Rother District Council **Agenda Item: 7**

Report to - Council

Date - 27 February 2017

Report of the - Cabinet

Subject - References from Cabinet Meetings

The Council is asked to consider recommendations arising from the Cabinet meeting held on 13 February 2017 (there were no recommendations to Council at the meetings held on 14 December 2016 and 16 January 2017), as set out below.

CABINET – 13 FEBRUARY 2017

CB16/75. **DRAFT REVENUE BUDGET PROPOSALS 2017/18**

Members gave consideration to the report of the Executive Director of Resources on the draft Revenue Budget proposals which detailed the financial settlement figures for 2017/18. The budget proposals had also been scrutinised by the Overview and Scrutiny Committee (OSC) on 30 January 2017. A copy of the Minutes arising from the OSC meeting had been appended to the report for Cabinet's consideration.

On 15 December 2016, the Government confirmed the Council's Revenue Support Grant for 2017/18 as £570,000 inclusive of £49,000 Rural Services Delivery Grant and £71,000 Transition Grant which was consistent with the four year settlement deal announced in December 2015.

Rother's New Homes Bonus (NHB) would be £1,117,000 for 2017/18 which reflected the Government changes for next year. This included a reduction from six to five years for the grant to be paid (further reduced to four years in 2018/19) and assumed a 0.4% annual increase in the Council tax base before any grant was paid. Members were advised that based on the 2017/18 tax base, the latter was estimated to cost the Council approximately £25,000. The balance of grant above £1m (£117,000) would be set aside in earmarked reserves.

The Business Rate Retention Baseline would be £2,218,000 for 2017/18 with a safety net of £1,885,000. The retention of business rates was estimated previously at £2,559,000 which included compensatory grants in relation to additional reliefs previously given by the Government, and accounted for the financial effect of the national business rate revaluation including any rate relief changes. The latest calculations anticipated that business rate income would increase to £2.8m. However, a number of appeals were expected from April 2017 and whilst these had been factored into the forecast income there was still considerable risk around the amount of business rate income actually retained in the next financial year.

Since 2015, the Council had been part of the East Sussex Business Rate Pool (ESBRP), which meant that Rother shared the financial benefits of growth in business rates and/or improved collection performance across all East Sussex district and borough councils. The Council equally shared the financial impact associated with any loss of business rate income through either poor collection performance or an actual decline in the rateable value of business premises in East Sussex. As a result of the national revaluation of business rates and the expected increase in appeal provision, the latest forecast for 2017/18 indicated that there would be minimal financial benefit for the ESBRP to continue. Therefore it was mutually agreed by the Chief Finance Officers, along with the relevant Cabinet Portfolio Holders for Finance to dissolve the ESBRP from 1 April 2017. This position would be reviewed in October 2017.

Up to the end of January 2017, 2,565 accounts received an empty and unfurnished Council Tax exemption with a total value of £211,250. Members agreed that by removing the current one month empty property exemption clause from 1 April 2018, the Council had the potential to generate £20,000 per annum from its share of the additional income, as well as reducing the administrative burden.

The net Revenue Budget before Government grants, use of reserves and other funding was expected to be £12.671m which included inflation and growth as well as a lifeguard service. The overall growth would be offset by savings and additional income. A summary of the Revenue Budget and Council Tax calculations and the net cost of services were appended to the report.

Councillor Mrs Hart, as local member for Eastern Rother, expressed her support that provision had been made within the budget for a lifeguard service at Camber Sands.

The draft Revenue Budget for 2017/18 utilised £775,000 of reserves (net of contributions to reserves) to meet specific costs which included £925,000 to support the Capital Programme. The total predicted Earmarked Reserves was estimated to be just over £11.6m by the end of March 2018. The minimum level of reserves was considered to be £5m.

