

# Public Document Pack CABINET

5 SEPTEMBER 2022

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

In attendance: Jane Hartnell Managing Director, Kit Wheeler Chief Finance Officer, Mary Kilner Chief Legal Officer

## **449. APOLOGIES FOR ABSENCE**

Apologies for lateness received from Councillor Roark

## **450. DECLARATION OF INTERESTS**

None

## **451. MINUTES OF LAST MEETING**

**RESOLVED** – that the minutes of the meeting held on 1<sup>st</sup> August 2022 be approved as a true record.

The Chair moved Item 8a to be the first item heard

## **452. ANNUAL TREASURY MANAGEMENT OUTTURN REPORT - 2021-22**

Cllr Roark was not present for this item

Cllr Patmore asked a question regarding the report. The reserves in November 2021 were forecast as £5.5million but were now standing at in excess of £9million. Do all the loans to PWLB have repayment penalty?

Cllr Rankin asked a question regarding Loans and the way they are presented in reports and for them to include the minimum revenue provision?

The Chief Finance Officer explained that MRP (minimum revenue provision) is an allocated amount that we must set aside as part of our accounting. The external advisors are reviewing our MRP policy. Regarding repayment options on loans generally there is a penalty, but each loan will need to be checked individually.

The Finance portfolio holder Cllr Willis explained that these reports need to show in a clear way the real cost of borrowing. Lots of work 'is happening to make the reports more accessible.'

A question was asked regarding the financing cost and net revenue stream percentage. The Chief Finance Officer answered that 17 percent is unlikely to be

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achieved more regularly going forward, so you're probably up at the 30%, good or bad. It will depend on your approach to risk.

The Chair highlighted the quality of the financial management approach that the Council has taken over the last two financial years.

Cllr Willis proposed approval of the recommendation. Cllr Batsford seconded the recommendation.

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

**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.

### **453. MEDIUM TERM FINANCIAL STRATEGY**

The Chief Finance Officer explained that this report sets out a clear position of the Council. Meetings have been had with LGA to help make clear the financial strategy of the Council. We are in consultation with our advisors, they are going to help us review and potentially amend where necessary any of our provisions and our calculations. They will also look at our borrowing to date.

The report explains where the Council will be in a short space of time if issues are not addressed quickly. One of the areas that is causing us the greatest concern is the housing and homelessness issue and we've set up a task force to identify any potential savings and any efficiencies that that can be made. Unfortunately for us as fast as we're working to find those savings, there are costs that are still increasing.

Cllr. Patmore's question regarding the reserves was answered by the Chief Finance Officer. The accounts have not been signed off from 2019-2020 yet and that has given some time for movement. Some spending that was planned was not completed due to covid. A lot of previous forecasts have become actual.

The Finance portfolio holder explained that the threat of recession and inflation means that we may meet even bigger challenges than we've already factored into this report.

It was requested for some training for Councillors to help them review finance reports and make decisions. It was discussed that by maximising income the Council should not conflict with its anti-poverty commitments. The Chief Finance Officer explained that there are separate discussions around fees and charges and there'll be a

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separate paper on it. Councillors asked when there will be an update from the Housing Task Force. The Managing Director answered that this will be discussed at the next Housing Task Force meeting and will update when this can be brought forward.

Cllr Patmore asked a question regarding the position the Council is in regarding energy costs. The Chief Finance Officer explained the council is on a fixed energy contract for a year.

The Chair explained that the Council has to respond to the cost of living crisis but also deliver a service to residents. There are now weekly financial planning meetings and also budget planning over a longer span than one financial year.

Cllr Willis proposed approval of the recommendation and Cllr Rogers seconded the recommendation.

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

**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**

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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.

### **454. CABINET APPOINTMENTS TO COMMITTEES, WORKING GROUPS AND PARTNERSHIPS**

**Cllr Roark was present for this item**

The Chief Legal Officer explained this is to make appointments of members to committees, partnerships and working groups to which Cabinet appoints. Councillor

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Paul Barnett and Councillor Maya Evans to be appointed to the Personnel Consultative Group.

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

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

#### **Reasons:**

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.

#### **455. NOTIFICATION OF ADDITIONAL URGENT ITEMS**

#### **456. URGENT ITEMS (IF ANY)**

#### **457. BYE LAWS FOR PLEASURE GROUNDS, PUBLIC WALKS AND OPEN SPACES**

Cllr Roark was not present for this item

Councillor Barnett invited questions regarding this item from Councillors present.

Councillor Carr asked for confirmation that passing the byelaws does not imply that we're voting through the cycle path?

Councillor O'Callaghan requested confirmation that a cycle path vote will go to Full Council? Also asked is how would you go about designating the cycle path?

Councillor Patmore asked if Cabinet would debate a proposed Cycle Path if the bye laws pass as Cabinet had already debated and agreed a path in 2016?

Councillor Barnett answered that any proposed cycle path will be debated by Cabinet and then may go forward to Full Council. He explained that Cabinet is not bound by a decision made in 2016. Any proposal for any designated cycle path anywhere in Hastings will require a fresh Cabinet report. Where the proposal is in any way controversial then it will also be a report that Cabinet make a recommendation to Full Council for a final decision. The time scale for the new report about Alexandra Park is as soon as possible.

The Chief Legal Officer explained the byelaws need to be updated as the original set were written in 1965. They were badly worded and they didn't cover, detail or regulate all the activities that would need to be covered. These new byelaws are detailed and updated and have been approved by the Secretary of State

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Councillor Hilton explained the byelaws were outdated and as previously clarified the byelaws have been separated from agreeing a cycle path.

Cllr Hilton proposed approval of the recommendation. Cllr Batsford seconded the recommendation.

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

**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:**

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.

(The Chair declared the meeting closed at. 7.20 pm)