

## Extraordinary Council – 13 February 2018

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Minutes of the meeting of **Council** held on **13 February 2018** when there were present:-

Chairman: Cllr Mrs L A Butcher

Vice-Chairman: Cllr D Merrick

Cllr J C Burton	Cllr E O K Mason
Cllr C C Cannell	Cllr J R F Mason
Cllr M R Carter	Cllr R Milne
Cllr T G Cutmore	Cllr T E Mountain
Cllr R R Dray	Cllr J E Newport
Cllr A H Eves	Cllr Mrs C E Roe
Cllr Mrs J R Gooding	Cllr Mrs L Shaw
Cllr J D Griffin	Cllr S P Smith
Cllr B T Hazlewood	Cllr D J Sperring
Cllr N J Hookway	Cllr C M Stanley
Cllr Mrs D Hoy	Cllr M J Steptoe
Cllr M Hoy	Cllr I H Ward
Cllr Mrs T R Hughes	Cllr M J Webb
Cllr G J Ioannou	Cllr Mrs C A Weston
Cllr M J Lucas-Gill	Cllr A L Williams
Cllr Mrs J R Lumley	Cllr S A Wilson
Cllr Mrs C M Mason	

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllrs D S Efde, N L Cooper and R A Oatham.

### **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
A Law	- Assistant Director, Legal Services
N Lucas	- Section 151 Officer
L Moss	- Assistant Director, Community and Housing Services
M Thomas	- Assistant Director, Planning and Regeneration Services
D Tribe	- Assistant Director, Transformation
M Petley	- Head of Finance
E Turner	- Senior Finance Business Partner
M Power	- Democratic Services Officer

### 39 MEDIUM TERM FINANCIAL STRATEGY 2018/19 – 2022/23

The Council considered the report of the Section 151 Officer on approving the 2018/19 Budget, Council Tax and Medium Term Financial Strategy (MTFS) for the period 2018/19 to 2022/23.

The Section 151 Officer emphasised that the budget presented would enable the Council to continue to deliver against its business plan priorities, whilst facing an unprecedented period of funding pressures, with central government placing increasing emphasis on local authorities raising revenues locally, rather than relying on grant income. The Council will lose all of its Revenue Support Grant (RSG) funding from 2018/19 and a proposed implementation of negative RSG which could reduce the Council's funding by a further approximately £600,000 per annum. This is coupled with increased demand for services, new statutory duties for Homelessness, and rising inflation; which together give rise to a projected gap of around £1.8 million by 2022/23.

It was added that, although some areas of the Council require investment in staffing to maintain business critical areas, careful consideration had been given to each proposal and most new vacancies were being held for six months to identify opportunities for further savings.

The overall pressures on the budget in 2018/19 were around £1.3 million, of which £850,000 of efficiency savings and new income had been identified to help address these, and growth in the Council Tax base and business rates for 2018/19 provided another £250,000. The remaining £200,000 gap was proposed to be met through a 2.98% increase on Council Tax, which equated to an average of 12p per week for a Band D property.

The proposed Capital programme for 2018/19 included provision for the enhancement of the Council's existing assets, with the intention that the Council's Investment Board would consider a programme of larger invest-to-save projects throughout 2018/19 to help deliver longer term revenue savings for the Council. The proposed 2018/19 Capital and Treasury Management Strategy set out the parameters and indicators under which this work would be undertaken.

The Council continues to maintain a General Fund balance of around 10% of its net revenue budget, which is considered prudent in order to maintain a contingency for unexpected or emergency costs that could arise.

Maintenance of the Council's strategy of transferring New Homes Bonus monies to the Infrastructure Reserve for Investment projects meant a slight increase in the Council's projected level of reserves over the medium term, pending agreement of an Investment Strategy and associated projects not yet included within the proposed Capital Programme. The Council's level of earmarked reserves remained at the lower end of comparable local authorities and, therefore, was not considered to be excessive, particularly given the climate of financial uncertainty that is faced over the medium term.

The Section 151 Officer drew attention to the following corrections in the Budget report:-

- A line in Appendix 2, within the detailed income budgets for Homelessness under the Portfolio Holder for Community, should read '22 South Street rental income' instead of 'Removals and Storage income'.
- Appendix 3, Fees and Charges for Environmental Services for Cemeteries and Playgroups – as all fees are being held flat this should show a 0% increase.

