

Report to	-	Council
Date	-	25 February 2019
Report of the	-	Cabinet
Subject	-	References from Cabinet Meetings

The Council is asked to consider recommendations arising from the Cabinet meetings held on 14 January and 11 February 2019 (there were no recommendations to Council made at the Cabinet meeting held on 19 December 2018), as set out below.

CABINET – 14 January 2019

CB18/57. MEMBERS' ALLOWANCE SCHEME 2019-2023

In accordance with the Members Allowances Regulations 2003, before the Council could agree its allowance scheme to apply from May 2019 the Council had to have regard to the recommendations made by an Independent Remuneration Panel (IRP). The IRP was made up of three members who had considerable experience in local government as senior officers, councillors, advisors and members of remuneration committees for other local authorities, finances and public sector management.

The Panel had met on three occasions, interviewed key Members and officers and been in receipt of detailed documentation as background information to enable them to fulfil their role. A copy of the IRP's full report had been circulated separately to all Members of the Council, deposited for public inspection at the Community Help Points in Bexhill, Battle and Rye and had been published on the Council's website.

The IRP had made a total of 13 recommendations, 10 in relation to the Allowance Scheme and a further three recommendations which fell outside their remit. In summary the broad recommendations were that the Basic Allowance and Special Responsibility Allowances (SRAs) be increased by 2% in line with the 2018/19 staff pay award and thereafter each subsequent year during the next four years in line with the staff pay award; the current Broadband Allowance of £200 be withdrawn from May 2019 and the dependent / childcare allowances be increased by £1.00 to £11.00 and £9.00 per hour respectively.

The three recommendations that fell outside the remit of the IRP but were either raised direct with the IRP by Members or were the IRP's own observations concerned the concept of a shadow Cabinet system, the physical and mental well-being of Councillors and how these can be supported, if required; and pro-active promotion of the Allowance Scheme.

Cabinet gave consideration to the recommendations and whilst no formal amendments were agreed, made the following comments for Council's consideration:

Recommendation 3: Members were supportive of the removal of the Broadband Allowance which in real terms would mean a reduction in their overall allowances, despite the 2% increase on the Basic Allowance and SRAs.

Recommendation 7: Members were pleased to note that specific provision prohibiting a Member receiving more than one SRA be incorporated into the Scheme.

Recommendation 10: Members did not want to be paid at a different level to staff; whatever rates were currently paid to staff should be paid to Members.

Recommendation 11: Members were not supportive of a shadow Cabinet system at the current time as there were too many uncertainties; shadow Cabinet Members would not be accountable and would not be making collective decisions as a Cabinet Member. It was confirmed that no other East Sussex authority paid a shadow Cabinet allowance. Any payment made to shadow Cabinet Members would be additional money and not taken from the existing SRA fund. It was considered that the current opposition was too small a number to make such a scheme viable.

Recommendation 12: The physical and mental well-being of Councillors, particularly in light of social media would be accommodated as part of the Member Training Programme.

Overall Members were pleased with the report and satisfied that the allowances were set as a reasonable level to ensure that anyone could afford to stand as a Councillor and receive some recompense and financial assistance for doing so.

It was noted that should Members accept the recommendations, and in particular the savings generated by the cessation of the Broadband Allowance, the overall recommended increases could be met from the existing revenue budget.

Should the Council approve the scheme as recommended with an annual adjustment / increase each year, there was no requirement to hold further reviews during the lifetime of the next Council; in accordance with the regulations it would be necessary for the Council to reconvene the IRP in Autumn 2022 to review the allowances to be set for the successive Council in 2023.

RECOMMENDED: That consideration be given to the following recommendations made by the Independent Remuneration Panel together with Cabinet's comments above in respect of the Members' Allowance Scheme to apply from May 2019-2023:

Recommendation 1:

That the current Basic Allowance be increased by 2% in line with the 2018/19 staff pay award for 2019/20 and thereafter each subsequent year during the next four years in line with the staff pay award agreed in the previous year.

Recommendation 2:

That following each annual increase, the amounts are rounded either up or down to the nearest full pound.

Recommendation 3:

That the current Broadband Allowance of £200 be withdrawn from May 2019.

Recommendation 4:

That the dependent / childcare allowances be increased to £11.00 and £9.00 per hour respectively and that specific reference be made in the Allowance Scheme regarding the qualifying period.

Recommendation 5:

That the current SRAs be increased by 2% in line with the 2018/19 staff pay award for 2019/20 and thereafter each subsequent year during the next four years in line with the staff pay award.

Recommendation 6:

That following each annual increase, the SRA amounts are rounded either up or down to the nearest full pound.

Recommendation 7:

That specific provision is included within the Members Allowance Scheme to prohibit two SRAs being paid to one Member.

