Hastings Borough Council, like many other councils, is currently facing some of the biggest financial challenges and pressures in recent years, possibly ever.

The ability to deliver key services to the most vulnerable is becoming increasingly hard to do. Static funding from Central Government, coupled with high cost of inflation on all services, rising homelessness and temporary accommodation costs, and tighter restrictions on how Councils can fund capital expenditure is providing a perfect storm.

Under the Local Government Finance Act 1992, as amended by the Localism Act 2011, it is a statutory requirement that Councils set a balanced revenue budget.

A major overhaul of the funding mechanism for local authorities has continuously been postponed and when combined with a regular one-year spending reviews, continues to provide considerable uncertainty on funding in future years.

The previous Secretary of State for Levelling Up, Housing and Communities committed to providing a two-year financial settlement for 2023/24 onwards, however until the new Prime Minister and Cabinet is in place, uncertainty remains as to whether this commitment will be realised.

Whilst a two-year financial settlement would be better for planning purposes than previous one year settlement figures, it does little to provide long term assurance and planning opportunities for Local Government finance teams across the country and Hastings is no different.

The Council needs to be able to match its available resources to its priorities across the medium term and to maintain sufficient reserves and capacity to deal with potentially large and unexpected events, in addition to fluctuations in income and expenditure levels.

We have seen in recent years what impact Covid-19 had on our ability to deliver services and the wider economy, so we must be prudent to guard against similar unexpected and impactful local and even global events outside of our control.

It is therefore imperative that attention is drawn to the current and future financial position of Hastings Borough Council and that Members act immediately on the recommendations as outlined in this report.

Failure to do so will result in a worsening financial position and likely issuing of a Section 114 notice in the forthcoming months.

What is a S114 Notice? Within the Local Government Finance Act 1988, Section 114 (3) dictates that:

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“The Chief Finance Officer of a relevant authority shall make a report under this section if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure”.

In general terms this means that for Local Government, it is the Chief Finance Officer (CFO) or Section 151 officer who has the role under law of being the most senior financial advisor to the wider Council’s leadership on its financial plans.

Uniquely across the public sector however, the CFO also has the power and responsibility to legally suspend spending for a period of time if they judge the Council does not have a balanced budget or the imminent prospect of one.

What Happens when a S114 Notice is Issued? It would mean that no new expenditure is permitted, with the exception of that funding statutory services, including safeguarding vulnerable people, however existing commitments and contracts will continue to be honoured.

Council officers would therefore carry out their duties in line with contractual obligations and to acceptable standards, while being aware of the financial situation.

Any spending that is not essential or which can be postponed would not take place and essential spend would be monitored.

The only allowable expenditure permitted under an emergency protocol would include the following categories:

- existing staff payroll and pension costs
- expenditure on goods and services which have already been received
- expenditure required to deliver the council’s provision of statutory services at a minimum possible level
- urgent expenditure required to safeguard vulnerable citizens
- expenditure required through existing legal agreements and contracts
- expenditure funded through ring-fenced grants
- expenditure necessary to achieve value for money and / or mitigate additional in year costs

Councillors would have 21 days from the issue of a Section 114 notice to discuss the implications at a Full Council meeting.

Background

1. Hastings Borough Council has made significant progress over the recent years to deal with its revenue position and reduce its future deficit position.
2. This includes identifying ongoing permanent savings in the region of £1m in 2021/22 and rising to savings of £1.5m by 2024/25.

3. These identified savings have however been wiped out by additional in-year costs of Temporary Accommodation (£783k) and inflationary pressures such as utilities costs and a potential significant staff pay award (£665k) all of which are adding pressure in the 2022/23 budget.
4. After 12 years of funding cuts and savings being identified, the Council will now be using its Reserves to fund the budget gap moving forwards, this is not a sustainable position and urgent and drastic action must be taken to reduce costs/increase income.
5. Hastings Borough Council has a Minimum General Reserve policy of £6m.
6. A Strategic Group has been working since the election in May on addressing the budget deficit. The Leader, Deputy Leader and Finance Portfolio Holder Executive also meet weekly with Senior Officers to steer and drive the pace of this work and address urgent issues that impact on the council's finances.

Outturn 2021/22 (i.e. year-end financial position compared to the original budget)

7. The Council sets a budget in February, and in previous years it has reported a revised budget position in the autumn which reflects the current position and changes. It would then report its outturn (year-end) against that revised budget.
8. To give greater clarity and to be consistent with other public sector organisations all future reporting, including this report, will now compare to the original budget.

9. Hastings Borough Council Revenue Outturn 2021-22 Total (Subjective Analysis Breakdown)

CATEGORY	2021-22 ORIGINAL BUDGET £	2021-22 ACTUAL £	2021-22 VARIANCE VS ORIGINAL £
Employees	14,509,240	14,394,724	(114,516)
Premises	4,680,570	4,433,121	(247,449)
Transport	363,130	266,722	(96,408)
Supplies and Services	12,916,218	20,118,293	7,202,075
Housing Benefit Payments	28,571,790	29,030,410	458,620
Support Services	15,311,090	14,872,264	(438,826)
Gross Expenditure	76,352,038	83,115,533	6,763,495
Income	(48,073,310)	(59,748,323)	(11,675,013)
Recharges Out	(15,311,090)	(14,872,264)	438,826
Net Expenditure	12,967,638	8,494,946	(4,472,692)

10. Appendix A shows a further breakdown by Department.

11. The Original net budget for 2021/22 was set at £12.96m. The Council's outturn for 2021/22 was £8.45m, before requests to carry forward some underspent budgets from the year and other transfers to Earmarked Reserves of £4.46m.
12. Once all other Expenditure (e.g., MRP, Interest etc.) have been included there is a deficit of £382,000 for the 2021/22 financial year.
13. The Original Gross Expenditure Budget for 2021/22 was estimated at £76.4m, with actual Gross Expenditure for the year being £83.1m. That is an increase of £6.7m (9%).
14. The service area with the greatest increase in Gross Expenditure was Housing and Built Environment which accounted for £6.1m (88%) of the total increase. This was mainly because of increased temporary accommodation demand and emergency and essential building works carried out at various sites, such as Battle Road.
15. The Council has been focussed on reducing Temporary Accommodation expenditure and established a Homelessness and Housing Taskforce in late 2021, which has identified savings so far in excess of £650k over the next two financial years.
16. The Council has also implemented a Council-wide recruitment freeze when posts become vacant. Limited exceptions are made with the agreement of the Council Leader. Whilst this is a very blunt temporary tool, and does impact on teams and service delivery, the savings from this are helping to reduce the deficit whilst a wider structure review is being undertaken as part of the budget process.
17. The unaudited accounts for 2021/22 show that the General Reserve Balance is £9.1m.

