

## **Agenda Item No: 12**



### **Cabinet recommendations for consideration by Council at the Meeting of the Council on Wednesday, 7 December 2016**

#### **Cabinet – 16 November 2016**

#### **34 Finance Update – Performance Quarter 2 - 2016/2017**

The Cabinet considered Report No 147/16 which provided an update on financial matters that affected the General Fund Revenue Account, the Housing Revenue Account and the approved Capital Programme.

Paragraph 4 of the Report set out details of the financial performance of the General Fund Revenue budgets at the end of Quarter 2 (September) 2016/2017, in respect of which the service details were shown at Appendix 1 thereto. Such performance had been largely in line with service budgets. Items to note were:

- spending on staff (adjusted for payments in respect of agency staff providing cover for short-term absences and shared staffing arrangements with Eastbourne Borough Council) was below budget;
- income generating activities were performing in line with, or exceeding, projections;
- the share of business rates income to be received by the General Fund in 2016/2017 was expected to reduce for reasons outside the Council's control with the net reduction for the year currently projected to be in the region of £280,000 compared to a projection of £215,000 at the end of Quarter 1;
- trends in housing benefit awarded and associated government

subsidy, which could have a net impact on the net budget, continued to be monitored and would be more identifiable later in the year; and

- the timing of Joint Transformation Programme activity was likely to result in the delivery of some of the savings target of £400,000 being deferred into 2017/2018 which was currently offset by a managed vacancy process that would remain until the main restructuring was complete.\*\*\*

The amount held in the General Fund Uncommitted Reserve was projected to be £2.3m at 31 March 2017 before any adjustment needed in respect of the items listed above.

Financial performance in respect of the Housing Revenue Account budgets at the end of Quarter 2 was set out in the table in paragraph 5.1 of the Report in respect of which spending and income was generally in line with service budgets and no significant variations had arisen since the Quarter 1 Report to Cabinet. Spending on responsive and void repairs was demand led and could be expected to fluctuate during the course of the year.

Appendix 2 to the Report set out details of the capital programme spending which was currently in line with expectations. Payments of £3.9m had been made by the end of Quarter 2 and there were no variations to the capital programme that required Cabinet approval.

The table in paragraph 8.1 of the Report set out details relating to Treasury Management investment performance at the end of Quarter 2 together with the average 7-day London Interbank Bid (LIBID) Rate. All activity was consistent with the Council's approved Treasury and Investment Strategy for 2016/2017. No new borrowing had been undertaken in Quarter 2 and long term borrowing remained at £56.6m.

Investments in Treasury Bills, bonds, certificates of deposits and other tradeable instruments were held securely in Custody accounts in the Council's name. Without such accounts, the Council could not access a significant range of investments which meant that its ability to diversify the portfolio was significantly affected.

The Council currently had two custody accounts in place, one of which was provided by a supplier that was no longer recommended for use by Arlingclose, the Council's treasury adviser. In order to maintain the opportunity for investment in such instruments, the Report recommended that a custody account be opened with an alternative supplier in respect of which the Council's financial procedure rules required Cabinet agreement.

The Chartered Institute of Public Finance and Accountancy's Code of Practice recommended that all councillors be informed of Treasury Management activities at least twice a year. A Mid-year Report for 2016/2017, which covered the period 1 April to 30 September 2016, was set out at Appendix 3 to Report No 147/16 which confirmed that the key elements of the approved

Treasury and Investment Strategy had been complied with during the first half of the year.

Resolved:

- |             |   |     |
|-------------|---|-----|
| <b>34.1</b> | That the General Fund and Housing Revenue Account financial performance for the quarter ended 30 September 2016, as set out in sections 4 and 5 of Report No 147/16, be agreed; | DCE |
| <b>34.2</b> | That the Capital Programme financial performance for the quarter ended 30 September 2016, as set out in section 7 of the Report, be agreed;                                     | DCE |
| <b>34.3</b> | That the Treasury Management financial performance for the quarter ended 30 September 2016, as set out in section 8 of the Report, be agreed;                                   | DCE |
| <b>34.4</b> | That a custody account be opened to facilitate treasury management transactions as explained in section 8.4 of the Report; and  | DCE |
| <b>34.5</b> | That the mid-year position for the Council's 2016/2017 Treasury Management and Investment Strategy be agreed.   | DCE |

