

# Public Document Pack

## CABINET

11 FEBRUARY 2019

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

### **149. APOLOGIES FOR ABSENCE**

Apologies for absence were noted for Councillor Fitzgerald

### **150. DECLARATION OF INTERESTS**

<b><u>Councillor</u></b>	<b><u>Minute No.</u></b>	<b><u>Interest</u></b>
Chowney	153. (recommendation 15)	Prejudicial- he has a car park season ticket

### **151. MINUTES OF LAST MEETING**

**RESOLVED** – that the minutes of the meeting held on 4th February 2019 be approved as a true record

### **152. DRAFT CORPORATE PLAN 2019/20**

#### **Draft Corporate Plan 2019/20**

The members were informed that there was a Supplementary sheet to go with this item detailing the consultation responses received since the closure of the consultation on Friday 8<sup>th</sup> February.

The Director of Corporate Services and Governance presented a report to present the draft corporate plan 2019/20, together with feedback from the public consultation. The draft plan showed the key programmes for the coming year. These are categorized differently to last year, i.e. they are set out as our ‘Must Dos and our ‘Choose to dos’. The report also includes the performance indicators, the targets for 19/20 will be agreed in June.

Councillor Forward proposed approval of the recommendations of the report. This was seconded by Councillor Rogers.

It was confirmed that the East Sussex figure in the diagram does include Hastings. Members thanked officers for their hard work and help with this report.

**RESOLVED (5 for 2 against) that:**

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- 1. That the Cabinet recommends to the Full Council, that the content of the attached documents, including the supplementary papers, form the basis of the council's corporate plan 2019/20, 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 make further revisions as is considered necessary to the attached plan prior to publication to reflect decisions made on the council's budget.**
- 3. That all those who submitted views as part of the consultation process be thanked for their contributions**

**The reason for this decision was:**

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

### **153. REVENUE BUDGET 2018/19 REVISED AND 2019/20, PLUS CAPITAL PROGRAMME 2019/20 - 2021/22**

#### **Revenue Budget 2018/19 Revised and 2019/20, plus Capital programme 2019/20 - 2021/22**

The Assistant Director - Financial Services & Revenues (Chief Finance Officer) presented a report:

To present the revised revenue budget for 2018/19 and a budget for 2019/20. The revised budget for 2018/19 takes account of the known variations to expenditure and income streams that have occurred since setting the budget in February 2018.

Mr Grace explained that in setting the budget for 2019/20, recognition has to be taken of the ongoing reductions in external funding for the years ahead. The report identifies that a balanced budget can be achieved in 2019/20 although this involves using £1.75m of reserves. The forecast deficit for 2020/21 is some £2.44m, in 2021/22 it is estimated at £1.79m, and in 2022/23 it is estimated at £1.9m. The alignment of the Council's available resources to its priorities requires the achievement of additional income streams and the continuing review and reduction of services during the next 12 months in order to achieve balanced and sustainable budgets in the years beyond. The levels of reductions required and the near absence of Transition Reserves in future years provide an enormous challenge.

The Full Council meeting on the 20 February 2019 is responsible for setting a balanced budget and determining the Council Tax. If the recommendations in the report are approved by Council there will be an increase in the Borough's part of the Council Tax in 2019/20 of some 2.99%.

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The final grant settlement figures from government have now been received and match the figures in the consultation document (save for Discretionary Housing Payments). The figures for Disabled Facility Grants are not expected until well into 2019/20. Once final figures are received adjustments will be made to the figures detailed in this report.

The Chief Finance Officer outlined the key challenges identified in the report and the key risks facing the Council in addressing the deficit in 2019/20 and the years ahead. He also advised that the budget figures could change if the Council Tax Reduction scheme being considered by Council on the 13 February 2019 was altered. He further advised that the Fire Authority had not yet determined their precept requirements and as such the overall Council Tax requirements would result in revised figures being presented to full Council on the 20 February i.e. a revised Appendix M to the budget report.

Cllr Chowney moved the motion (apart from 15 due to prejudicial interest). Councillor Batsford seconded.

**RESOLVED (5 for 2 against) that:**

Cabinet recommends that full Council:-

1. Approve the revised revenue budget for 2018/19 (Appendix A).
2. Approve the draft 2019/20 revenue budget (Appendix A)
3. Approve a 2.99% (rounded up) increase in the Borough Council's part of the Council Tax.
4. Agree that the absolute minimum level of reserves that shall be retained be £6m (plus General Fund Balance).
5. Approve the Capital Programme 2018/19 (revised) to 2021/22 (Appendix P).
6. Approve the proposed expenditure from the Renewal and Repairs Reserve, and Information Technology Reserve (Appendices J and I respectively) and those items from other reserves shown in Appendix H that can proceed without further reference to Cabinet or Council.
7. Approve that the use of the monies in the budget and Reserves for "Invest to Save" schemes be determined by the Chief Finance Officer in consultation with the Leader of the Council.
8. Approve the 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.
9. Agree that schemes marked with an asterisk in the Capital Programme can proceed without further reference to Cabinet or Council.