2022/23 Outturn Forecast and Impact on future years

18. The Budget setting process for 2022/23 made a number of assumptions about the council's financial position informed by the best possible financial and operational information available at the time.
19. However, as the financial year progresses those estimates and forecasts can become out of date very quickly. The extremely fast changing financial landscape of 2022 is seeing large variances between the assumptions that were made in the budget and the actual real life position.
20. Since the 2022/23 Budget was agreed by members back in February 2022, there have been a number of developments globally (longer than anticipated Ukraine conflict) and more localised to the United Kingdom (rising inflation rates, in particular around Energy costs), which will have an impact on the original assumptions that were included.
21. The following table sets out the most impactful inflationary changes that we are facing as a council, and the latest updated estimated financial impact on the organisation in the current financial year.

Type	Original 2022/23 Inflation %	Current Estimated 2022/23 Inflation %	Full 2022/23 Financial Impact
Salaries	1%	5%	-£544,000
Total Fuel & Energy Costs (Total price not %)	- £348,000	-£613,000	-£265,000
Average assumed Inflation rate on Other Service Areas	2%	5%	-£345,000
Total			-£1,154,000

22. These additional inflation costs, along with any in year additional costs identified through the regular budget monitoring reports would need to be funded through Reserves.

Reserves

23. The latest forecast figures, including any potential savings and additional growth indicate that there will be a deficit of £3.07m for the 2022/23, of which £2.97m being funded from the general reserves.

24. As mentioned previously in this report, the Council has a minimum Reserve policy of £6m. The following table demonstrates the estimated General Reserve Balance for the next few years;

Revenue Budget Forward Plan	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	£000's	£000's	£000's	£000's	£000's	£000's
Funding (Shortfall) / Surplus	(382)	(3,077)	(2,638)	(2,877)	(2,874)	(2,872)
Use of General Reserve	182	2,977	2,538	2,777	853	0
Use of Resilience and Stability Reserve	200	100	100	100	500	500
Net Funding (Shortfall) / Surplus	0	0	0	0	(1,521)	(2,872)

General Reserve Balance	9,146	6,169	3,631	853	0	0
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25. As per the table above based on current forecasts it will mean that the Council will drop below its minimum General Reserve balance of £6m in the 2023/24 Financial year, and all bar £800k will have exhausted its General Reserve by the end of 2024/25.

26. This is completely unsustainable for the future going concern of the council and needs to be urgently addressed. If no action is taken, then it is unlikely that the

council would be able to fulfil its statutory obligations to set a balanced budget in future years and will have no prospect of doing so.

27. Considering this risk to the financial health of the Council, the Managing Director has worked with senior officers to reduce spending which is not necessitated by legal commitments. The Executive also agreed to restrict commencement of new capital projects which are funded by borrowing, until the budget strategy is implemented. (Exceptions will be considered where they have a positive impact on the revenue budget or are fully funded externally).
28. It is a breach of the Councils statutory obligations to commit expenditure where the funding source is not available, and long-term borrowing is not permitted when the medium-term financial plan is not in balance.
29. Councils have a legal requirement to operate within a duty to provide Best Value and allowing the situation outlined above to occur in the future would be a clear breach of that duty.
30. The Council's external auditors (Grant Thornton) would issue a public interest report and there would be a risk of government intervention – which could include commissioners being appointed to oversee the councils' operations including spending.
31. This would result in likely negative media attention and serious disruption to business as usual and our ability as a Council to provide our core functions which of course is something to be avoided wherever possible.

Conclusion and Management Action

32. The financial situation that the Council currently finds itself in means that further urgent and decisive action is required to reduce the rising expenditure costs and arrest the decline in our reserves which is not sustainable.
33. There is not one single solution to addressing the budget deficit. A programme of actions is underway, under the oversight of the Executive. All uncommitted revenue expenditure has been paused.
34. The following are areas of work and analysis is underway which is feeding into in the development of the budget for 2023/24 onwards which Full Council will need to agree in February 2023, work includes:
 - Completing the detailed asset review and create a future proofed strategy to give a transparent and decisive approach to the use of all our assets which maximizes commercial income (with limited exceptions).
 - Service Managers bringing forward detailed business cases for review and high-level scrutiny to ensure services are maximising external funding, identifying potential reduction in costs (to core level permissible by law) or additional revenue generation where applicable.

- Identifying options for ceasing non-statutory and non-contractual services for Member consideration as part of the budget development process - with consideration given as to whether another body (public or voluntary or community sector could deliver an alternative on our behalf at less cost.
- Shared services options are being explored where they can generate a significant one off saving or reduction in ongoing costs.
- A further review of all existing Capital Schemes is underway to ensure that they meet criteria such as positive return on investment etc.
- Options to maximise income recovery in relation to Council Tax schemes, such as Council Tax reduction, Hardship, Single person discount and multiple properties are being developed.
- A Treasury Management review is being undertaken to ensure that we are maximising borrowing potential in the most cost-efficient way, MRP (Minimum Revenue Provision) calculations are as effective as they could be and returns on investments are at a premium.
- A detailed review (and increase where applicable) of all Fees and Charges to cover the additional costs the services are facing is underway.
- A review of 2021/22 Carry Forward requests may determine that these are refused.
- A review has commenced into the Hastings Housing Company, to determine the best future operating model / strategy to help with the Housing crisis faced by the Council.
- A review and implementation of new financial policies including Reserves, Capital Management, MRP and use of Capital Receipts.
- The Head of Paid Service is making a determination of the organisation and level/numbers of staff required to discharge the council's functions (a statutory duty). This is being consider this in the context of challenges of recruitment and retention in core/statutory areas.
- The council is continuing to welcome support from external bodies such as the Local Government Association and CIPFA to ensure the council is applying best practice and learning from elsewhere in its approach to tackling its deficit.
- The council is continuing to lobby the Government to recognise the particular circumstances we face (i.e. the costs of Temporary Accommodation) that are fuelling the rise in the budget deficit

35. If action is not taken immediately to address the future financial position, then it is extremely likely that the Chief Financial Officer will have no other option but to

issue a Section 114 notice for the reasons highlighted in this report before the start of the 2024/25 financial year.