The Section 151 Officer also drew Members' attention to a recommendation from the Council's Review Committee following its consideration of the Capital and Treasury Management Strategy that formed Appendix 4 of the report to Council.

The Leader of the Council thanked the Section 151 Officer for her work in producing a balanced and prudent budget for 2018/19 that looked after the needs of the residents as well as the Authority's finances. The Council had had to use funds from its reserves to fund its statutory Homelessness duties. A big challenge would be the loss of Revenue Support Grant funding from Central Government in 2018/19. He was confident that, although the Council currently had no borrowing, any future need would be undertaken prudently. The Council is investing in its assets and had seen the successful formation of Green Gateway Trading (GGT) Ltd, which is trading successfully and working in tandem with Parish/Town Councils. All fees, including parking fees, would remain the same. Additional staff would be employed to cover service areas where there are pressures.

The Leader of the Green and Rochford District Residents Group commented that the MTFs report this year had not included the detail of how the budget gap of £1.8 million would be closed on a year by year basis; this information had been included in previous years' budgets. This made it difficult for residents to understand budget proposals and form a view.

He emphasised that raising Council Tax to the maximum amount before legally a Referendum is required could not be considered a modest rise. Exception could be taken to the Council adding £100,000 to its reserves with no specific projects in mind or any specific service improvement. In any event, residents could not be aware of Investment Board projects as much of the detail was exempt. The proposed rise in the Council Tax for 2018/19 could not be supported because there was insufficient information in the report to enable residents to have awareness of the Council's proposed policy and strategy.

The Leader of the UKIP Group indicated that he was aware that the majority of local authorities would be raising Council Tax this year so it was not a surprise that this budget was being put forward in light of the gap the Council is trying to narrow. Local residents were aware of the direct relationship

between reduction in Government funding and an increase in Council Tax. However, it was important to note that such a rise would have a greater impact on the more vulnerable residents.

The Leader of the Liberal Democrat Group appreciated that the Council was under pressure to deliver services and, with funding removed from Central Government, it remained a challenge to close the budget deficit. However, the proposed rise in Council Tax could not be supported as it looked excessive. Reference was made to the Council's ICT upgrade project, which had far exceeded budget.

A Member commented that there was insufficient detail in the report regarding how the budget gap was generated and how savings/efficiencies had been identified as well as the transfer of balances to the Hard/Soft Infrastructure Reserve. £264,000 had been transferred from the reserves into the ICT capital project.

With reference to the recommendation from the Review Committee that the option of Inter-Authority lending be removed as an option in the lending list for 2018/19 a Member commented that the Council had not lent to Local Authorities previously and officers had only become aware of premium interest rates being available from local authorities in December 2017. News stories in the financial press had shown that other Councils were having financial issues and it was questioned whether additional risk would be taken for what would be a very small financial return. No correct rating system was available to make an assumption on the viability of investment in a local authority. The overnight deposit rate for the Council's Lloyds Bank current account was 0.4%, rather than 0.2% as had been reported to the Review Committee on 6 February, which meant a small differential in the rate of return between this and the 0.6% that could be achieved by investing with a local authority.

The Portfolio Holder for Finance advised that he was happy to endorse the proposed adjustments to paragraphs within Item 9 (Borrowing in Advance of Need) of the Strategy but that the option of Inter-Authority lending should be retained in the lending list for 2018/19. The Council handled high levels of money for other authorities and was prudent in ensuring that this is invested sensibly to maximise assets, with security and liquidity always underpinning any investment decision. Retaining the option of inter-authority lending within the Treasury Management Strategy was appropriate to maximise the Council's available assets and was just one of a wide range of investment options. Any future use of this option would be based on professional advice.

A motion that all the report recommendations be agreed apart from number six (which required a specific recorded vote) and the final recommendation (which was subject to a recommendation from the Review Committee) was moved by Cllr S P Smith and seconded by Cllr I H Ward.

On a requisition pursuant to Council Procedure Rule 17.4 a recorded vote was taken on the motion, as follows:-

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- For (22) Cllrs J C Burton, Mrs L A Butcher, M R Carter, T G Cutmore, R R Dray, Mrs J R Gooding, J D Griffin, B T Hazlewood, G J Ioannou, M J Lucas-Gill, Mrs J R Lumley, D Merrick, R Milne, Mrs C E Roe, Mrs L Shaw, S P Smith, D J Sperring, M J Steptoe, I H Ward, M J Webb, Mrs C A Weston, A L Williams.
- Against (4) Cllrs C C Cannell, T E Mountain, J E Newport and C M Stanley.
- Abstain (9) Cllrs A H Eves, N J Hookway, Mrs D Hoy, M Hoy, Mrs T R Hughes, Mrs C M Mason, E O K Mason, J R F Mason and S A Wilson.

