

Report to	-	Council
Date	-	26 February 2018
Report of the	-	Cabinet
Subject	-	References from Cabinet Meetings

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The Council is asked to consider recommendations arising from the Cabinet meetings held on 15 January and 12 February (as set out below).

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### **CABINET – 15 January 2018**

#### **CB17/59. THE COLONNADE, BEXHILL-ON-SEA (6.4)**

In October 2017 Cabinet had approved to enter into a lease with a new operator for the Colonnade restaurant, however, it was reported that the preferred operator had subsequently withdrawn in late November 2017 on financial grounds and a new approach was required. Council had also previously agreed a capital contribution of £100,000 towards the cost of fitting-out works (Minute CB17/32 refers).

Following consultation with the Members' panel who had considered the initial expressions of interest and business cases, it was concluded that the best option would be to increase the commercial offer and income streams derived at the Colonnade by partially subdividing the western half to create four additional retail kiosks as well as retaining a sizeable food and drink facility. It was considered that this facility could then be leased out externally, operated by the Council in-house or run in partnership with a third party.

It was advised that whilst an in house operation would result in the Council taking on more of or the entire commercial risk, it would also benefit from potential financial surpluses from the catering operation, whilst also receiving a rental income from the additional kiosks. This option sat well within the context of the Council's Rother 2020 plans and medium term financial strategy, in terms of being less risk averse and maximising income streams.

Regardless of which option the Council took, it was necessary to carry out further works to the interior of the premises to make it ready for occupation. Officers were currently preparing a detailed schedule of works in readiness for competitive quotes; depending on the final specification, the cost of these works were estimated to be in the region of £200,000; therefore an additional capital provision of £100,000 was required in addition to the £100,000 previously approved. In addition to the fit out costs, there would also be set up costs (fixtures / fittings etc.) that were estimated to be in the region of £60,000 and would need to form part of the overall Capital Programme provision for the project.

Members were supportive of the proposal to manage the facility in house and for the Council to appoint a catering manager with strong management direction to run the business as a going concern from the outset. Some budget forecasting had been undertaken that indicated an annual income of over £200,000, with gross profit of around 70% of turnover and net profit of around 10% of turnover. In addition, there would be the rental income from the new units in the western half of the Colonnade, expected to be approximately £14,000 per year.

It was recommended that an in-depth review take place following three years of trading, to consider whether the Council should seek an independent operator and sell the business as a going concern, or retain it as a useful long term source of income with potential for growth.

Members were keen to see the operation up and running as soon as possible and with the relevant approvals in place, it was expected that the café/restaurant would be open for business by the summer and the lettings of kiosk spaces achievable in a shorter timescale.

**RECOMMENDED:** That:

- 1) the Capital Programme be increased to £260,000 for the internal fit-out of the Colonnade café/restaurant and kiosks funded from the Medium Term Financial Strategy Earmarked Reserve; AND

AND

**RESOLVED:** That:

- 2) officers be authorised to proceed with the establishment of an in-house café/restaurant offer at the Colonnade with the future operation to be kept under review.

(The Leader had accepted this item onto the Agenda as an Additional Agenda Item in order for the decision to be taken with regard to establishing an in-house café/restaurant offer at the Colonnade as soon as possible).

(Cabinet Agenda Item 6.4)

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## **CABINET – 12 February 2018**

### **CB17/66. DRAFT REVENUE BUDGET PROPOSALS 2018/19**

Members gave consideration to the report and revised appendices of the Executive Director of Resources on the draft Revenue Budget proposals which detailed the financial settlement figures for 2018/19. The budget proposals had also been scrutinised by the Overview and Scrutiny Committee (OSC) on 29 January 2018. A copy of the Minutes arising from the OSC meeting had been appended to the report for Cabinet's consideration.

On 19 December 2017, the Government confirmed the Council's Revenue Support Grant for 2018/19 as £111,000 inclusive of £38,000

Rural Services Delivery Grant and £71,000 Transition Grant which was consistent with the four year settlement deal announced in December 2015.

The Government confirmed that local authorities would retain most of the business rates collected by 2020/21. The Ministry of Housing, Communities and Local Government launched a fair funding review consultation which was due to close on 12 March 2018. The review would calculate the new baseline funding levels based on an up-to-date assessment of the relative needs and resources of local authorities. Business rates would be redistributed according to the outcome of the new assessment, alongside the resetting of business rates baselines, subject to suitable transitional measures. Members agreed it was important that the Council fully engaged in the consultation process and highlighted Rother's specific priorities / needs.

Rother's New Homes Bonus (NHB) would be £714,305 which included an award for 2018/19 of £11,938 paid for four years. No additional NHB had been assumed within the financial forecast for 2019/20 or beyond.