Policy implications

36. **Equalities and community cohesiveness** – the implications of budget decisions will need to be assessed and where possible mitigated. A detailed equalities impact assessment will accompany each proposal for budget reductions.
37. **Anti-poverty** – as the council is in a position where it is required to ration its expenditure, it will need to ensure remaining resources are targeted towards those who are most in need.
38. **Local people’s views** – Likewise, views of local people will be sought when determining final budget decisions.

Timetable of Next Steps

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

Action	Key milestone	Due date (provisional)	Responsible
Weekly meetings with Executive	Ongoing	Relevant updates and papers to O&S and Cabinet meetings as and when required.	Chief Finance Officer
Meeting with three Group Leaders		Following 5/9/22 Cabinet meeting	Managing Director/Chief Finance Officer
Medium Term Financial Strategy Update (statement position)	Agree Action Plan outlined in the report	September 2022	Chief Finance Officer
Agree Fees & Charges, Reserves & Treasury Management Strategy policies	Ongoing	September 2022	Lead Members / Chief Finance Officer / Managing Director

Treasury Management Strategy	Audit Committee / Cabinet	October 2022	Chief Finance Officer / Deputy Chief Finance Officer
Medium Term Financial Strategy	Cabinet	October 2022	Chief Finance Officer
Fees and Charges	Cabinet	December 2022	Chief Finance Officer
Set a longer-term balanced budget	2023/24 budget Council	February 2023	Chief Finance Officer

Wards Affected

None

Implications

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

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

Additional Information

Appendix A – 2021/22 Service Area Outturn Summary Report

Officer to Contact

Kit Wheeler (Chief Finance Officer)
Kit.Wheeler@hastings.gov.uk
01424 451520

Hastings Brough Council Revenue Outturn 2021-22 Subjective Analysis**Corporate Resources**

This includes central services such as Corporate Management, Democratic Services, Estates, Building Surveyors, Internal Audit, Transformation and Support Services (HR, IT, Finance, Legal, Business Support).

CATEGORY	2021-22	2021-22	2021-22
	ORIGINAL	ACTUAL	VARIANCE
	BUDGET		VS
	£	£	ORIGINAL
	£	£	£
Employees	6,958,060	6,393,468	(564,592)
Premises	1,700,400	1,500,293	(200,107)
Transport	50,930	46,512	(4,418)
Supplies and Services	1,947,438	2,445,559	498,121
Housing Benefits Payments	28,571,790	29,030,410	458,620
Support Services	7,130,940	7,054,464	(76,476)
Expenditure	46,359,558	46,470,705	111,147
Income	(35,272,700)	(37,931,841)	(2,659,141)
Recharges Out	(10,121,320)	(9,856,262)	265,058
Net Expenditure	965,538	(1,317,398)	(2,282,936)

Environment and Place

This includes services such as Waste Collection, Recycling, Street Cleansing, Food Safety, Environmental Protection, Pest Control, Liquor and Gambling Licencing, Stray Dogs, Emergency Planning, Parking, CCTV, Allotments, Arboriculture, Parks and Gardens and Public Conveniences.

CATEGORY	2021-22	2021-22	2021-22
	ORIGINAL	ACTUAL	VARIANCE
	BUDGET		VS
	£	£	ORIGINAL
	£	£	£
Employees	3,175,930	3,177,986	2,056
Premises	2,451,460	2,319,742	(131,718)
Transport	265,750	184,437	(81,313)
Supplies and Services	3,482,010	3,491,332	9,322
Support Services	4,537,290	4,302,191	(235,099)
Expenditure	13,912,440	13,475,687	(436,753)
Income	(5,305,160)	(5,547,494)	(242,334)
Recharges Out	(2,767,620)	(2,683,075)	84,545
Net Expenditure	5,839,660	5,245,119	(594,541)

Housing and Built Environment

This includes services such as Building Control, Development Control, Local Land Charges, Rough Sleepers, Social Lettings, Housing Licencing, Homelessness, Rogue Landlords, Selective Licencing, Dangerous Structures, and Housing Renewal.

CATEGORY	2021-22	2021-22	2021-22
	ORIGINAL	ACTUAL	VARIANCE
	BUDGET		VS
	£	£	ORIGINAL
	£	£	£
Employees	2,484,680	2,969,381	484,701
Premises	61,520	159,620	98,100
Transport	21,410	11,943	(9,467)
Supplies and Services	6,198,270	11,825,614	5,627,344
Support Services	1,654,320	1,613,121	(41,199)
Expenditure	10,420,200	16,579,679	6,159,479
Income	(5,874,940)	(13,112,870)	(7,237,930)
Recharges Out	(1,017,110)	(1,011,080)	6,030
Net Expenditure	3,528,150	2,455,729	(1,072,421)

Regeneration

This includes services such as Regeneration Activity, White Rock Area Development, Planning Policy, Cultural Activities, Community cohesion, Towns Fund, 1066 Country Campaign, Tourist Information Centre, Coastal Protection, Cliff Railways, Castel and Caves, Chalet and Beach Huts, White Rock Theatre, Seafront, Museums, Sports Management, Play Pathfinder and Renewable Energy solutions.