The motion was declared carried and it was:-

### Resolved

- (1) That the net revenue budget requirement be set at £9.896 million for 2018/19.
- (2) That the Capital Programme for 2018/19 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 2018/19 throughout the capital programme after the 2017/18 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 & Town Councils and Precepts) for 2018/19 is £7.000 million.
- (5) That the draft equivalent Band D tax base for the purpose of determining the Council Tax charge be 31,297 properties.
- (6) That the schedule of fees and charges for 2018/19 set out in Appendix 3 to the officer report be approved.
- (7) That the General Balance be set at £0.884 million at as at 1 April 2018.
- (8) That the Earmarked reserves be set as per the table in section 14 of the officer 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 the officer report be noted. (S151O)

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On a requisition pursuant to Council Procedure Rule 17.4 a recorded vote was taken on the recommendation that Rochford District Council Tax be increased by 2.98% for 2018/19 as follows:-

For (22) Cllrs J C Burton, Mrs L A Butcher, M R Carter, T G Cutmore, R R Dray, Mrs J R Gooding, J D Griffin, B T Hazlewood, G J Ioannou, M J Lucas-Gill, Mrs J R Lumley, D Merrick, R Milne, Mrs C E Roe, Mrs L Shaw, S P Smith, D J Sperring, M J Steptoe, I H Ward, M J Webb, Mrs C A Weston, A L Williams.

Against (13) Cllrs C C Cannell, A H Eves, N J Hookway, Mrs D Hoy, M Hoy, Mrs T R Hughes, Mrs C M Mason, E O K Mason, J R F Mason, T E Mountain, J E Newport, 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 for 2018/19 be 2.98%.

With regard to the recommendation on the Capital and Treasury Management Strategy a motion was moved by Cllr S P Smith and seconded by Cllr I H Ward that the proposed adjustments to report paragraph within Item 9 (Borrowing in Advance of Need) be agreed but that the option of Inter-Authority lending be retained as an option.

On a requisition pursuant to Council Procedure Rule 17.4 a recorded vote was taken on the motion as follows:-

For (21) Cllrs Mrs L A Butcher, M R Carter, T G Cutmore, R R Dray, Mrs J R Gooding, J D Griffin, B T Hazlewood, G J Ioannou, M J Lucas-Gill, Mrs J R Lumley, D Merrick, R Milne, Mrs C E Roe, Mrs L Shaw, S P Smith, D J Sperring, M J Steptoe, I H Ward, M J Webb, Mrs C A Weston, A L Williams.

Against (14) Cllrs J C Burton, C C Cannell, A H Eves, N J Hookway, Mrs D Hoy, M Hoy, Mrs T R Hughes, Mrs C M Mason, E O K Mason, J R F Mason, T E Mountain, J E Newport, C M Stanley and S A Wilson.

Abstain (0)

The motion was declared carried and it was:-

**Resolved**

That the Capital and Treasury Management Strategy for 2018/19, as set out in Appendix 4, including the 2018/19 Prudential Indicators, be agreed, subject to adjustments to the section on Borrowing in Advance of Need so that paragraph 9.5 is moved to the beginning and paragraph 9.3 is reworded to state that the Section 151 Officer had delegated authority to borrow in advance of need. (S151O)

**EXCLUSION OF THE PRESS AND PUBLIC**

**Resolved**

That the press and public be excluded from the meeting for the remaining business on the ground that exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed.

**40 OUTCOME OF FEASIBILITY STUDY**

Council considered the exempt report of the Assistant Director, Commercial Services on the outcome of a feasibility study on a potential acquisition.

Discussion covered factors that should be considered as part of the business case going forward, potential challenges in delivery and the importance of the next stages being carried out as soon as possible.

A motion moved by Cllr G J Ioannou and seconded by Cllr M J Steptoe that the recommendations in the report be agreed was endorsed.

Detail on the discussion and the associated resolutions is set out in the exempt appendix to this minute.

Prior to the close of the meeting the Chairman welcomed Cllr C C Cannell to this, his first Council meeting since being recently elected.

The meeting closed at 8.55 pm.

Chairman .....

Date .....

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