The five year financial forecast to 31 March 2022 had been updated and was appended to the report at Appendix G. The forecast included the delivery of £1.8m of savings/additional income from the Council's Rother 2020 programme, which formed a major part of the Sustainability and Efficiency Plan recently accepted by central government. Projects were ongoing and Members would be kept abreast of significant developments. Members noted that the forecast for the tax base was projected to increase over the period by 2% per annum; this would be dependent on the delivery of new developments in North East Bexhill. It also assumed that the New Homes Bonus would be phased out by 2020/21. Assuming these savings were realised, £1.3m of reserves was required to achieve a balanced budget and it was expected that the Council would be back in surplus by 2021/22. The medium term financial strategy reserve was expected to have a balance of £3.2m at 31 March 2018 and therefore was sufficient to meet this cost if needed.

The revised Capital Programme appended to the report at Appendix H excluded the land swap deal with East Sussex County Council and included the provision of £900,000 over two financial years for the Rother 2020 Programme. Key projects within the programme were Replacement Financial, Human Resources and Payroll Systems; Customer Relationship Management System – Firmstep; and Corporate Document Image Processing and Workflow System.

The draft Revenue Budget was currently balanced and assumed a Council Tax increase of £5 per annum previously recommended by Cabinet in December 2016. After deliberation and consideration of the consultation feedback and the OSC's comments, Cabinet reiterated their recommendation that a £5 per annum (3%) Council Tax increase was applied for 2017/18. They were also supportive of all the other recommendations proposed.

The Council faced major challenges with the significant reduction of Government funding and volatility in business rate income. To ensure a sound financial future, Members noted that the Council would need to maintain a robust financial strategy.

RECOMMENDED: That:

1) the level of special expenses as set out in Appendix C to the report, be approved;

2) a net expenditure level for 2017/18 of £12,761,000 be approved;

3) the amount of earmarked reserves set out at Appendix D to the report, be approved;

4) a Council Tax for 2017/18 at Band D be set at £169.32 (£5 or 3% increase);

5) a contribution of £117,000 from the New Homes Bonus grant receivable for 2017/18 be set aside in the Medium Term Financial Strategy Earmarked Reserves in order to support the Revenue Budget and/or delivery of the Corporate Plan;

6) the Council Tax exemption for empty properties be reduced from one month to zero from 1 April 2018; and

7) the revised Capital Programme as set out in Appendix H to the report, be approved.

(Councillor A.E. Ganly declared a personal and prejudicial interest in this matter in so far as he is a landlord and in accordance with the Members' Code of Conduct left the room during consideration of recommendation No. 6 – Council Tax exemption for empty properties only).

(Councillor G.P. Johnson declared a personal and prejudicial interest in this matter in so far as she is a landlord and in accordance with the Members' Code of Conduct left the room during consideration of recommendation No. 6 – Council Tax exemption for empty properties only).

(Councillor J.J. Johnson declared a personal and prejudicial interest in this matter in so far as he is a landlord and in accordance with the Members' Code of Conduct left the room during consideration of recommendation No. 6 – Council Tax exemption for empty properties only).

(Cabinet Agenda Item 7.1)

CB16/76. **TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY**

The Treasury Management Statement set out the Council's treasury issues and looked to ensure that the Council met its spending obligations.

The Council was required to receive and approve a minimum of three main reports each year to include:

1) Prudential and Treasury Indicators and the Treasury Strategy;

2) a Mid-Year Treasury Management Report; and

3) an Annual Treasury Report.

These reports incorporated a number of policies, estimates and actuals which were scrutinised by the Audit Committee prior to making recommendations to Council.

The Treasury Management Strategy detailed the Council's capital issues and reviewed the position regarding investments, borrowing strategy, economic outlook and policies on the creditworthiness of counterparties.

The Annual Investment Strategy detailed the Council's investment priorities, promoting security, liquidity and investment return. In order to minimise risks, the Council stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list.