CATEGORY	2021-22	2021-22	2021-22
	ORIGINAL	ACTUAL	VARIANCE
	BUDGET		VS
	£	£	ORIGINAL
	£	£	£
Employees	1,890,570	1,853,889	(36,681)
Premises	467,190	453,466	(13,724)
Transport	25,040	23,830	(1,210)
Supplies and Services	1,306,810	2,355,710	1,048,900
Support Services	1,970,230	1,902,566	(67,664)
Expenditure	5,659,840	6,589,462	929,622
Income	(1,620,510)	(3,156,119)	(1,535,609)
Recharges Out	(1,405,040)	(1,321,847)	83,193
Net Expenditure	2,634,290	2,111,496	(522,794)

Agenda Item 6



Report to: Cabinet

Date of Meeting: 5 September 2022

Report Title: Cabinet Appointments to Committees, Working Groups and Partnerships

Report By: Mary Kilner, Chief Legal Officer and Monitoring Officer

Purpose of Report

To consider the nominations received and to make appointments to vacant positions on committees and working groups.

Recommendation(s)

- 1. To appoint members to committees and working groups as set out in Appendix A**

Reasons for Recommendations

Members are required to serve on the committees, working groups, partnerships and representative bodies to which Cabinet appoints. Chairs and Vice Chairs are required for the committees that report to Cabinet.

1. Nominations were sought to fill the committees, working groups, partnerships and representative bodies to which Cabinet appoints in June 2022. Nominations have now been made for the remaining vacancies on the following groups:
 - a. Working Arrangements Group
 - b. Member Training and Development Group
 - c. Order of 1066 Panel
 - d. Personnel Consultative Group

2. The schedule showing the nominations received for these groups is appended to this report as Appendix A (the latest nominations are shown in red). Further nominations may be made at the meeting.

3. Committees of Cabinet are not required to be politically balanced and this is a matter for Cabinet. The allocations shown are, therefore, advisory.

Timetable of Next Steps

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

Action	Key milestone	Due date (provisional)	Responsible
Update committee membership	ModGov updated and lists circulated internally	6 th September 2022	Democratic Services

Wards Affected

None

Implications

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

Equalities and Community Cohesiveness- None
 Crime and Fear of Crime (Section 17)- None
 Risk Management- None
 Environmental Issues- None
 Economic/Financial Implications- None
 Human Rights Act- None
 Organisational Consequences- Yes, there are new members to some of the committees
 Local People's Views- None
 Anti-Poverty- None

Additional Information

1. Appendix A Cabinet Appointments

Officer to Contact

Officer Name: Mary Kilner

Officer Email Address: mary.kilner@hastings.gov.uk

Officer Telephone Number: 01424 451730

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**CABINET
APPOINTMENTS TO COMMITTEES, WORKING GROUPS, PARTNERSHIPS ETC. September 2022**

WORKING GROUPS ETC	SEATS TO BE FILLED	ALLOCATION TO POLITICAL GROUPS 2022/23			APPOINTMENTS for 2022/23			NOTES
		LAB	CON	GRN	LABOUR	CONSERVATIVE	GREEN	
Working Arrangements Group	5	2	2	1	1. Cllr Rogers (Chair) 2. Cllr Willis	1. Cllr Beaver (Vice Chair) 2. Cllr Pragnell	1. Cllr Jobson	Opposition member is Vice-Chair
Member Training and Development Group	4	2	1	1	1. Cllr Rogers (Chair) 2. Cllr Willis	1. Cllr Cooke	1. Cllr Haffenden	Lead Member is chair
Order of 1066	5	1	1	1	1. Mayor: Cllr Bacon 2. Deputy Mayor: Cllr O'Callaghan 3. Cllr Sinden	1. Cllr Marlow-Eastwood	1. Cllr Carr	To comprise Mayor, Deputy Mayor & 1 member from each Political Group
Personnel Consultative Group	4	2	1	1	1. 2.	1. Cllr Foster	1. Cllr Carr	

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Agenda Item 7

To Councillor Patmore
Chair of Overview and Scrutiny Committee

ACCESS TO INFORMATION RULES
KEY DECISIONS
RULE 26.20 –general exceptions.

NOTICE is hereby given under Rule 26 of the Access to Information Rules contained in the Council's Constitution that the following key decision will be taken at Cabinet on: -

Cabinet: 5 th September 2022			
<u>Decision</u>	<u>Consultation and Timetable</u>	<u>Working Papers and files</u>	<u>Responsible Officer / Portfolio Holder</u>
To present new, updated byelaws for our parks and open spaces as approved by the Secretary of State for Levelling Up, Housing and Communities, for adoption by Full Council.	Agreed report to Full Council	Report to Cabinet and appendix of Bye Laws	Cameron Morley, Waste and Cleansing Services Manager Councillor Maya Evans

Signed 
Chief Legal Officer

Dated 24/08/2022

Note:

Rule 26.20 General Exception

If a matter which is likely to be a key decision has not been included in the forward plan, then subject to Rule 26.21 (special urgency), the decision may still be taken if:

- (a) the decision must be taken by such a date that it is impracticable to defer the decision until it has been included in the next forward plan

and until the start of the first month to which the next forward plan relates;

- (b) the Chief Legal Officer has informed the chair of a relevant overview and scrutiny committee, or if there is no such person, each member of that committee in writing, by notice, of the matter to which the decision is to be made; and
- (c) the Chief Legal Officer has made copies of that notice available to the public at the offices of the Council; and
- (d) at least five clear days have elapsed since the Chief Legal Officer complied with (b) and (c).

Where such a decision is taken collectively, it must be taken in public.

Agenda Item 8a



Report To: Cabinet

Date of Meeting: 5th September 2022

Report Title: Bye Laws for Pleasure Grounds, Public Walks and Open Spaces

Report By: Cameron Morley - Waste and Cleansing Services manager

Key Decision: N/A

Classification: open

Purpose of Report

To present new, updated byelaws for our parks and open spaces as approved by the Secretary of State for Levelling Up, Housing and Communities, for adoption by Full Council.

Recommendation(s)

- 1. Cabinet considers the following report for presentation to an extraordinary Full Council meeting on 14th September 2022 to adopt the byelaws for pleasure grounds, public walks and open spaces and the revocation of existing byelaws stated in Section 1 of this report.**

Reasons for Recommendations

1. The current byelaws for parks and open spaces are out of date. The proposed new single set of byelaws for pleasure grounds, public walks and open spaces will supersede the old byelaws which will be revoked by Full Council.
2. The proposed byelaws have been approved by the Secretary of State for Levelling Up, Housing and Communities following public consultation and due legal process required to adopt new byelaws.