Recommendation 8:

That the allowances paid to the “co-optees” be increased by 2% for 2019/20 only and NOT be subject to an annual increase.

Recommendation 9:

That Travelling Allowances for both the approved mileage and passenger mileage rates be fixed in line with HM Revenue & Customs ‘Approved Mileage Allowance Payments’ from 2019 - 2023.

Recommendation 10:

That each of the subsistence allowances, breakfast, lunch, tea and dinner be increased by 10% for the period 2019-2023.

Recommendation 11:

That the Council considers the concept of a shadow Cabinet system during the life of the forthcoming Council.

Recommendation 12:

That the Council considers the physical and mental well-being of Councillors and how these can be supported, if required.

Recommendation 13:

That the Council actively promotes the Allowance Scheme and provisions contained therein to all Councillors and prospective Councillors through the website and pre-election candidate material.

(Cabinet Agenda Item 8.1)

CABINET – 11 February 2019**CB18/64. DRAFT REVENUE BUDGET PROPOSALS 2019/20**

Members gave consideration to the comprehensive report and appendices of the Executive Directors on the draft Revenue Budget proposals for 2019/20. The budget proposals had been scrutinised by the Overview and Scrutiny Committee (OSC) on 28 January 2019 and a copy of the Minutes arising from the OSC meeting had been appended to the report for Cabinet's consideration.

The Assistant Director Resources confirmed that since the publication of the report, the Government had confirmed that the 2019/20 referendum principles allowed the Council an increase of up to 3% or £5, whichever was the greatest; a copy of correspondence received from the Ministry of Housing, Communities and Local Government (MHCLG) was tabled for Members' information. A set of revised recommendations was also tabled which recommended a net expenditure level for 2019/20 of £14.97m and the Council Tax at Band D be increased by £5.13 (2.9%) and set at £179.45. All Members would receive an updated report for consideration at the full Council meeting on 25 February 2019 when the Revenue Budget would be set and agreed.

The Assistant Director Resources highlighted the following key considerations when setting the revenue budget, these included:

- the new waste collection and street cleaning contract was approximately £1.5m more than the 2018/19 budget in a full year; therefore the Council's previous target of achieving £1.8m of efficiency savings would need to increase to meet these costs;
- the increase in the number of homelessness cases;
- the Government's settlement for Rother was solely focused on business rate retention and specific grants;
- the Council's 2019/20 baseline for business rates had increased to just under £2.4m, however as the estimated retained business rate income of £3m was in excess of the baseline for 2019/20, there was no financial benefit;
- East Sussex had been approved for the 75% retention pilot scheme; the financial impact of being in the pilot was being reviewed following calculation of the Council's NNDR1 return and Members would be updated if there were any material changes identified;
- the Fair Funding Review was planned to be implemented in 2020/21; Members were reassured that the Council, through its membership of the Local Government Association and at County

- level in terms of social care, were undertaking extensive lobbying with regard to increased local taxation;
- the Council's capital programme totalled some £63m; a significant part of the programme, £35m, related to the Council's Property Investment Strategy (PIS). The forecast showed that once fully invested, £2.2m of income could be generated annually but this was offset by approximately £1.4m of interest and repayment costs;
 - the draft Revenue Budget for 2019/20 utilised a total of £3m of earmarked reserves to meet specific costs including supporting the Capital Programme. Some £1.6m of this was estimated to be used to balance the overall Revenue Budget;
 - the total predicted Earmarked Reserves, by the end of March 2020 was estimated to be just under £10.7m. However, the financial forecast predicted that earmarked reserves would reduce to just under £5.9m by 2023/24 due to having to increase the utilisation of reserves to meet increased costs and the timing of delivering savings and extra income.

If the Rother 2020 savings were not delivered then the level of reserves was predicted to be below the minimum acceptable level previously agreed by Members. The forecast position was hoped to be the worst case scenario and that through the Rother 2020 programme, the use of reserves to support the revenue budget could be reduced.

The Council commenced its Budget and Council Tax consultation with residents and businesses on 12 November 2018. There was a lower response from residents than in previous years with the majority of responders supporting raising Council Tax by £5 based on a Band D property.

For the purposes of the forecast, the taxbase had also been optimistically projected to increase over the period by 2% per annum, largely dependent on the delivery of new developments in the north of Bexhill. The forecast assumed that the New Homes Bonus would be phased out by 2021/22 and an annual £5 increase in Council Tax each year.

Assuming the Council was able to deliver the necessary savings, the forecast showed that over the five years, £7.8m of reserves would be used including £2.9m to support the Capital Programme. By 2023/24 the Revenue Budget would still be supported by reserves and the remaining reserves were estimated to be £6.9m (including General Fund balance of £1m). If further savings or income could be achieved over the period this would reduce the call on reserves. It was proposed that the Council's Medium Term Financial Strategy be updated to reflect the latest financial forecast.

