

# Public Document Pack

## CABINET

12 FEBRUARY 2018

Present: Councillors Chowney (Chair), Forward, Batsford, Beaney, Poole, Fitzgerald, Lee, Patmore

### 62. DECLARATION OF INTERESTS

Councillor	Minute Number	Interest
Chowney	65 – Revenue Budgets 2017/18 (Revised) and 2018/19, plus capital Programme 2018/19 to 2020/21	Personal - he has a car park permit for Carlisle Parade Car Park. Councillor Chowney commented that he intended to declare a prejudicial interest in this matter when it was decided at the Budget Council meeting.

### 63. DRAFT CORPORATE PLAN 2018/19 - 2020/21

The Director of Corporate Services and Governance presented the draft corporate plan for 2018/19 – 2020-21, together with feedback from the consultation. The corporate plan sets out the council's strategic direction, based around 3 key opportunities; inclusion, growth and futureproofing. Comments on the council's draft corporate plan were sought from residents, council staff and a range of community organisations.

Members welcomed the new layout and methods of reporting back information from across the authority included in the corporate plan.

Thanks were given to those who had prepared the document, and all those who had submitted comments as part of the public consultation.

Councillor Forward proposed approval of the recommendations to the report, which was seconded by Councillor Chowney.

**RESOLVED (by 6 votes for, 2 votes against) that:**

- 1. The cabinet recommends to Full Council, that the content of the attached documents form the basis of the council's corporate plan 2018/19-2020/21, subject to the proviso that any significant amendment made to the council's draft budget be reflected in the final corporate plan text**
- 2. That delegated authority be given to the Director of Corporate Services and Governance, after consultation with the Leader of the Council to**

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- make further revisions as is considered necessary to the attached plan prior to publication to reflect decisions made on the council's budget
3. That all those who submitted views as part of the consultation process be thanked for their contribution.

The reason for this decision was:

The council needs to approve the corporate plan as its statement of Hastings Borough Council's strategic direction to 2021.

**64. REVENUE BUDGETS 2017/18 (REVISED) AND 2018/19, PLUS CAPITAL PROGRAMME 2018/19 TO 2020/21**

The Assistant Director, Financial Services and Revenues presented a report on the revenue budgets 2017/18 (revised) and 2018/19, plus the capital programme for 2018/19 to 2020/21.

The report reflected the final grant settlement figures, which had been received from the government on 6 February 2018. The Assistant Director, Financial Services and Revenues, commented that it may be necessary to revise the figures set out in appendix M of the report, once East Sussex Fire and Rescue Service had met to consider their council tax precept.

The report gave an overview of the key factors impacting on the budget and updated members on the council's progress to achieve further efficiencies and generate additional income.

Councillor Chowney proposed approval of the recommendations to the report, which was seconded by Councillor Forward.

**RESOLVED (6 votes for, 2 votes against) that:**

**Cabinet recommend to Full Council to:**

- (i) Approve the revised revenue budget for 2018/18 (Appendix A)
- (ii) Approve the draft 2018/19 revenue budget (Appendix A)
- (iii) Approve a 2.99% increase in the Borough Council's part of the Council Tax
- (iv) Agree that the absolute minimum level of reserves that shall be retained be £6m (plus General Fund Balance) i.e an increase of £1m from 2017/18
- (v) Approve the Capital Programme 2017/18 (revised) to 2020/21 (Appendix P)
- (vi) Approve the proposed expenditure from the Renewal and Repairs Reserve, and Information Technology Reserve (Appendices J and I respectively) and those items from other reserves shown in Appendix H that can proceed without further reference to Cabinet or Council
- (vii) Approve that the use of monies in the budget and Reserves for "Invest to Save" schemes be determined by the Chief Finance Officer in consultation with the Leader of the Council.

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- (viii) Approve the revised Land and Property Disposal Programme (Appendix L), and agree that disposals can be brought forward if market conditions make it sensible to do so.
- (ix) Agree that schemes marked with asterisk in the Capital Programme can proceed without further reference to Cabinet or Council
- (x) Agree that work on Priority Income and Efficiency Reviews (PIER) through the Strategic Budget Group should continue, and where possible identify a sustainable budget for a period in excess of one year. A mid-year review, for members and officers, to be undertaken in the light of the continuing severe government grant reductions
- (xi) Approve the detailed recommendations in Appendix M, which relate to the setting of council Tax in accordance with Sections 31 to 36 to the Local Government act 1992 (updated for Full Council)
- (xii) Approve that the budget be amended as necessary to reflect the final grant figures including Disabled Facility Grants.
- (xiii) Approve an increase in the Council Tax premium chargeable for long term empty properties to 200% (from 150%), subject to the required legislation being in place along with sufficient time to undertake annual billing.