Background

1. There are several byelaws covering parks and open spaces in the Borough.
 - a. Byelaws with respect to Pleasure Grounds, 1965.
 - b. Byelaws with respect to skating on pieces of water in Alexandra Park, 1902.
 - c. Byelaws with respect to the parks known as the East and West Hills, 1923.
 - d. Byelaws relating to Warrior Square Gardens (Restriction on Ball Games), 2003.
2. The proposal is to replace the out-of-date byelaws with a single set of byelaws for pleasure grounds, public walks and open spaces and revoke the old byelaws.
3. The byelaws for pleasure grounds, public walks and open spaces are wholly separate from the adopted byelaws for Local Nature Reserves.

Process for declaring byelaws

4. In proposing the new byelaws, the council has followed the legal process set out in the Byelaws (Alternative Procedure) (England) Regulations 2016/165 (the regulations). The summary procedure, together with the council's actions is outlined in Appendix 1.
5. The proposed byelaws are consistent with the government's standard template for byelaws and have been approved by the Department for Levelling Up, Housing and Communities for adoption by Hastings Borough Council and are attached as Appendix 2.

Public Consultation

6. The legal process required the council to undertake a public consultation to seek wider community views. A 6-week consultation took place from 15th July 2021 - 30th August 2021.
7. The consultation resulted in a total of 42 responses. 29 were opposed to the byelaws and 12 approved. One response was neutral.
8. Most opposition responses related to the proposed cycle route in Alexandra Park. Whilst cycling in parks is an emotive issue, the consultation was solely about new byelaws for parks, not about cycling or a proposed cycle route in one of our parks. The byelaws prohibit cycling in any park or open space unless on a designated route. There are presently no designated cycle paths in any of our parks and open spaces, therefore cycling is prohibited until such times as designated cycle paths are implemented.
9. Around 25 respondents requested additional byelaws to prohibit loud music, to have dogs on leads, banning professional dog walkers, banning release of balloons and various other suggested prohibitions.
10. The government require the council to present them with rigorous evidence to support any deviation from the model byelaws that were subject to consultation. Whilst we received requests for addition byelaws by members of the local community, the council has no material evidence to present to government to support the need for additional byelaws, and therefore a deviation from the model byelaws.

11. Following the consultation, the council presented the draft byelaws to the Secretary of State for Levelling Up, Housing and Communities seeking their approval for the council to progress towards adoption.
12. The Secretary of State approved the draft byelaws in January 2021. A further 28-day public consultation from 25th February - 25th March 2022 was done which provided an additional opportunity for representations to be made.
13. This further consultation resulted in 39 responses, the overwhelming majority of which were objections to the proposed cycle route in Alexandra Park and cycling in Alexandra Park in general.
14. Presently there are no designated cycle paths in any of our parks and open spaces, so even after the byelaws are implemented, cycling would still be prohibited until such times as designated cycle paths are implemented.

Conclusions

15. The council has followed proper consultation and all due legal process in proposing new and updated byelaws for pleasure grounds, public walks and open spaces. The proposed byelaws are based upon the model byelaws published by the Department for Levelling up, Housing and Communities. The draft byelaws which have been subject to two rounds of public consultation have been approved by the Secretary of State for the council to consider adoption.
16. The new byelaws for pleasure grounds, public walks and open spaces should be presented to Full Council for adoption within 6 months from the end of the representation period, by 25th of September 2022. As the 25th September 2022 falls on a Sunday the decision must be made by Friday 23rd September 2022 at the latest. It is recommended that the decision be made at an extraordinary Full Council by 14th September 2022.

Crime and Fear of Crime

17. The byelaws are a statutory instrument that can lead to prosecution and a criminal conviction.

Local People's Views

18. Two consultations took place and representations received to inform the proposed decision.

Legal

19. The due legal process for adoption of byelaws has been followed.

Timetable of Next Steps

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

Action	Key milestone	Due date (provisional)	Responsible
Cabinet agree to	Extraordinary Full	14 th September	Chief Legal Officer

present byelaws to Full Council	Council		

Wards Affected

(All Wards);

Policy Implications

Reading Ease Score:

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

Equalities and Community Cohesiveness	N
Crime and Fear of Crime (Section 17)	Y
Risk Management	N
Environmental Issues & Climate Change	N
Economic/Financial Implications	N
Human Rights Act	N
Organisational Consequences	N
Local People's Views	Y
Anti-Poverty	N
Legal	Y

Additional Information

Appendix 1 Summary legal process for declaring byelaws for pleasure grounds, public walks and open spaces

Appendix 2 Byelaws for pleasure grounds, public walks and open spaces.

Officer to Contact

Officer Murray Davidson, Environment and natural Resources manager
 Email Parks@hastings.gov.uk
 Tel

Appendix 1 Summary legal process for declaring byelaws for pleasure grounds, public walks and open spaces

21. The process for making byelaws which govern the pleasure grounds and parks is set out in the Byelaws (Alternative Procedure) (England) Regulations 2016/165 (the Regulations), a summary is as follows:

The legal process	Actions taken by Hastings Borough Council
The council drafts the proposed byelaws based on a standard template published by the Department for Levelling Up, Housing and Communities.	April 2021, the council drafted a set of byelaws based on a standard template published by the Department for Levelling Up, Housing and Communities.
Public consultation to seek wider community views.	<p>Public consultation was undertaken between 15th July 2021 and 30th August 2021.</p> <p>The consultation was publicised in the local press, available on the council's web site and available through the information centre.</p> <p>The council wrote directly to a number of organisations that would have an interest in commenting.</p>
The council publish a Statement of Assessment on its website to confirm the byelaws are both reasonable and proportionate.	The Statement of Assessment confirming the bye laws were both reasonable and proportionate was published on the council's web site on 24 th September 2021
Following the public consultation, the Council write to the Department for Levelling up, Housing and Communities seeking their approval of the proposed byelaws.	The council wrote to the Department for Levelling Up, Housing and Communities on 24 th September 2021 seeking their approval of the proposed byelaws.
The Department for Levelling up, Housing and Communities confirm whether they approve the proposed byelaws.	24 th January 2022, the Secretary of State for Levelling up, Housing and Communities confirmed the draft byelaws for approval.