The strategies proposed, together with the interest rates forecast, were in-line with the assumptions made when preparing the 2017/18 Revenue Budget. It was anticipated that low interest rates would continue to dominate over the following year. Therefore, officers, in conjunction with Treasury Advisors, would be actively seeking to progress and achieve the best returns whilst observing the necessity to secure investment which would mean that returns were likely to remain at minimal levels in 2017/18.

RECOMMENDED: That:

1) the Treasury Management Strategy as set out at Appendix A to the report, be approved;

2) the Annual Investment Strategy as set out in Appendix B to the report, be approved;

3) the Minimum Revenue Provision Policy Statement 2017/18 be approved; and

4) the Prudential and Treasury Indicators as set out in Appendix A to the report, be approved.

(Cabinet Agenda Item 7.3)

CB16/77. **COUNCIL TAX PENALITIES (FAILURE TO NOTIFY OR SUPPLY INFORMATION) POLICY**

Rother District Council (RDC) was required to ensure that the correct Council Tax charge was being applied to all of its domestic properties. In total, RDC collected in excess of £60m in Council Tax each year, with approximately 10% being retained by the Council.

There were a number of exemptions and discounts that residents could claim, the most significant being the single persons discount; approximately 14,000 Rother residents were receiving this. All residents/occupiers were required to notify RDC of circumstance changes, however on occasion this was either omitted or deliberately withheld to fraudulently obtain a reduction in Council Tax. To deter this, the Council had under the Local Government Finance Act 1992 (Schedule 3), the power to introduce a Council Tax Penalties Policy (CTPP) and impose civil penalties. The CTPP informed residents of the importance of providing the correct information when applying for a discount or exemption.

A fixed amount penalty of £70 would be applied and added directly to the taxpayers' Council Tax account. Where penalties were already applied and further requests for the same information made, additional penalties of up to £280 could be imposed. Taxpayers would be able to appeal penalties through the Valuation Tribunal for England within two months. Throughout the appeal period any enforcement penalty would be suspended pending the outcome.

Cabinet approved the CTPP and agreed it would act as a deterrent to fraud and would be a reminder of the duty on people to accurately inform the Council of their circumstances when receiving discounts and exemptions.

RECOMMENDED: That the Council Penalties (Failure to Notify or Supply Information) Policy be approved.

(The Leader had accepted this item onto the Agenda as an Additional Agenda Item in order for the Council to receive the Council Penalties Policy at the meeting scheduled to be held on 27 February 2017).

(Cabinet Agenda Item 7.4)

CB16/78. **28-36 WESTERN ROAD, BEXHILL**

Consideration was given to the confidential report of the Executive Director of Business Operations which detailed the potential prospects of the premises located at 28-36 Western Road, Bexhill. Cabinet agreed that purchasing the premises provided significant regeneration opportunities and therefore recommended that steps be instigated to acquire the property and, if successful, formulate a plan to refurbish or redevelop the site.

RECOMMENDED: That the sum of £1m be allocated in the Capital Programme to cover costs of acquisition, fees, taxation, repairs and project development to be met from the Medium Term Financial Strategy Earmarked Reserves.

AND

Cabinet also **RESOLVED**: That:

1) the Executive Director of Business Operations be authorised to put an offer to Hudson Advisors up to the price as agreed at the meeting, plus any associated fees and taxation to acquire the premises at 28-36 Western Road, Bexhill-on-Sea in consultation with the Cabinet spokesperson for Finance, Resources and Value for Money;

2) if the offer is rejected to report back to Cabinet and full Council; and

3) if successful with the acquisition, a project plan for the refurbishment or redevelopment of the property be presented to a future Cabinet meeting.

*This resolved minute is subject to the call-in procedure under Rule 16 of the Overview and Scrutiny Procedure Rules.

(This matter was considered exempt from publication by virtue of paragraph 6 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended).

(Cabinet Agenda Item 10.1)

Councillor C.R. Maynard
Leader of the Council