### The reason for this decision was:

1. Major reductions in funding in 2018/19 are set to continue into 2019/20 and beyond and this will impact heavily upon the Council's ability to provide services and grants across all areas of existing activity.
2. Since 2010/11 funding has been reduced by more than 65% in cash terms on a like for like basis. To ensure key corporate priorities are achieved it remains imperative that the limited resources available are properly targeted.
3. The Council needs to be in a position to match its available resources to its priorities across the medium term and to maintain sufficient reserves and capacity to deal with potentially large and unexpected events in addition to fluctuations in income and expenditure levels.
4. The Council is exposed to a much greater degree of volatility in the level of funding it receives through Non Domestic Rates. In addition it is also exposed to a much higher degree of volatility in terms of Council Tax Support claims – the Council now receiving an upfront sum as part of the annual grant settlement rather than reimbursement of actual costs. The potential downside risks of Brexit and the increased reliance on income streams provide further potential volatility to the Council's future funding.
5. Further reductions in grant funding have major implications for the Council and as such work needs to continue to identify and make savings in order to produce balanced budgets in 2018/19 and beyond.

### **65. TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2018/19**

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The Assistant Director, Financial Services and Revenues, presented a report on the treasury management and annual investment Strategy for 2018/19. The strategy provides a framework for the management of the council's investments, cash flow and borrowing activities. The council's treasury management practices have been revised to take account of changes in the Chartered Institute of Public Finance and Accountancy (CIPFA) codes of practice.

The council operates a balanced budget, which broadly means that cash raised will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. The capital plans provide a guide to the borrowing needs of the council. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet council risk or cost objectives.

Councillor Chowney proposed approval of the recommendations to the report, which was seconded by Councillor Forward.

### **RESOLVED (6 votes for, 2 votes against) that:**

- 1. The council adopts the new CIPFA Treasury Management Code of Practice (2017).**
- 2. Council formally adopts, as part of the Council's Constitution and financial rules the four clauses recommended by the Code of Practice as detailed in Appendix 8.**
- 3. The Council approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy, Annual Investment Strategy, and that a Capital Strategy is developed for 2019/20**
- 4. That the strategies continue to be reviewed in 2018/19 in the light of the requirements of the new Codes of Practice and that the Financial rules and Financial Operating Procedures of the Council are reviewed and amendments proposed as necessary.**
- 5. That the authorised limit for external debt is increased by £10m to allow for short term borrowing for cash flow purposes at year end in particular.**

### The reason for this decision was:

The council seeks to minimise the costs of borrowing and maximise investment income whilst ensuring the security of its investments. The Council is seeking to increase opportunities for income generation, particularly where there are benefits to the residents of Hastings in doing so, and this will continue to involve the council in taking on additional borrowing. The sums involved are large and the assumptions made play an important part in determining the annual budget. A new CIPFA Code of Practice (2017 Edition) has been released to take account of the more commercialised approach being adopted by councils and the enhanced levels of transparency required. The code represents best practice and helps ensure compliance with statutory requirements.

The council has the ability to diversify its investments and must consider carefully the level of risk against reward against a background of historically low interest rates.

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Investments can help to close the gap in the budget in the years ahead and thus help to preserve services.

### **66. DISCRETIONARY BUSINESS RATES RELIEF POLICY**

Assistant Director, Financial Services and Revenues presented a report which sought approval for a policy in respect of the level of discretionary business rate relief to be granted to certain defined ratepayers in the council's area.

Following a revaluation of premises in April 2017, a number of local businesses have seen an increase in the business rate liabilities. Under the localism act 2011, the council may grant discretionary business rate relief. The council has been awarded an additional grant by the government for a 4 year period, to assist businesses affected by the revaluation.

The funding reduces significantly over the 4 year period, and it is therefore necessary for the council to review its policy each year. Once approved, the new policy will come into effect on 1 April 2018.

Councillor Chowney proposed approval of the recommendations to the report, which was seconded by Councillor Lee.

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

- 1. The Cabinet approves the attached policy.**
- 2. To authorise the Assistant Director of Financial Services and Revenues (Chief Finance Officer), in consultation with the leader of the Council, to make any necessary amendments to the policy, where the total relief being granted is potentially going to be above or below the level of grant.**
- 3. To delegate authority to the Chief Finance Officer to approve the schemes in future years.**

#### **The reason for this decision was:**

The council needs a policy to set out how they will allocate the grant monies received from central government to help local businesses affected by the revaluation.

(The Chair declared the meeting closed at. 6.34 pm)

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