<p>On receipt of approval from the Department for Levelling up, Housing and Communities, the Council publicise the proposed byelaws on its website and in a local newspaper and any other way it sees fit, giving a further 28 days for further representations.</p>	<p>A 28-day consultation was undertaken 25th February to 25th March 2022</p>
<p>The Council review representations received during the 28-day period. Only minor amendments can be made to the proposed byelaw. Major amendments would require the whole process to start again.</p>	<p>All representations received have been reviewed.</p>
<p>The Council decide within 6 months of the end of the representation period whether to make the byelaws. If it does make the byelaws, it will publish the decision and the byelaws on the Council website and publicise as it sees fit.</p>	<p>Full Council are required to approve the byelaws and revoke old ones.</p>
<p>If the Council decide to make the byelaws the Council must make them under common seal and publicise the byelaws seven days before they come into force.</p>	

Appendix 2 Proposed Byelaws for Pleasure Grounds, Public Walks and Open Spaces

HASTINGS BOROUGH COUNCIL

BYELAWS FOR PLEASURE GROUNDS, PUBLIC WALKS AND OPEN SPACES



ARRANGEMENT OF BYELAWS

PART 1

GENERAL

1. General interpretation
2. Application

PART 2

PROTECTION OF THE GROUND, ITS WILDLIFE AND THE PUBLIC

3. Protection of structures and plants
4. Unauthorised erection of structures
5. Climbing
6. Grazing
7. Protection of wildlife
8. Gates
9. Camping
10. Fires
11. Missiles
12. Interference with life-saving equipment

PART 3

HORSES, CYCLES AND VEHICLES

Interpretation of Part 3

13. Horses
14. Cycling
15. Motor vehicles
16. Overnight parking

PART 4

PLAY AREAS, GAMES AND SPORTS

Interpretation of Part 4

17. Children's play areas
18. Children's play apparatus
19. Skateboarding, etc
20. Ball games

21. Rules for ball games in designated areas
22. Cricket
23. Archery
24. Field sports
25. Golf

PART 5 WATERWAYS

Interpretation of Part 5

26. Bathing
27. Ice skating
28. Model boats
29. Boats
30. Fishing
31. Blocking of watercourses

PART 6 MODEL AIRCRAFT & MODEL CARS

Interpretation of Part 6

32. Model aircraft permitted in designated areas
33. Model aircraft subject to certain control
34. Quieter types of model aircraft permitted

PART 7 OTHER REGULATED ACTIVITIES

35. Provision of services
36. Excessive noise
37. Public shows and performances
38. Aircraft, hang-gliders and hot air balloons
39. Kites
40. Metal detectors

PART 8 MISCELLANEOUS

41. Obstruction
 42. Savings
- Byelaws for Pleasure Grounds, Public Walks and Open Spaces
Hastings Borough Council – July 2022

43. Removal of offenders

44. Penalty

45. Revocation

SCHEDULE 1 - Grounds to which byelaws apply generally

SCHEDULE 2 - Rules for playing ball games in designated areas

Byelaws made under section 164 of the Public Health Act 1875 and sections 12 and 15 of the Open Spaces Act 1906 by Hastings Borough Council with respect to pleasure grounds, public walks and open spaces.

PART 1 GENERAL

General Interpretation

1. In these byelaws:

“the Council” means Hastings Borough Council;

“the ground” means any of the grounds listed in Schedule 1;

“designated area” means an area in the ground which is set aside for a specified purpose, that area and its purpose to be indicated by notices placed in a conspicuous position;

“invalid carriage” means a vehicle, whether mechanically propelled or not,

- (a) the unladen weight of which does not exceed 150 kilograms,
- (b) the width of which does not exceed 0.85 metres, and
- (c) which has been constructed or adapted for use for the carriage of a person suffering from a disability, and used solely by such a person.

Application

2. These byelaws apply to all of the grounds listed in Schedule 1.

PART 2

PROTECTION OF THE GROUND, ITS WILDLIFE AND THE PUBLIC

Interpretation of Part 2

In this Part:

“Sky lantern” means any unmanned device which relies on an open flame or other heat source to heat air within it with the intention of causing it to lift into the atmosphere.

Protection of structures and plants

3. (1) No person shall without reasonable excuse remove from or displace within the ground:
- (a) Any barrier, post, seat or implement, or any part of a structure or ornament provided for use in the laying out or maintenance of the ground; or

- (b) Any stone, soil or turf or the whole or any part of any plant, shrub or tree.
- (2) No person shall walk on or ride, drive or station a horse or any vehicle over:
 - (a) any flower bed, shrub or plant;
 - (b) any ground in the course of preparation as a flower bed or for the growth of any tree, shrub or plant; or
 - (c) any part of the ground set aside by the Council for the renovation of turf or for other landscaping purposes and indicated by a notice conspicuously displayed.

Unauthorised erection of structures

- 4. No person shall without the prior written consent of the Council erect any barrier, post, ride or swing, building or any other structure.

Climbing

- 5. No person shall without reasonable excuse climb any wall or fence in or enclosing the ground, or any tree, or any barrier, railing, post or other structure.

Grazing

- 6. No person shall without the prior written consent of the Council turn out or permit any animal for which they are responsible to graze in the ground.

Protection of wildlife

- 7. No person shall kill, injure, take or disturb any animal, or engage in hunting or shooting or the setting of traps or the laying of snares.

Gates

- 8. (1) No person shall leave open any gate to which this byelaw applies and which they have opened or caused to be opened.
- (2) Byelaw 8(1) applies to any gate to which is attached, or near to which is displayed, a conspicuous notice stating that leaving the gate open is prohibited.

Camping

- 9. No person shall without the consent of the Council erect a tent or use a vehicle, caravan or any other structure for the purpose of camping.

Fires

10. (1) No person shall light a fire or place, throw or drop a lighted match or any other thing likely to cause a fire or release a lighted sky lantern into the atmosphere.
- (2) Byelaw (1) shall not apply to:
 - (a) the lighting of a fire at any event for which the Council has given permission that fires may be lit; or
 - (b) the lighting or use, in such a manner as to safeguard against damage or danger to any person, of a properly constructed camping stove, in a designated area for camping, or of a properly constructed barbecue, in a designated area for barbecues.

