

Extraordinary Council – 12 February 2019

Minutes of the meeting of **Council** held on **12 February 2019** when there were present:-

Chairman: Cllr D Merrick
Vice-Chairman: Cllr R R Dray

Cllr J C Burton
Cllr Mrs L A Butcher
Cllr C C Cannell
Cllr T G Cutmore
Cllr D S Efde
Cllr Mrs J R Gooding
Cllr J D Griffin
Cllr B T Hazlewood
Cllr Mrs D Hoy
Cllr M Hoy
Cllr K H Hudson
Cllr G J Ioannou
Cllr M J Lucas-Gill
Cllr Mrs J R Lumley

Cllr Mrs J E McPherson
Cllr Mrs C A Pavelin
Cllr Mrs C E Roe
Cllr Mrs L Shaw
Cllr P J Shaw
Cllr S P Smith
Cllr C M Stanley
Cllr M J Steptoe
Cllr I H Ward
Cllr M J Webb
Cllr Mrs C A Weston
Cllr A L Williams
Cllr S A Wilson

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs M R Carter, N L Cooper, A H Eves, N J Hookway, Mrs C M Mason, J R F Mason, R Milne, T E Mountain, R A Oatham and D J Sperring.

OFFICERS PRESENT

S Scrutton	- Managing Director
A Hutchings	- Strategic Director
J Bostock	- Assistant Director, Democratic Services
M Harwood-White	- Assistant Director, Commercial Services
M Hotten	- Assistant Director, Environmental Services
N Lucas	- Section 151 Officer
L Moss	- Assistant Director, Community and Housing Services
D Tribe	- Assistant Director, Transformation
S Worthington	- Democratic Services Officer

26 MEDIUM TERM FINANCIAL STRATEGY 2019/20 – 2023/24

Council considered the report of the Section 151 Officer on approving the integrated Five Year Medium Term Financial Strategy 2019/20 – 2023/24.

The Section 151 Officer clarified that appendices 2 and 3 had been re-issued since publication of the report. Appendix 2 – fees and charges contained revised licensing fees, and appendix 3 – capital and treasury management strategy – contained revised tables following a recent Review Committee meeting.

The Council Leader emphasised that the Council's finances had been well managed during the past year and accordingly the new budget contained proposals relating to spending, rather than simply making savings. He paid tribute to all the hard work that had gone on behind the scenes by officers and Members in terms of management of the budget. He moved a Motion that all recommendations, as set out within the officer's report, be approved, and this was seconded by the Portfolio Holder for Finance.

The Portfolio Holder for Finance extended thanks to the Section 151 Officer and Finance team for all their hard work on the budget papers. He drew made particular reference to page 3.17 of the report and specifically to a sum of £657,801 set aside in the proposed 2019/20 budget for a new programme of play equipment. He stated that the key message in recent years from Central Government had been one of austerity, which had led to the Council having to make difficult decisions around savings while still running day to day services. Over recent years there had been a number of new homes built within the District and new families coming in, for which the Council had received a New Homes Bonus; it was time to give some of this back to residents. A lot of the Council's available budget in the past was spent on maintenance and replacement; however, the Council had sought grant funding for new play equipment and had obtained £45k for new play equipment at Sweyne Park, as well as a further £45k for play equipment in Great Wakering. The Council's current priorities included that of promoting children's healthy lifestyle and the development of outdoor play and the creation of social spaces for families; play spaces and play equipment can address these priorities. He announced a new project for 2019/20 to upgrade/replace play equipment throughout the District. Every Ward throughout the District would receive at least one new piece of play equipment. Potentially designs and concepts could be ready in March, with delivery from the summer onwards, avoiding, however, the school summer holiday period. Consideration would also be given to providing some outdoor gym equipment for adults. With investment from the Council of almost £700k and grant funding and contributions from Parish Councils the project could rise to around £1 million in total. The Portfolio Holder emphasised that this investment in the future of the District was not being funded from Council Tax, but from the New Homes Bonus.

The Portfolio Holder for the Environment reiterated that the investment in play equipment was excellent news for youngsters and community groups within the District. The Council had also recently been awarded £90k of grant funding for improvements to play spaces in Rayleigh and Great Wakering with low match funding required from the Council of only £9k, equating to a 1000% bonus. He thanked officers for all their hard work on grant bids. He also drew attention to the fact that £200k would be set aside for the much needed upkeep of the District's pavilions. Interest had been expressed by Parish Councils and community groups in taking over the pavilions, similar to public toilets.

The Leader of the Rochford District Residents and Green Group expressed a concern relating to business rates smoothing reserves and reserves generally; the Council's reserves of around £8.5 million, compared to a total spend budget of around £9 million, appeared high. He was concerned that some of the reserves appeared like general reserves. He queried the need for some of the reserves, for example, the hard/soft infrastructure reserve of £2.8 million and the legal reserve of £304k and stated that reserves should be in place for specific, known need. He did not consider it appropriate to raise Council Tax when the Council held reserves that appeared relatively high. He questioned how much of the business rates smoothing reserve might be used year on year.

