Lewes District Council

Cabinet

Minutes of a meeting of the **Cabinet** held in the **Ditchling Room, Southover House, Southover Road, Lewes** on **Thursday, 12 February 2015** at 2.30pm

Present:

Councillor R Blackman (Chair)

Councillors P L Franklin, P A Howson, E C Merry and A X Smith

In Attendance:

Councillor I Eiloart (Chair of the Audit and Standards Committee)
Councillor P F Gardiner (substitute for Councillor S J Osborne (Leader of the Liberal Democrat Group))

Mr A Hill (substitute for Ms D Twitchen (Tenants' Representative))

Apologies received:

Councillors A T Jones and R K Maskell
Councillor S J Osborne (Leader of the Liberal Democrat Group)
Ms D Twitchen (Tenants' Representative)

Minutes

Action

64 Minutes

The Minutes of the meeting held on 5 January 2015 were approved as a correct record and signed by the Chair.

65 Urgent Items

The Chair advised that he had agreed that, in accordance with Section 100B(4)(b) of the Local Government Act 1972, the Minutes and Appendix of the Devolution Committee meeting held on 27 January 2015 and the Minutes of the Scrutiny Committee meeting held on 15 January 2015, which had been circulated to all members of the Council on 10 February 2015, be considered as matters of urgency at this meeting in order that decisions thereon could be taken based on the most recent information which was available.

66 Devolution Committee

The Cabinet received the Minutes of the Devolution Committee meeting held on 9 December 2014 which related, in part, to the devolution of Landport Bottom and Malling Recreation Ground to Lewes Town Council; and to the devolution of the Forges site at Ringmer to Ringmer Parish Council, which had been approved by the Cabinet Member for Corporate Services, Councillor Smith, acting in his capacity as Deputy Leader of the Council, as a Cabinet Member's Decision.

The Cabinet considered the Minutes of the Devolution Committee meeting held on 27 January 2015 which related, in part, to proposals for the devolution of several areas of the Council's land to Town and Parish Councils, details of which were set out in those Minutes.

The Chair of the Devolution Committee, Councillor Gardiner, drew Cabinet's attention to the Minutes of that Committee at its meeting held on 27 January 2015 and specifically referred to:

1) The transfer of uncommitted developer contributions and reserves would be dependent upon a Town/Parish Council taking on devolution of a complete package for their locality;

2) During the course of the meeting the Devolution Committee had considered and discussed Appendix D of Report No 15/15 which related to confidential legal advice on the devolution of open spaces to Town and Parish Councils. Members of that Committee had suggested that covenants be imposed on transfers to restrict the use of the land to public open space. In response to a query at the Devolution Committee meeting in relation to overage clauses as part of the devolution process, the Head of Legal Services had explained that they would be carried out on a transaction by transaction basis for each site; and

3) Minute 11.5 in which the Devolution Committee had recommended that Cabinet be minded to consider the transfer of site specific reserves and developer contributions held within Lewes District Council's accounts as part of a devolution package, as detailed under Section 5 and Appendix B of Report No 15/15.

Resolved:

66.1 That the Minutes of the Devolution Committee meeting held on 9 December 2014 be received and noted; and

66.2 That the Minutes of the Devolution Committee meeting held on 27 January 2015 be agreed. DF/ Head of Legal/ ADCS

Reason for the Decisions:

To take account of the recommendations of the Devolution Committee.

67 Scrutiny Committee – 15 January 2015

The Cabinet received the Minutes of the Scrutiny Committee at its meeting held on 15 January 2015 which, in part, related to the context in which the 2015/16 General Fund and Housing Revenue Account budgets and the Capital Programme had been prepared. Those matters were the subject of Reports to this meeting of Cabinet.

The purpose of that Committee's consideration of such matters was so that it could provide its comments to Cabinet as part of the budget setting process.

Resolved:

67.1 That the recommendations of the Scrutiny Committee at its meeting held on 15 January 2015 relating to the 2015/16 General Fund and Housing Revenue Account budgets and the Capital Programme, be taken into account during Cabinet's consideration of the relevant Reports at this meeting. DF

Reason for the Decision:

To take account of the recommendations of the Scrutiny Committee as part of Cabinet's consideration of the 2015/16 General Fund and Housing Revenue Account budgets and the Capital Programme Reports to this meeting.

68 Annual Treasury Management Strategy Statement and Investment Strategy 2015/2016 to 2017/2018

The Cabinet considered Report No 17/15 which set out details of the proposed Treasury and Investment Strategies for 2015/2016 to 2017/2018, a copy of which was set out at Appendix 1 to the Report.

The draft Strategy Statement set out the background to the Council's treasury management activity in respect of the wider economy and the Council's current and projected financial position. It detailed the approach which would be taken to borrowing and the investment of cash balances. It explained the risks which were inherent in treasury management and how they were to be mitigated.

The content of the draft Strategy Statement followed the requirements of the Chartered Institute of Public Finance and Accountancy's revised Code of Practice which was published in November 2011, and had been prepared with the general support of Arlingclose, the Council's Treasury advisers.