The Business Rate Retention Baseline would be £2,284,959 for 2018/19 with a safety net of £2,216,410. The retention of business rates was estimated previously at £2,947,402 which included compensatory grants in relation to additional reliefs previously given by the Government. Nationally, the expectation was that overall rateable value would reduce by 4.7% as a result of settling appeals and this had been factored into the forecast income for both 2017/2018 and 2018/19. During 2018/19, the East Sussex Business Rate Pool would be reforming and Rother would be re-joining. The aim was to incentivise authorities to attract more businesses into their areas with the prospect that the growth in business rates would be retained locally. This extra resource would be specifically ring-fenced for economic regeneration activities.

To balance the future budget, the Council planned to save £1.8m by 2019/20. Savings had been achieved through increased business rate income, returns on property investment, delivery through efficiencies and income growth, as well as an additional £1m built into the forward plan. This also included a further £3m to be placed in a property investment fund with an estimated return of 5%. The Council's property investment strategy estimated a net income of over £700,000 and involved borrowing up to £35m (pay back over 40/50 years at fixed rate) to invest in local property. All borrowing activity would be overseen by the Council's treasury advisors. Further efficiency savings of £120,000 would need to be made through the Council's lean projects. Cabinet sought further clarity on the Council's proposed future borrowing plans in conjunction with the treasury management strategy and requested that a briefing paper be disseminated to all Members prior to the full Council meeting on 26 February 2018.

The net Revenue Budget before Government grants, use of reserves and other funding was expected to be £14.322m which included inflation and growth. 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. Clarification was sought on the special expenses allocated for Bexhill Allotments. Members were advised that two allotments sites in Sidley were still undergoing devolvement proceedings, therefore funding was still required for maintenance purposes during 2018/19.

The draft Revenue Budget for 2018/19 utilised £2.672m of reserves (net of contributions to reserves) to meet specific costs which included £2.36m to support the Capital Programme. The total predicted Earmarked Reserves was estimated to be just over £12.529m by the end of March 2019. The minimum level of reserves was considered to be £5m.

The five year financial forecast to 31 March 2023 had been updated and was appended to the report at Appendix G. The forecast included the delivery of £1m of savings/additional income from the Council's Rother 2020 programme, which formed a major part of the Sustainability and Efficiency Plan. Projects were ongoing and Members would be kept abreast of any 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 NHB would be phased out by 2020/21. Assuming these savings were realised, the forecast showed that over five years, £5.326m of reserves would be used including £2.893m to support the Capital Programme. By 2022/23, the Revenue Budget would be in surplus and the remaining reserves were estimated to be £9.875m. The Council's Medium Term Financial Strategy would be updated to reflect the latest financial forecast.

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 for the Rother 2020 Programme. This would predominately be delivered through Rother's Property Investment Strategy and funded by borrowing £35m by 2021 to ensure affordability.

The draft Revenue Budget was currently balanced and assumed a Council Tax increase of £5 per annum (or 2.95%). After deliberation and consideration of the consultation feedback and the OSC's comments, Cabinet recommended that a £5 per annum (2.95%) Council Tax increase was applied for 2018/19. 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 delivering the Rother 2020 programme was essential if the Council was to achieve a sustainable future and continued to deliver essential services to the public.

**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 2018/19 of £14,322,000 be approved;
- 3) the amount of earmarked reserves set out at Appendix D to the report, be approved;
- 4) a Council Tax for 2018/19 at Band D be set at £174.32 (£5 or 2.95% increase);
- 5) the revised Capital Programme and funding of this programme as set out in Appendix H to the report, be approved; and
- 6) the investment of a further £3 million into a property fund, be noted.

(Cabinet Agenda Item 7.1)

CB17/67. **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 and Standards 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 2018/19 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 2018/19.

**RECOMMENDED:** That:

- 1) both the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes – 2017 Edition and the Prudential Code for Capital Finance in Local Authorities – 2017 Edition, be adopted;
- 2) the revised Treasury Management Practices as set out at Appendix B (8) to the report, be approved;
- 3) the Treasury Management Strategy as set out at Appendix A to the report, be approved;
- 4) the Annual Investment Strategy as set out at Appendix B to the report, be approved;
- 5) the Minimum Revenue Provision Policy Statement 2018/19 be approved;
- 6) the Prudential and Treasury Indicators as set out in Appendix A to the report, be approved; and
- 7) that the authorised limits in the report, be approved.

(Cabinet Agenda Item 7.3)

**CB17/68. COUNCIL TAX PROTOCOL**

Citizens Advice (CA) and the Local Government Association had developed a new Collection of Council Tax Arrears Good Practice Protocol appended to the report as Appendix A. The associated guidance to the Protocol for Members was appended to the report as Appendix B. CA had asked the Council to formally adopt the protocol. Cabinet was advised that the Council's Debt Management Policy was scheduled for review and would be updated in-line with the Protocol.

