

Cabinet



Minutes of meeting held on Wednesday, 4 September 2013 at 6.00 pm

Present:-

Councillors **David Tutt** (Chairman and Leader of the Council), **Margaret Bannister**, **Carolyn Heaps**, **Troy Tester** and **Steve Wallis**

An apology for absence was reported from Councillor Gill Mattock (Deputy Chairman and Deputy Leader of the Council)

31 Minutes of the meeting held on 10 July 2013

The minutes of the meeting held on 10 July 2013 were submitted and approved and the Chairman was authorised to sign them as a correct record.

32 Declarations of disclosable pecuniary interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct and regulation 12(2)(d) of the 2012 Access to Information Regulations. (Please see note at end of agenda)

Declarations of disclosable pecuniary interests (DPIs) by members as required under Section 31 of the Localism Act and other interests as required by the Code of Conduct and regulation 12(2)(d) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012:

- Councillor Tutt declared personal (and non prejudicial) interests in matters reported in minute 33 (Corporate performance - Quarter 1 2013/14) as he was a non-executive director of IESE and in minute 36 (Housing investment in Eastbourne) as he was a non-executive director of Eastbourne Homes Ltd.

33 Corporate performance - Quarter 1 2013/14 (Cabinet, 29 May 2013, minute 7)

Cabinet considered the report of the Deputy Chief Executive and Chief Finance Officer reviewing the Council's performance against corporate plan priority indicators and action targets; financial performance of general fund revenue expenditure, housing revenue account and capital programme; and treasury management activities for the first quarter of 2013/14.

Appendix 1 gave detailed information on non-financial performance. All of the planned milestones for quarter 1 of 2013/14 had been completed within the reporting period.

The position of general fund expenditure at the end of June showed a small net under-spend of £24,000 (appendix 2). Increased spending on revenues and benefits and a catering income shortfall had been offset by additional planning fees and cremation income and expenditure savings. The contingency fund currently stood at £638,000 which was available to fund the staff pay award, other inflationary increase and any future unforeseen one off areas of expenditure during the year.

Notification had now been received from the National Joint Council for Local Government Services (NJC) that agreement has been reached on rates of pay applicable from 1 April 2013. The agreed pay increase of 1% had been applied to all staff across the workforce on national pay scales. This would be applied to the August payroll and c.£120,000 would be vired from the contingency fund to service budgets. No pay claim had been made to the NJC for chief executives/chief officers and a letter dated 26 April 2013 from the employers side had stated that they were in no position to make any offer for any claim made in respect of the 2013/14 year.

Housing revenue account performance was currently above target due to the variance in the provision for bad debts. A prudent increase in the provision for bad debts had been included in the budget to offset any effect of the new benefits regime. Whilst rent collection performance for quarter one had remained at prior year levels, the introduction of universal credits and the benefits cap might impact on this position later in the year. The current spend on the under occupation scheme indicated a potential overspend for the year due to the increase in the number of property transfers taking place. This budget was being carefully monitored.

The detailed capital programme was shown in appendix 3. Actual expenditure was low compared to the budget. There were no significant variances and expenditure was in line with the traditional pattern of spend as at quarter one. Expenditure was expected to increase as schemes progressed throughout the year.

In view of the recent changes in welfare provision the performance of the collection fund would feature in future monitoring reports. Indications for the first quarter figures for the fund showed that council tax and non-domestic rate collection were on target.

A detailed report on treasury management activities for 2012/13 was included as a separate item on the agenda. This report included the current economic background and interest rate forecasts. It was noted that interest rates were expected to remain low for the remainder of 2013/14. Treasury management performance was on target and apart from two occasions when the investment maximum allowed to any one country party were breached all other activities were within the approved treasury and prudential limits.

The Council had been one of the founder members of Improvement and Efficiency South East (IESE) with a liability limited to £1. It was advised

that subsidiary companies would be set up in order to facilitate better governance of activities. No specific authority had originally been requested for the Council to become members of such subsidiaries. At present there was a subsidiary "IESE Transformation Ltd" which the Council was requested to formally become a member. There was no change in liability and Cabinet was therefore asked to agree to membership of IESE Transformation Ltd and delegate to the Chief Executive in consultation with the Monitoring Officer and s.151 Officer, membership of any future subsidiary companies within the group structure.