Missiles

11. No person shall throw or use any device to propel or discharge in the ground any object which is liable to cause injury to any other person.

Interference with life-saving equipment

12. No person shall except in case of emergency remove from or displace within the ground or otherwise tamper with any life-saving appliance provided by the Council.

PART 3

HORSES, CYCLES AND VEHICLES

Interpretation of Part 3

In this Part:

“designated route” means a route in or through the ground which is set aside for a specified purpose, its route and that purpose to be indicated by notices placed in a conspicuous position;

“motor cycle” means a mechanically-propelled vehicle, not being an invalid carriage, with less than four wheels and the weight of which does not exceed 410 kilograms;

“motor vehicle” means any mechanically-propelled vehicle other than a motor cycle or an invalid carriage;

“trailer” means a vehicle drawn by a motor vehicle and includes a caravan.

Horses

13. (1) No person shall ride a horse except:

- (a) On a designated route for riding; or
 - (b) In the exercise of a lawful right or privilege.
- (2) Where horse-riding is permitted by virtue of Byelaw 13(1)(a) or a lawful right or privilege, no person shall ride a horse in such a manner as to cause danger to any other person.

Cycling

14. No person shall ride a cycle in the ground except in any part of the ground where there is a right of way for cycles or on a designated route for cycling and must do so in a manner so as not to cause danger or give reasonable grounds for annoyance to other persons.

Motor vehicles

15. (1) No person shall without reasonable excuse or prior written consent from the Council bring into or drive in the ground a motor cycle, motor vehicle or trailer except in any part of the ground where there is a right of way or a designated route for that class of vehicle.
- (2) No person with reasonable excuse or prior written consent from the Council to enter a ground or using a right of way or designated route with a motor cycle, motor vehicle or trailer is to exceed 10mph.

Overnight parking

16. No person shall without the consent of the Council leave or cause or permit to be left any motor vehicle in the ground between the hours of 10pm and 6am.

PART 4

PLAY AREAS, GAMES AND SPORTS

Interpretation of Part 4

In this Part:

“ball games” means any game involving throwing, catching, kicking, batting or running with any ball or other object designed for throwing and catching, but does not include cricket;

“self-propelled vehicle” means a vehicle other than a cycle, invalid carriage or pram which is propelled by the weight or force of one or more persons

skating, sliding or riding on the vehicle or by one or more persons pulling or pushing the vehicle.

Children's play areas

17. No person without reasonable excuse aged 14 years or over shall enter or remain in a designated area which is a children's play area unless in charge of a child under the age of 14 years.

Children's play apparatus

18. No person without reasonable excuse aged 14 years or over shall use any apparatus stated to be for the exclusive use of persons under the age of 14 years by a notice conspicuously displayed on or near the apparatus.

Skateboarding, etc

19. (1) No person shall skate, slide or ride on rollers, skateboards or other self-propelled vehicles except in a designated area for such activities.
- (2) Where there is a designated area for skating, sliding or riding on rollers, skateboards or other self-propelled vehicles, no person shall engage in those activities in such a manner as to cause danger or give reasonable grounds for annoyance to other persons.

Ball games

20. No person shall play ball games outside a designated area for playing ball games in such a manner
- (a) As to exclude persons not playing ball games from use of that part;
 - (b) As to cause danger or give reasonable grounds for annoyance to any other person in the ground; or
 - (c) Which is likely to cause damage to any, tree, shrub or plant in the ground.

Rules for ball games in designated areas

21. It is an offence for any person using a designated area for playing ball games to break any of the rules set out in Schedule 2 and conspicuously displayed on a sign in the designated area when asked by any person to desist from breaking these rules.

Cricket

22. No person shall throw or strike a cricket ball with a bat except in a designated area for playing cricket.

Archery

23. No person shall engage in the sport of archery except in connection with an event organised by or held with the prior written consent of the Council.

Field sports

24. No person shall throw or put any javelin, hammer, discus or shot except in connection with an event organised by or held with the consent of the Council.

Golf

25. No person shall drive, chip or pitch a hard or soft golf ball.

PART 5

WATERWAYS

Interpretation of Part 5

In this Part:

“boat” means any yacht, motor boat or similar craft but not a model or toy boat;

“power-driven” means driven by the combustion of petrol vapour or other combustible substances;

“waterway” means any river, lake, pool or other body of water and includes any fountain.

Bathing

26. No person shall without reasonable excuse bathe or swim in any waterway.

Ice skating

27. No person shall step onto or otherwise place their weight upon any frozen waterway.

Model boats

28. No person shall operate a power-driven model boat on any waterway except in a designated area for model boats.

Boats

29. No person shall sail or operate any boat, dinghy, canoe, sailboard or inflatable on any waterway without the consent of the Council.

Fishing

30. No person without the prior written permission of the Council shall in any waterway cast a net or line for the purpose of catching fish or other animals except in a designated area for fishing.

Blocking of watercourses

31. No person shall cause or permit the flow of any drain or watercourse in the ground to be obstructed, diverted, open or shut or otherwise move or operate any sluice or similar apparatus.

PART 6

MODEL AIRCRAFT

Interpretation of Part 6

“model aircraft” means an unmanned aircraft which weighs not more than 7 kilograms without its fuel;

“power-driven” means driven by:

- (a) the combustion of petrol vapour or other combustible substances;
- (b) jet propulsion or by means of a rocket, other than by means of a small reaction motor powered by a solid fuel pellet not exceeding 2.54 centimetres in length; or
- (c) one or more electric motors or by compressed gas.

“Radio control” means control by a radio signal from a wireless transmitter or similar device.

Model Aircraft permitted in designated areas

32. No person shall cause any power-driven model aircraft to:

- (a) take off or otherwise be released for flight or control the flight of such an aircraft; or
- (b) land in the ground without reasonable excuse;

other than in a designated area for flying model aircraft.

Model aircraft subject to certain control

33. Byelaw 32 does not apply to any model aircraft which is attached to a control line/kept under effective radio control.