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10. Agree that work on Priority Income and Efficiency Reviews (PIER) through the Strategic Oversight and Planning Board should continue, and where possible identify a sustainable budget for a period in excess of one year. A mid-year review, for members and officers, to be undertaken in the light of the continuing severe government grant reductions.
11. Approve the detailed recommendations in Appendix M, which relate to the setting of Council Tax in accordance with Sections 31 to 36 of the Local Government Act 1992 (to be updated for full Council).
12. Approve that the budget be amended as necessary to reflect the final grant figures including Disabled Facility Grants - once received.
13. Approve an increase in the Council Tax premium chargeable for long term empty properties to 100% extra from 2019/20 (from 50% extra), 200% extra from 2020/21 (empty for 5-10 years), 300% extra from 2021/22 (empty greater than 10 years), i.e. the maximum permissible amounts in accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.
14. Approve that the determination of eligibility and award in respect of the Business Rate Retail Relief Scheme is delegated to the Chief Finance Officer for the next two financial years and any extension period thereafter.
16. Approve that the Director of Operational Services, or his nominee, in consultation with the lead member for Environment and Place, will consider, negotiate, undertake an Equality Impact Assessment and agree amendments to the recycling arrangements within the new joint waste contract.

**The reason for this decision was:**

1. Major reductions in funding are set to continue in 2019/20 and this impacts heavily upon the Council's ability to provide services and grants across all areas of existing activity. A major overhaul of the funding mechanism along with the Government's 2019 spending review provides considerable uncertainty on funding for 2020/21 and beyond.
2. Since 2010/11 funding has been reduced by more than 70% in cash terms on a like for like basis. To ensure key corporate priorities and statutory responsibilities 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 cost falling directly on the Council and the preceptors. The potential downside risks of Brexit and

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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 2019/20 and beyond.

Councillor Chowney left the chamber for the discussion and voting around point 15 of the recommendation due to his prejudicial interest.

Cllr Rogers moved a motion that part 15 of the recommendation be agreed. Councillor Beaney seconded.

**RESOLVED (4 for 2 against) that:**

Cabinet recommends that full Council:-  
Approve the revised parking charges as detailed in Appendix Q.

**154. TREASURY MANAGEMENT, ANNUAL INVESTMENT STRATEGY AND CAPITAL STRATEGY 2019/20**

The Chief Finance Officer presented a report to consider the draft Treasury Management Strategy, Annual Investment Strategy, Minimum Revenue Provision (MRP) Policy and Capital Strategy. These documents set out the arrangements to ensure that there is an effective framework for the management of the Council's investments, cash flows and borrowing activities prior to the start of the new financial year.

The Council has some £46.7 million of debt (as at 1 January 2019), and investments which can fluctuate between £15m and £30m in the year. The level of debt is set to increase to some £78m by 2020/21. No changes to current borrowing limits were being proposed at present. The one significant change proposed was to expand the investment strategy to include an investment of £3m within a Diversified Income Fund.

The Chief Finance Officer explained that the Capital Strategy is a new requirement, and it is likely the Council will be asked to agree a revised one later in 2019/20 once the councils development plans are further advanced, and the borrowing requirements and timings are clarified.

Councillor Chowney thanked Mr Grace and his team for all the work which has gone into preparing these strategies.

Councillor Chowney proposed approval of the recommendations of the report. This was seconded by Councillor Batsford. It was agreed that recommendation 1 be separated from 2, 3 and 4 for the purposes of voting.

**RESOLVED (5 for, 2 against) that:**

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**1. The Council approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy, Annual Investment Strategy, and the Capital Strategy.**

**RESOLVED (Unanimously)** that:

- 2. That the strategies be updated as necessary in 2019/20 in the light changing and emerging risks, the Council's evolving future expenditure plans, along with further expected guidance on the Codes of Practice and government regulations.**
- 3. That the Financial rules and the Financial Operating Procedures of the Council are reviewed and revised (as necessary) to meet the new requirements of the Code.**
- 4. That the Investment Policy includes the use of CCLA's Diversified Income Fund with a limit of up to £3m being invested within it (£5m in total with CCLA).**

**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 continues to make substantial investments in commercial property, housing and energy generation initiatives, and this will continue to involve the Council in taking on additional borrowing.

The sums involved are significant and the assumptions made play an important part in determining the annual budget. The CIPFA Code of Practice (2017 Edition), adopted by the Council last year, was released to take account of the more commercialised approach being adopted by councils and the enhanced levels of transparency required. The Code represents best practice and helps ensure compliance with statutory requirements.

The Council has the ability to diversify its investments and must consider carefully the level of risk against reward against a background still of historically low interest rates. Investments can help to close the gap in the budget in the years ahead and thus help to preserve services, assist in the regeneration of the town, provide additional housing and enhance the long term sustainability of the town.

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