It was further

Recommended:

- |             |  |                     |
|-------------|--|---------------------|
| <b>34.6</b> | That the Mid-Year Treasury Management Report 2016/2017, as set out at Appendix 3 to Report No 147/16, be approved. | DCE<br>(to<br>note) |
|-------------|--|---------------------|

Reasons for the Decisions:

A Report on current and anticipated financial performance is made to Cabinet to ensure that the financial health of the General Fund, Housing Revenue Account, Council Tax and Business Rates Collection Funds and the Capital Programme are kept under continual review. It is essential to ensure that the Council has a sound financial base from which to respond to changing activity levels and demand for statutory services and to ensure that, when appropriate, its finances are adjusted in response to reducing income levels and inflationary pressures on expenditure.

The Council's Treasury Management function deals with very large value transactions on a daily basis. It is essential that the Council is satisfied that appropriate controls are in place and in accordance with the Code of Practice on Treasury Management in the Public Services prepared by the Chartered Institute of Public Finance and Accountancy and adopted by the Council.

† *The Recommendation, and not the Resolutions, in the above Minute is for consideration by Council.*

*Councillors are requested to bring with them to the meeting Report No 147/16 which was circulated with the agenda papers for the meeting of the Cabinet on 16 November 2016. If you require a further copy of the document please contact Trevor Hayward, Committee Officer, on e-mail [trevor.hayward@lewes.gov.uk](mailto:trevor.hayward@lewes.gov.uk) or telephone 01273 471600.*

### **37 Adoption 'Making' of the Wivelsfield Neighbourhood Plan**

The Cabinet considered Report No 148/16 which related to the proposed adoption 'making' of the Wivelsfield Neighbourhood Plan.

The Localism Act 2011 had introduced a right for communities to prepare neighbourhood plans. Wivelsfield Parish Council, with support and advice from the Council, had produced a neighbourhood plan which had subsequently undergone a successful examination and referendum. Report No 148/16 considered whether the Plan should be adopted by the District Council as part of the statutory development plan.

When it formed part of the statutory development plan, the neighbourhood plan sat alongside the Local Plan that had been prepared by the Local Planning Authority. In instances when planning permission was sought in areas covered by an adopted neighbourhood plan, the application needed to be determined in accordance with both the neighbourhood plan and the Local Plan.

There were a number of legally prescribed stages that needed to be undertaken in the preparation of a neighbourhood plan. It needed to be subject to examination by an independent examiner. Subject to a positive outcome from such an examination, the plan then proceeded to a referendum. In instances when it was subject to a successful referendum, and the local planning authority was satisfied that European Union and human rights obligations had been met, it was a legal requirement to bring the plan into force as soon as was reasonably practicable.

Paragraphs 3.1 to 3.12 of the Report set out details relating to the progress of the Wivelsfield Neighbourhood Plan which, on Thursday 27 October 2016, had been the subject of a referendum which posed the following question to eligible voters:

“Do you want Lewes District Council to use the Neighbourhood Plan for Wivelsfield Parish to help it decide planning applications in the neighbourhood area?”

34% of registered electors had recorded votes, 555 of which were cast in favour of 'yes' against 23 in favour of 'No'. It was declared that more than half of those voting had voted in favour of the Plan. Therefore, in accordance with

the Neighbourhood Planning Regulations, following the outcome of the referendum it was now for the Council to 'make' the neighbourhood plan in order that it formally became part of the development plan for Lewes District.

Recommended:

- 37.1** That the Wivelsfield Neighbourhood Plan be formally adopted as part of the statutory development plan for the district.

DRP  
(to  
note)

Reasons for the Decision:

The Wivelsfield Neighbourhood Plan has undergone a successful examination and received a majority vote in favour at a referendum.

To comply with the Localism Act which requires local planning authorities to 'make' a neighbourhood development plan as soon as reasonably practicable following a successful referendum.

† *Councillors are requested to bring with them to the meeting Report No 148/16 which was circulated with the agenda papers for the meeting of the Cabinet on 16 November 2016. If you require a further copy of the document please contact Trevor Hayward, Committee Officer, on e-mail [trevor.hayward@lewes.gov.uk](mailto:trevor.hayward@lewes.gov.uk) or telephone 01273 471600.*