Quieter types of model aircraft permitted

34. Byelaw 32 does not apply to any model aircraft which;

- (a) Gives a noise measurement of not more than 82 dB(A) when measured at a distance of 7 metres from the aircraft in accordance with the Code

of Practice issued under the Control of Noise (Code of Practice on Noise from Model Aircraft) Order 1981; and

- (b) where it is reasonably practicable to fit, fitted with an effectual silencer or similar device.

PART 7

OTHER REGULATED ACTIVITIES

Provision of services

- 35. No person shall without the prior written consent of the Council provide or offer to provide any service for which a charge is made.

Excessive noise

- 36. (1) No person shall, after being requested to desist by any other person in the ground, make or permit to be made any noise which is so loud or so continuous or repeated as to give reasonable cause for annoyance to other persons in the ground by:
 - (a) Shouting or singing;
 - (b) Playing on a musical instrument; or
 - (c) By operating or permitting to be operated any radio, amplifier, tape recorder or similar device.
- (2) Byelaw 36(1) does not apply to any person holding or taking part in any entertainment held with the consent of the Council.

Public shows and performances

- 37. No person shall without the consent of the Council hold or take part in any public show or performance.

Aircraft, hang gliders and hot air balloons

- 38. No person shall except in case of emergency or with the consent of the Council take off from or land in the ground in an aircraft, helicopter, hang glider, or hot air balloon.

Kites

- 39. No person shall fly any kite in such a manner as to cause danger or give reasonable grounds for annoyance to any other person.

Metal detectors

- 40. No person shall without the consent of the Council use any device designed or adapted for detecting or locating any metal or mineral in the ground.

PART 8

MISCELLANEOUS

Obstruction

41. No person shall obstruct:
- (a) Any officer of the Council in the proper execution of their duties;
 - (b) Any person carrying out an act which is necessary to the proper execution of any contract with the Council; or
 - (c) Any other person in the proper use of the ground.

Savings

42. (1) It shall not be an offence under these byelaws for an officer of the Council or any person acting in accordance with a contract with the Council to do anything necessary to the proper execution of their duty.
- (2) Nothing in or done under these byelaws shall in any respect prejudice or injuriously affect any public right of way through the ground, or the rights of any person acting lawfully by virtue of some estate, right or interest in, over or affecting the ground or any part of the ground.

Removal of offenders

43. Any person offending against any of these byelaws may be removed from the ground by an officer of the Council or a constable.

Penalty

44. Any person offending against any of these byelaws shall be liable on summary conviction to a fine not exceeding level 2 on the standard scale.

Revocation

45. The byelaws relating to skating on pieces of water in Alexandra Park which were made by the Hastings Borough Council on 7th March 1902 and confirmed by the Local Government Board on 30 April 1902 are revoked.

The byelaws relating to Pleasure Grounds which were made by the Hastings Borough Council on 18 November 1965 and confirmed by the Secretary of State on 28 January 1966 are revoked.

The byelaws relating to Warrior Square Gardens (Restriction on Ball Games) made by the Hastings Borough Council on 17 April 2003 and confirmed by the Secretary of State on 30 May 2003 are revoked.

SCHEDULES

SCHEDULE 1

GROUNDS TO WHICH BYELAWS APPLY

The grounds referred to in byelaws 1 - 45 are as follows:

Alexandra Park

Amherst Gardens

Arborvale area of land north of Lilac Court

Archery Field

Beauharrow Pond

Beckley Close kick about area

Bembrook Road public open space and play areas

Bexhill Road recreation ground

BOS Field (public open space)

Butlers Gap

Carnoustie Close play area

Celandine Drive playground

Cooden Ledge open space and woodland

Cookson Gardens play area and open space

Cornwallis Gardens

Darwell Close play area and open space

Dog Kennel Wood

Duke Green open space

Etchingam Drive play area

Fernside Avenue/Albourn Close open space

Fleetwood Close play area

Gensing Gardens

Halton Churchyard

Harrow Lane recreation ground

Harvest Way play area

Helmsman's Rise play area and open space

Heron Close play area

Hastings Cemetery open space

Highwater View play area and open space

Hollington Recreation Ground

Hollington Valley Local Wildlife Site

Kensington Close play area

Byelaws for Pleasure Grounds, Public Walks and Open Spaces

Hastings Borough Council – July 2022

Knowsley Close play area
Linton Crescent open space
Linton Gardens
Little Ridge Avenue open spaces
Mare Bay Close play area
Old London Road open space, Ore
Ore Place open space
Ore Valley Road play area
Redgeland wood
Redmayne Drive play area
Robertson Terrace open space
Robsack Avenue open space
St Johns Road play area
St Leonards Gardens
St Marys Chapel, Bexleigh Avenue
Sandhurst Recreation Ground
Sandrock open space
Seafront (front line open spaces and play areas)
Seaside Road play area
Springside Walk open space (Fern Road)
Streamside Walk open space (Ashford Road)
Stonebeach Rise play area and open space
Swan Gardens
The Oval open space
Tilekiln Recreation Ground
Torfield Open Space
Torfield School (multi use games area)
Warrior Square Gardens
Waterside Close play area and open space
Wellington Square
Welton Rise upper and lower play areas and open space
West Hill public open space
West Marina Gardens
Whatlington Way open space
White Rock Gardens
Wishing Tree Road North open space

SCHEDULE 2

BYELAW 21 – BALL GAMES

Any person using a designated area for playing ball games is required by byelaw 21 to comply with the following rules:

- (1) No person shall play any game other than those ball games for which the designated area has been set aside.
- (2) No person shall obstruct any other person who is playing in accordance with these rules.
- (3) Where exclusive use of the designated area has been granted to a person or group of persons by the Council for a specified period, no other person shall play in that area during that period.
- (4) Subject to paragraph (5), where the designated area is already in use by any person, any other person wishing to play in that area must seek their permission to do so.
- (5) Except where they have been granted exclusive use of the designated area for more than two hours by the Council, any person using that area shall vacate it if they have played continuously for two hours or more and any other person wishes to use that area.
- (6) No person shall play in the designated area when a notice has been placed in a conspicuous position by the Council prohibiting play in that area.