

# Public Document Pack

## CABINET

30 JANUARY 2023

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

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

### **498. APOLOGIES FOR ABSENCE**

None received.

### **499. DECLARATION OF INTERESTS**

None.

### **500. MINUTES OF LAST MEETING 03/01/23**

**RESOLVED** – that the minutes of the meeting held on 3<sup>rd</sup> January 2023 be approved as a true record.

### **501. MINIMUM REVENUE PROVISION METHOD CHANGE 2022-23**

The Chief Finance officer explained that as part of Budget setting planned to have MRP reviewed. The Deputy Chief Finance Officer introduced the report. The Councils treasury management advisors Link Group completed a review of the Councils MRP to identify opportunities to move to a more suitable and cost effective MRP strategy whilst ensuring that the provision remains prudent and compliant with statutory guidance. The Deputy Chief Finance officer explained that there is a difference between supported borrowing (prior to 2008) and unsupported borrowing with most of the Councils borrowing being unsupported. The Council has supported borrowing at 8.4% of overall capital financing requirement with unsupported borrowing at 88.4%. There are other borrowings like finance leases which make up the other 3.2%. The proposed change in the policy will reduce the Council's 2022/23 MRP payment by £867k and reduced the MRP charges in earlier years and increased them in later years. The changes will also align the Council's policy to what's considered best practice by CIPFA. To alleviate the increases in MRP in future years, its proposed to make voluntary revenue payments for 22/23 of 80k.

Councillors asked regarding CIPFA. The Deputy Chief Finance Officer explained it's the Chartered Institute of Public Finance and Accountancy. They are a UK-based international accountancy membership and standard-setting body. CIPFA write the Prudential code and they write the Treasury Management code  
Councillors asked regarding changing MRP on previous years. The Deputy Chief Finance Officer explained you cannot make changes to your policy that affect MRP for previous years.

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The Councillors debated gave thanks to the Finance Officers for their work.

Proposed by Councillor Willis and seconded by Councillor Cannon

**RESOLVED (unanimously):**

**Cabinet is asked to recommend the following to full Council:**

- 1) The MRP method for supported borrowing is revised to the annuity method using average PWLB rate for the year (01/04/2022 to 31/03/2023).**
- 2) The MRP method for unsupported borrowing is revised to the annuity method using average PWLB rate for the year (01/04/2022 to 31/03/2023) weighted combined basis.**
- 3) That the revised MRP Policy Statement shown at Appendix C is approved for 2022/23.**
- 4) That the revised MRP Policy Statement shown at Appendix C becomes the default MRP Policy for the Council going forward pending annual review as part of the Treasury Management Strategy.**

**Reasons:**

These revisions to the methods for calculating MRP will result in reduced charges to the General Fund revenue account helping to reduce costs and preserve vital local services at a time when budgets are under severe pressure. The in-year savings made can be taken now to reduce the MRP charge, and hence pressure on the budget, used to make Voluntary Revenue Provision (VRP) charges that can be used to offset MRP charges in future years to alleviate budget pressures then or a combination of the two approaches.

The changes will also align the Council's policy to what is considered best practice by CIPFA and is determined as more prudent. It is also considered fairer to Taxpayers as it results in the debt liability being repaid earlier and doesn't leave future generations to foot the bill for assets that were purchases many years ago where the economic benefits have been fully consumed

**502. DRAFT TREASURY MANAGEMENT, ANNUAL INVESTMENT STRATEGY AND CAPITAL STRATEGY 2023/24**

Councillor Beany asked a question regarding the Capital Spending on Lower Bexhill Road in 2023/24? The Deputy Finance Officer responded it appears to be an error and will be investigated further.

After further investigation it has been confirmed that the Lower Bexhill Road scheme has been discontinued and there will be no expenditure in 2023/24. The budget papers will be revised to reflect this. As this scheme was going to be fully funded via grant there will be no impact on the budgeted MRP or interest figures.