He also queried page 3.69 of the report relating to cemeteries, asking specifically why there were no staff costings detailed in respect of the in-house maintenance of cemeteries. He drew attention to page 3.41 of the report and emphasised that the Council had undergone a transformation of I.T., which had required a large budget and had in place a new I.T. contract; however, the anticipated savings from the new I.T. contract did not appear to have materialised. The single contract payment had decreased from what it used to be, however, the Council appeared to be incurring additional costs for elements not covered by the new contract. He commented that staff costs had increased from around £140k to around £280k, i.e., had doubled, which appeared to be as a result of the way in which the Council was managing the new contract.

In conclusion, he pointed out that the budget set aside for the new play equipment project equated to around £50k per ward and would prefer each ward to receive that amount for play equipment, rather than one piece of play equipment, although he appreciated that a skate park, for example, would be around three times that amount.

The Section 151 Officer stressed that the Council had benchmarked its level of reserves against other comparable District Councils and was at the bottom of the range in terms of level of reserves. The Council was not over prudent in respect of its level of reserves. She emphasised that reserves were held for specific purposes. In terms of major reserves, she drew attention to the pension reserve which was built up so that when the triannual valuation was done the Council was in a position to act accordingly at that point in time. She stated that although there were no plans to draw down on the hard soft infrastructure reserve in 2019/20, in the medium term it would be needed to support the asset strategy as taken through via the Investment Board, so the balance would diminish over the medium term. She further advised that business rates were, by their very nature, volatile. This year, for example, the business rates collection deficit fund was lower than anticipated; this had enabled the Council to put money into the reserve, but the forecast for next year was decreasing. The nature of the appeals faced by the Council meant that it was not possible to predict with any accuracy what the Council's business rates might be in future years. That, coupled with the Fair Funding Review and the Business Rates Review more generally, meant that there was

a lot of uncertainty around future funding. It was therefore prudent to hold that level of reserves for business rates. She emphasised that if reserves were to be used to offset against Council Tax as a one off, that would simply be a bridge for this financial year; it wouldn't enable the underlying savings to be achieved going forward, thus the Council would still need to identify the same level of savings from 2020/21.

She advised caution in terms of making comparisons in respect of the computer services budget. The core contract cost had decreased; any growth in the budget would require new investment over and above the core service delivery aspects of Eduserv. IT services changed quickly over time; it was not an accurate comparison to compare the core contract with the other services that the Council buys in for IT.

In conclusion, the Section 151 Officer confirmed that there were no direct staffing costs associated with cemeteries maintenance; the repairs and maintenance budget had, however, increased.

In conclusion, the Portfolio Holder for Finance emphasised that this level of reserves was earmarked to ensure that the Council was able to fulfil its responsibilities for the current size of its population. The Council was required to provide Government with detailed financial information on an annual basis and each year CIPFA compiled information about District Councils and their reserves – the Council's reserves are considered low when compared to other similar Councils. He stated that if the Council's finances were well managed then this level of reserves was adequate. It was important to understand the difference between revenue and capital; the Council should not use capital receipts to support its revenue.

Resolved

- (1) That the net revenue budget requirement is set at £10.846m for 2019/20 as per paragraph 7.20 of the officer's report.
- (2) That the Capital Programme for 2019/20 and the proposed methods of financing the capital expenditure be approved.
- (3) That the Section 151 Officer be authorised to adjust capital project budgets in 2019/20 throughout the capital programme after the 2018/19 accounts are closed and the amounts of slippage and budget carry forward required are known.
- (4) That it be noted that the proposed Council Tax requirement for the Council's own purposes (excluding Parish and Town Councils and Precepts) for 2019/20 is £7.271m as per paragraph 7.20 of the officer's report.
- (5) That the draft equivalent 2019/20 Band D tax base for the purpose of determining the council tax charge is agreed as 31,570 properties.

- (6) That the schedule of fees and charges for 2019/20 set out in appendix 2 be approved.
- (7) That the General Balance be set at £0.907m at as at 1 April 2019.
- (8) That the Earmarked reserves be set as per the table in Section 14 of the officer's report.
- (9) That the statement on the robustness of the estimates and reserves at Section 14 be noted.
- (10) That the summary of the Equality Impact Assessment as set out in section 12 of this report be noted.
- (11) That the Capital and Treasury Management Strategy for 2019/20, as set out in Appendix 3, including the 2019/20 Prudential Indicators, be agreed. (S151O)

(Note: Cllr M Hoy wished it to be recorded that he abstained from voting on the above decisions.)

On a requisition pursuant to Council Procedure Rule 17.4 a recorded vote was taken on the motion that an increase in Rochford District Council Tax of 2.98% for 2019/20 be approved, as follows:-

For (24) Cllrs J C Burton, Mrs L A Butcher, T G Cutmore, R R Dray, D S Efde, Mrs J R Gooding, J D Griffin, B T Hazlewood, K H Hudson, G J Ioannou, M J Lucas-Gill, Mrs J R Lumley, Mrs J E McPherson, D Merrick, Mrs C A Pavelin, Mrs C E Roe, Mrs L Shaw, P J Shaw, S P Smith, M J Steptoe, I H Ward, M J Webb, Mrs C A Weston, A L Williams.

Against (5) Cllrs C C Cannell, Mrs D Hoy, M Hoy, C M Stanley and S A Wilson.

Abstain (0)

The motion was declared carried and it was:-

Resolved

That the increase in Rochford District Council Tax of 2.98% for 2019/20 be approved. (S151O)

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The meeting closed at 8.02 pm.

Chairman

Date

CONFIRMED

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