Resolved (key decision): (1) That the performance against national and local performance indicators from the 2010/15 corporate plan (2013 refresh) be agreed.

(2) That the general fund and housing revenue account financial performance for the quarter ended June 2013, as set out in sections 3 and 4 of the report be agreed.

(3) That the award of 1% pay award across the organisation as set out in paragraph 3 of the report be agreed.

(4) That the amended capital programme as set out in appendix 3 to the report be approved.

(5) That the treasury management performance as set out in section 7 of the report be agreed.

(6) That membership of IESE Transformation Ltd be agreed and the Chief Executive, in consultation with the Monitoring Officer and s.151 Officer, be given delegated authority to agree membership of any future subsidiary companies within the IESE Ltd group structure.

Note: See minute 32 above as to disclosure of personal (and non-prejudicial) interest by Councillor Tutt.

34 *Finance matters - Treasury management outturn 2012/13 (Cabinet, 6 February 2013, minute 86, 2012/13 minutes)

Cabinet considered the report of the Chief Finance Officer. This report covered the treasury management activity and performance for the financial year 2012/2013. The Council's treasury management activities were regulated by a variety of professional codes, statutes and guidance.

Past changes in the regulatory environment had placed a much greater onus on members for the review and scrutiny of treasury management policy and activities. This report was important in that respect, as it provided details of the outturn position for treasury activities and highlighted compliance with the Council's policies previously approved by members. It was also confirmed that the Council had complied with the requirement under the code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were

reported to full Council. Member training on treasury management issues had last been undertaken in 2010 in order to support members' scrutiny role.

The report summarised:

- Capital activity during the year.
- Impact of this activity on the Council's underlying indebtedness (the capital financing requirement).
- Reporting of the required prudential and treasury indicators.
- Overall treasury position identifying how the Council had borrowed in relation to this indebtedness, and the impact on investment balances.
- Summary of interest rate movements in the year.
- Debt and investment activity.

The Chief Finance Officer also confirmed that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit), had not been not breached. He commented that the financial year 2012/13 continued the challenging environment of previous years; low investment returns and continued counterparty risk.

***Resolved (budget and policy framework):** That full Council be recommended to approve the annual treasury management report for 2012/13 and that specific approval be given to the 2012/13 prudential and treasury indicators included within the report.

35 Local authority mortgage scheme (LAMS) (Cabinet, 30 May 2012, minute 12, 2012/13 minutes)

Cabinet considered the report of the Senior Head of Community. The Council, in May 2012, had agreed to introduce a mortgage scheme to help first time buyers in Eastbourne buy a home of their own. The initiative aimed by means of a financial guarantee to help households overcome the high deposit requirements of many lenders. Complex legal issues had now been largely resolved and subject to further negotiations with the likely lender, the Council was now in a position to move ahead and formally introduce LAMS to Eastbourne, with a launch planned for the autumn of 2013.

East Sussex County Council had expressed interest in supporting housing authorities in East Sussex who were introducing LAMS initiatives. It had offered to contribute £1m towards the overall LAMS for people in Eastbourne. When combined with the Council's £1m investment, this would help up to 68 households buy their own home.

Resolved (key decision): That the Council's local authority mortgage scheme (LAMS) accepts the financial support for LAMS being offered by East Sussex County Council.

36 Housing investment in Eastbourne (Cabinet, 29 May 2013, minute 10)

Cabinet considered the report of the Senior Head of Community. Cabinet had previously established a Housing and Economic Development Partnership (HEDP) with Eastbourne Homes Ltd. (EHL) to develop and deliver investment projects that would contribute towards developing Eastbourne's wider economy. The HEDP was overseen by a project board with members drawn from both the Council and EHL. Operationally, it was managed by EHL. One of the needs prioritised for the partnership was to bring back into use redundant or empty property.