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 2019/20 of £14.97m be approved;
- 3) the amount of earmarked reserves set out at Appendix D to the report, be approved; and

- 4) a Council Tax for 2019/20 at Band D be increased by £5.13 (2.9%) and set at £179.45.

(Cabinet Agenda Item 7.1)

CB18/65. CAPITAL PROGRAMME 2018/19 TO 2023/24 CAPITAL STRATEGY

In accordance with the CIPFA 2017 codes for Prudential and Treasury Management the Council was now required to have a Capital Strategy. The draft Capital Strategy was attached at Appendix A to the report and gave a high-level overview of how capital expenditure, capital financing and treasury management activities contributed to the provision of local public services, along with an overview of how associated risk was managed and the implications for future financial sustainability.

The Council's Capital Programme at Appendix B to the report totalled some £63m, although £15m was currently unfunded. A significant part of this, some £35m related to the Council's approved Property Investment Strategy (PIS). The PIS envisaged £35m of borrowing to deliver the Council's economic regeneration aspirations as well as generating a revenue stream for the Council. The forecast showed that once fully invested, £2.2m of income could be generated annually but this was offset by approximately £1.4m of interest and repayment costs. The Capital Programme also envisaged utilising £2m of reserves in 2019/20 (£5m by 2023/24) to support expenditure, this would reduce the investment earnings of the Council through its treasury activities.

The draft Capital Programme clearly identified the scope of ambition of the Council to invest over the next five years and showed where schemes were part or fully funded. Accurately forecasting spend was difficult for a number of these projects where there was a high level of uncertainty concerning issues such as funding, planning approval and land acquisition. The report gave details of the following previously approved schemes and new schemes:

- East Parade £695,000
- Property Investment Strategy £35m
- Blackfriars Housing Development £3.25m
- Camber Western Car Park £120,000
- Housing (purchases - temp accommodation) £2m
- Accommodation Strategy (£ To Be Decided)
- Lift for Amherst Road Offices £100,000

The Leader of the Council advised that the shelters on East Parade were Grade II listed and the whilst the Council was actively seeking grant funding for complete renovations works and regeneration in general of East Parade, in the meantime they would be maintained, via the Council's maintenance budget. Should grant funding applications be unsuccessful, the Council would need to consider how the Council would fund their renovation in the future.

Members were pleased to note that despite the pressures on the Council's resources the Council was committed to significant investment in the district to improve it economically and socially to ensure it remained an outstanding place to work and live.

RECOMMENDED: That:

- 1) the Capital Strategy at Appendix A to the report be approved and adopted; and
- 2) the revised Capital Programme at Appendix B to the report be approved.

(Cabinet Agenda Item 7.2)

CB18/66. **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 2019/20 draft Revenue Budget presumed an income of £512,000 from treasury activities which assumed a return of 0.75% from deposit type investments and 4.5% return from property fund investments. The forecast for the next five years saw returns fall, based on the forecast use of cash reserves to support the Revenue Budget. The expectation was that 2019/20 would remain a very difficult investment environment, however the strategies proposed in the report, together with the interest rates forecast, were in line with the assumptions made when preparing the 2019/20 Revenue Budget.

RECOMMENDED: That the:

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

- 2) Annual Investment Strategy as set out at Appendix B to the report be approved and adopted;
- 3) Minimum Revenue Provision Policy Statement 2019/20 be approved;
- 4) Prudential and Treasury Indicators as set out in Appendix A to the report be approved; and
- 5) authorised limits in the report be approved.

(Cabinet Agenda Item 7.3)

CB18/67. LAND AT THE WEST TRADING ESTATE, BEXHILL

The Council had recently completed the acquisition of the head leases of three sites on the West Trading Estate, Bexhill (18-40 Beeching Road (A), 16 Beeching Road (B) and 1-7 Wainwright Road (C)) with the costs being met through the Council's £35m investment fund. Acquiring the ground leases allowed the Council to receive a full market rent from the premises, as well as being able to take a more proactive approach to the future management thereof, in exchange for its capital investment.

Two of the sites (A and C) were both wholly or partially vacant and required investment through redevelopment or refurbishment, one of which (Site A) required comprehensive refurbishment. Site B was currently let so there were no plans to undertake redevelopment or other works. Site C required complete demolition as it was no longer fit for purpose; once cleared, the site would be redeveloped and several options were currently under consideration and would be reported to Members in due course.