Council tax arrears were considered a significant debt and poor collection practices often exacerbated the situation, contributing to health and stress issues. The Protocol offered practical steps aimed at preventing people from getting into arrears and advised on procedures to ensure that bailiffs acted within the law and guidance. Results of the new Council Tax Reduction Scheme indicated that proactive engagement and support with Council Tax payers could actually help maintain collection rates and avoid taxpayers accruing arrears. Members noted that the Council provided substantial funding to CA, including the provision of debt advice.

Cabinet was supportive of adopting the Council Tax Protocol.

**RECOMMENDED:** That the Council Tax Protocol at Appendix A to the report, be approved and adopted.

(Cabinet Agenda Item 7.4)

CB17/69. **COMMUNITY GOVERNANCE REVIEW – BATTLE**

In accordance with the provisions of the Local Government and Public Involvement Act 2007, a request for a Community Governance Review (CGR) had been received from Battle Town Council (BTC) by Rother District Council (RDC). The report of the Executive Director of Resources set out the considerations for the proposed way forward for conducting the CGR which had to have regard to guidance issued by the Secretary of State for the Ministry of Housing Community and Local Government.

Full Council was required to agree the Terms of Reference (ToR) for the CGR which specified the area under review and reflected the specific issues addressed within the request, as well as other matters RDC wished the review to consider; draft ToR were attached at Appendix A to the report. RDC was required to complete the review within 12 months of the formal publication of the ToR, after being approved by full Council; it was anticipated that this would be March 2018.

Following the Boundary Review of RDC in 2016, the Local Government Boundary Commission for England made significant changes to the warding arrangements of BTC, which would come into effect from May 2019. The current four wards would be replaced by two wards (Battle North and Battle South) each returning 10 and seven Councillors respectively. BTC was suggesting a reduction of four Councillors, with nine in Battle North and four in Battle South which they considered to be an appropriate number under the new warding arrangements.

Due to staffing resources, it was proposed that the CGR be outsourced to external consultants. All Members of RDC and, in particular, the local Ward Members would have the opportunity to contribute to the review formally through the decision making process. It was clarified that the review would cost approximately £3,000 to £5,000 and could not be reclaimed from BTC. Members noted that the costs would therefore be borne by RDC and all residents of Rother.

Under the terms of the 2007 Act, RDC was obliged to consult with the local government electors for Battle and take into account any representations made and ensure the outcome of the review, including any decisions were well publicised. At the conclusion of the review, RDC would be able to make a recommendation which was different to the outcome BTC wished the review to make.

A draft timetable complying with the requirements of the 2007 Act was attached at Appendix B to the report. If the CGR resulted in changes to the number of Councillors, it was recommended that these would take effect from May 2019 to coincide with four yearly election cycle of the district and Parish and Town Councils.

Cabinet was supportive of RDC conducting a CGR for Battle and recommended formal ratification of the ToR with one minor amendment that the review reflected identities, interests and the position of smaller/village communities in Battle. The draft timetable was also recommended for formal ratification.

**RECOMMENDED:** That:

- 1) Rother District Council undertake a Community Governance Review as requested by Battle Town Council with the costs being met from within existing budgets; and
- 2) the Terms of Reference for the Community Governance Review of Battle Town Council at Appendix A and the draft timetable at Appendix B to the report be approved, as amended.

(Cabinet Agenda Item 7.5)

CB17/70.  
(7.6)

**DESIGNATION OF MONITORING OFFICER**

The post of the Monitoring Officer was one of three statutory posts which the Council was required to have and as such appointment to the post needed to be approved by full Council. The Council's current Monitoring Officer, John Collins had resigned and would formally leave the Council on 8 April 2018. Cabinet was asked to appoint Lisa Cooper as the Monitoring Officer with effect from 8 April 2018. Full Council would be meeting on 26 February 2018 to formally ratify the appointment.

The Leader thanked John Collins for the professionalism, support and diligence he had executed in the role.

**RECOMMENDED:** That Lisa Cooper be designated as the Council's Monitoring Officer.

(Cabinet Agenda Item 7.6)

Councillor C.R. Maynard  
Leader of the Council



**Rother District Council**

**Community Governance Review – Terms of Reference**

A community governance review will be carried out by Rother District Council under the provisions of the Local Government and Public Involvement in Health Act 2007 (“the 2007 Act”). The review shall comply with the legislative requirements, have regard for the associated statutory guidance and will be conducted in accordance with these terms of reference.

The review shall consider the proposal from Battle Town Council to reduce the number of Councillors from 17 to 13.

It shall have particular regard for the need to secure that community governance within the area under review:

- reflects the identities and interests of the communities and smaller/village communities in that area; and
- is effective and convenient.

Following the review the recommendations will be made as to whether the number Councillors on Battle Town Council should be reduced.

The review shall invite and take account of submissions from all interested parties.