To deliver a programme of bringing non-residential properties into use as homes and to help create a more sustainable commercial property base in a coherent and strategic way, the Council's housing specialists and the HEDP had created the Support for Housing and Economic Progress (SHEP) initiative. SHEP could include two areas of activity:

- The purchase and repair of empty or poor condition residential properties for use as affordable homes, either to rent or buy
- The purchase and refurbishment of empty or redundant commercial properties for use as affordable homes, either to rent or buy.

The first of these projects was detailed in the report and comprised an investment programme, which, over the period 2013 to 2015, would deliver 20 affordable rented homes, making use of existing but currently under-used buildings. Appendix A to the report provided a financial summary of the expenditure and income assumptions for the programme as a whole. The SHEP programme had a total scheme cost (TSC) of £2,279,000. A grant from the Homes and Communities Agency (HCA), towards the affordable homes, of £360,000 had been secured and would reduce the net investment to £1,919,000. For 20 homes, this was equivalent to a net cost of £95,900 per home. Provision for this expenditure had already been included in the Council's capital programme.

The report considered options for the delivery of the SHEP initiative including outsourcing to a third party, using the Council's internal housing services, or engaging EHL. EHL had the capacity to undertake this work and, as a subsidiary of the Council, could take on this work without the need to delay the project through a lengthy procurement exercise. To allow the Council to maintain overall control over the use of its funds and make sure that the project was delivered against the Council's strategic priorities, EHL's performance on SHEP would be monitored and overseen by the Council's housing services team.

EHL would be requested to accept full responsibility for the delivery of the SHEP initiative subject to the following conditions:

- EHL would take on full operational and financial responsibility for managing the programme from inception to completion and for delivering the programme within budget and against the targets and outcomes set by the Council.

- The HEDP project board would provide programme level review and operational control of the SHEP initiative.
- Acquisition and redevelopment of any individual property would only be progressed if the result was a financially viable development.
- Each acquisition would be approved by the Council's housing and finance specialists before contracts for purchase were exchanged.
- The SHEP initiative would by March 2015 deliver 20 homes for rent by the Council at affordable rents.
- Social Value would be considered important and assessed as such for all associated contracts.

Resolved (key decision): (1) That the £1,919,000 included in the approved capital programme be set aside for the Support for Housing and Economic Progress (SHEP) initiative to provide 20 homes for affordable rent, located primarily, but not exclusively, within the Town Centre and Devonshire areas of Eastbourne.

(2) That Eastbourne Homes Limited (EHL) is requested to accept full responsibility for the delivery of the SHEP initiatives subject to the conditions detailed above (and as set out in paragraph 2.4.8 of the report).

(3) That delegated authority be granted to the Chief Finance Officer and Senior Head of Community in consultation with the lead Cabinet members for finance and community to agree a service level agreement between the Council and EHL for the delivery of the SHEP Initiative.

Note: See minute 32 above as to disclosure of personal (and non-prejudicial) interest by Councillor Tutt.

37 Exclusion of the public

That the public be excluded from the remainder of the meeting as otherwise there was a likelihood of disclosure to them of exempt information as defined in schedule 12A of the Local Government Act 1972. The relevant paragraphs of schedule 12A and descriptions of the exempt information are shown in the item below. *(The requisite notices had been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.)*

38 Alternative Employment Procedure (AEP)

Cabinet considered the report of the Human Resources Manager. Four employees were currently within the scope of the procedure. The Human Resources team was working with the Corporate Management Team to identify suitable vacancies within the Council and otherwise provide support to those under threat of redundancy.

Resolved: That action taken to support, redeploy and assist with self-marketing under the AEP and the use of the AEP in managing the

change resulting from implementation of phase one of future model be noted.

Notes: (1) Exempt information reasons 1 and 2 – information relating to an individual or likely to reveal the identity of an individual.

(2) The minute was declared open, but the report and discussions thereon remain confidential.

The meeting closed at 6.16 pm

**Councillor David Tutt
Chairman**