The cost of the works for Site A had been estimated at around £960,000 and the Council had applied to the South East Local Enterprise Partnership (SELEP) for grant funding for the full amount through the Local Growth Fund. In the event that the bid was unsuccessful, or only partially funded, officers would review the scheme and adjust the specification to within the available funds.

The cost of demolition for Site B was estimated at around £200,000. All works would be commissioned through a formal tender process including allowance for EU compliance, if appropriate and required at the time. The demolition works at Site C were expected to be completed by June 2019, and the refurbishment works at Site A by December 2019.

Cabinet was requested to recommend to Council that the cost of the above refurbishment and demolition works be included within the Capital Programme at a total of £1,250,000 to allow a margin for contingencies.

RECOMMENDED: That the sum of £1,250,000 be added to the Council's Capital Programme for demolition and refurbishment works at the West Trading Estate, Bexhill;

AND

Cabinet also **RESOLVED:** That the Executive Director be granted delegated authority to:

- 1) tender for the works set out in this report and enter into the necessary contracts; and
- 2) enter into a funding agreement with the South East Local Enterprise Partnership in the event that the Council's application for grant funding is successful.

(Cabinet Agenda Item 7.7)

CB18/68. **HOUSING, HOMELESSNESS AND ROUGH SLEEPING STRATEGY**

The Council was required under Section 1 of the Homelessness Act 2002 to have in place a published Homelessness Strategy that set out the Council's approach to preventing homelessness in the district as well as providing advice and support for people in the district who were or may become homeless. In addition, following Government direction to all local authorities, a Rough Sleeping Strategy was also required and so a strategy covering housing, homelessness and rough sleeping had been formulated.

Members had already agreed the proposed priorities that formed the basis of the consultation and the resulting Strategy was appended to the report. A six week consultation exercise completed in November 2018 had resulted in a total of 151 individual responses. The consultation feedback placed the top three priorities as increasing supply of housing (58%); reducing demand (homelessness and rough sleeping) (29%); and improving the quality of housing (13%). A detailed summary of the feedback had been placed in the Members' Room.

The Strategy set out a number of actions within each of the three priority areas with an overall ambition to contribute to a wider vision for the district: delivering economic and regeneration goals; tackling homelessness and meeting housing need; helping more people access home ownership; and improving the health and wellbeing of communities. It was noted that the term "affordable housing" encapsulated both affordable rented and shared ownership tenures. The Council's role in delivering these actions would be varied from enabling and supporting, through to direct delivery.

Bringing empty homes back into use was seen by many as part of the solution to increase housing supply. Recent legislation allowed Councils to apply a higher long term empty premium to council tax charges for empty properties to encourage empty homes back into use. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 allowed the following increases in the premium to be charged:

Financial year 2019/20

- Maximum of 100% premium for properties that have been empty for at least 2 years (was 50%)

Financial year 2020/21

- Maximum of 100% premium if property empty for at least 2 years but less than 5 years
- Maximum of 200% premium if property empty for at least 5 years

Financial year 2021 onwards

- Maximum of 100% premium if property empty for at least 2 years but less than 5 years
- Maximum of 200% premium if property empty for at least 5 years but less than 10 years
- Maximum 300% premium if property empty for at least 10 years

Cabinet agreed that the Council should introduce these increases from April 2020. This would allow sufficient time for consultation with those potentially affected and enable exemption criteria to be developed.

The key to the success of this Strategy was partnership working which was the theme running throughout the Strategy and its delivery plan. A multi-agency approach to monitoring the delivery of the Strategy was therefore proposed in the early stages of development and would likely take the form of a quarterly meeting or forum.

Cabinet was pleased to endorse and recommend the Housing, Homelessness and Rough Sleeping Strategy to Council which gave clear direction in terms of how the Council and its partners would tackle the issues relating to lack of affordable housing, meeting housing needs, tackling homelessness and rough sleeping and improving the quality and suitability of housing in the district.

RECOMMENDED: That:

- 1) the joint Housing, Homelessness and Rough Sleeping Strategy be approved and adopted;
- 2) in accordance with the rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, the Council introduces from 1 April 2020 the higher empty property premiums for Council Tax as detailed within the report; and
- 3) the Executive Director be granted delegated authority to develop an exemption criteria to the new charges in consultation with the Cabinet Portfolio Holder for Finance.

(Councillors Ganly and Osborne each declared a personal interest in this matter as landlords and in accordance with the Members' Code of Conduct remained in the room during the consideration thereof).

(When it first became apparent Councillors Mrs Hughes and Watson each declared a personal interest in this matter as members of the Bexhill Community Land Trust and in accordance with the Members' Code of Conduct remained in the room during the consideration thereof).

(Cabinet Agenda Item 7.8)

Councillor C.R. Maynard, Leader of the Council