The Chief Finance officer explained how this report has already been to Audit committee as part of the Budget setting. It was explained how a asset management Strategy is in the process of being created.

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The Deputy Chief Finance Officer introduced the report. There is a requirement to agree these by the start of the year. The Treasury Management strategy covers Capital issues and Treasury Management issues. The Capital Strategy brings together all capital spending and identify what it is and how it is funded. It also includes future items such as the Towns Fund expenditure.

There was a Treasury Management training session in January and more training is planned throughout the year. The key principles that we guided by are security, liquidity and yield in that order. The Council Treasury Management activities are guided by the Potential Code and the Treasury Management code with CIPFA publishing in December 2001 revised versions. The Council is required to adopt a new Debt Liability Benchmark Treasury indicator. This is a tool to help the Council manage its treasury activities.

Regarding capital expenditure the council has 31.3m in 23/24 and 15.3m in 24/25. This has meant the Authorise Limit has been revised by £25m to £140m. The Operational Boundary which is the limit which external debt is not supposed to exceed, will also be increased by £25m to £135m

MRP has been reviewed and changes to the policy are likely to result in a 876k reduction. The MRP policy in the Treasury management strategy has been updated to reflect this new suggested approach.

There were no questions for the Officers.

The Councillors debated and discussed the need to review the combination of reserves after the Budget is agreed.

Proposed by Councillor Willis and seconded by Councillor Batsford

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

**Cabinet recommends full Council that:**

- A. The Council approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy, Annual investment Strategy and the Capital Strategy.**
- B. The strategies listed are updated as necessary during 2023/24 in the light of changing and emerging risks and the Council's evolving future expenditure plans.**

### **Reasons:**

1. 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 property, housing and energy generation initiatives, and this will continue to involve the Council in taking on additional borrowing.
2. The sums involved are significant and the assumptions made play an important part in determining the annual budget. The CIPFA Treasury Management Code of Practice, previously adopted by the Council, has been revised to take account of the more commercialised approach being adopted by councils and the enhanced levels of transparency required. The Code has represented best practice and helps ensure compliance with statutory requirements.

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3. The Council has the ability to diversify its investments and must consider carefully the level of risk against reward against a background of historically very 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. However, over reliance on such income streams would involve taking unnecessary risks with the future of the Council and its ability to deliver statutory services.

### **503. PAY POLICY STATEMENT 2023/24**

The Managing Director introduced the report. This is an annual report that must be approved by Full Council.

There were no questions.

Councillor Barnet proposed an amendment that 'the Council will look to ensure the ratio does not exceed the national average for the public sector. Details on this will be published as soon as they're available'

Councillor Barnet highlighted that there is no longer a pay grade 11 which last year was removed.

Proposed by Councillor Willis and seconded by Councillor Rogers with Councillor Barnet's amendment.

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

#### **1. Recommendation of the pay policy statement to full council for approval**

##### Reasons:

The Localism Act 2011 requires Hastings Borough Council to prepare and publish an annual pay policy statement. The purpose of such a statement is to provide information about Council policies on a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees. A Pay Policy must be prepared for each financial year and must be approved by Full Council, and published

### **504. CABINET APPOINTMENTS**

The Chief Legal Officer introduced the report. The Working Arrangements Group is undertaking a review of the Council's governance arrangements. Nominations are normally made by Group Leaders and are agreed by Cabinet. The Green Group have

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requested a change in their representation, with Councillor Hilton nominated to replace Councillor Jobson.

Proposed by Councillor Barnett and seconded by Councillor Evans

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

**1. To appoint Councillor Hilton to the Working Arrangements Group in place of Councillor Jobson**

#### Reasons:

The Working Arrangements Group is a politically balance working group. Changes to representation on the group are agreed by Cabinet following nominations from Group Leaders.

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

None Received

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

None

(The Chair declared the meeting closed at. 6.39 pm)

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