The Audit and Standards Committee had considered the draft Strategy Statement at its meeting on 26 January 2015, in line with the Code of Practice's recommendation that the annual Treasury Strategy should be subject to scrutiny. However, that Committee's review had not encompassed the Prudential Indicators, some of which were subject to final calculation pending the finalisation of the draft Capital Programme.

The Audit and Standards Committee's attention had been drawn to Arlingclose's observations, details of which were set out in paragraph 2.2 of Report No 17/15 and which were incorporated in the draft Strategy Statement. The Committee had no specific comments to draw to Cabinet's attention.

The Chair of the Audit and Standards Committee, Councillor Eiloart, expressed concerns about the lowering of credit rating limits in response to the European Union Bank Recovery and Resolution Directive. The Director of Finance undertook to provide regular Reports to the Audit and Standards Committee and Cabinet in respect of all investments made. The Director of Finance also explained that the Council would increase use of Internal Borrowing by repaying a £5m variable rate loan as previously reported to Cabinet. That would further reduce investment risk.

Resolved:

68.1 That the Director of Finance be requested to keep the current minimum credit rating for investments under review and include the results thereof in future Finance Update Reports to Cabinet and the Audit and Standards Committee. DF

Recommended:

68.2 That the Treasury Management Strategy Statement and Investment Strategy 2015/2016 to 2017/2018, as set out at Appendix 1 to Report No 17/15, be adopted;. DF (to note)

68.3 That the Council's 'Prudential Indicators' for the year be those set out in Appendix B of the Strategy document; DF (to note)

68.4 That the Council's level of affordable borrowing, determined in accordance with the Local Government Act 2003, be subject to the following limits: DF (to note)

	2015/2016	2016/2017	2017/2018
Authorised limit for external debt	£76.5m	£76.5m	£76.5m

68.5 That the Council's approach to allocating debt and associated costs between the Housing Revenue Account and General Fund be as set out in Section 9 of the Strategy Statement; and DF (to note)

68.6 That the Council's Minimum Revenue Provision be calculated as set out in Section 13 of the Strategy Statement. DF (to note)

Reasons for the Decisions:

The Council has adopted the Chartered Institute of Public Finance and Accountancy’s Code of Practice on Treasury Management. In accordance with the Code of Practice, the Cabinet approves an Annual Treasury Strategy Statement before the start of each financial year. This includes an Investment Strategy for the year ahead (which Government guidance notes should be adopted by full Council) as well as ‘Prudential Indicators’ which are required to be set in order to comply with the ‘Prudential Code for Capital Finance in Local Authorities’ (The Prudential Code). The majority of these indicators are an essential element of an integrated treasury management strategy.

The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008 place a duty on local authorities to make a prudent provision for debt redemption. Guidance has been issued by the Secretary of State on determining ‘Minimum Revenue Provision’.

69 General Fund Revenue Budget 2015/2016

The Cabinet considered Report No 18/15 relating to the Medium Term Budget Outlook and the 2015/2016 General Fund Revenue Budget.

Delivering the Deficit Reduction Plan remained a national priority. On 3 December 2014, the Chancellor of the Exchequer had given his annual Autumn Statement to Parliament, further details of which were set out in paragraph 1.2 of the Report.

The provisional Local Government Finance Settlement for 2015/2016 confirmed that the central government core grant to run local services nationally would fall by 14%. However, the fall for shire districts nationally was 15% which was the same as the Council’s reduction. Such reduction excluded the availability of the New Homes Bonus Funding Stream which was reflected within each Council’s overall Spending Power figures. Many councils, including the Council, were rebalancing budgets to reflect the reduction in core funding.

Appendix A to the Report set out details of the Council’s Financial Principles and Objectives in its Medium Term Financial Strategy which were used as part of the framework to guide estimate preparation and compilation of the Medium Term Budget Outlook.

The Localism Act 2011 had introduced a requirement for referenda to approve or veto council tax increases that exceeded limits set out by the Secretary of State and which had been approved by Parliament in “principles” which were defined for the following financial year.

The Secretary of State had indicated that the threshold for 2015/2016 was 2% for principal authorities. The referenda position remained under consideration for Town and Parish Councils and a decision thereon would be made following consideration of responses to the Provisional Settlement. The Lead Cabinet Councillor had written to the Minister requesting that Town and Parish Councils be excluded from any referenda requirement.

The Government was making a further grant available for councils which froze council tax bills in England in 2015/2016 which was equivalent to a 1% increase in the 2014/2015 council tax and was payable for 2015/2016. Paragraph 5 of the Report set out details relating to the Council's council tax requirement for 2015/2016.

An Independent Peer Review of the Special Expense process had been completed and the report was published on the Council's website at www.lewes.gov.uk/council/21887.asp. It had concluded that the Council had complied with the council tax setting legislation.

The General Fund Budget Summary for next year was set out at Appendix B to the Report and the table in paragraph 6.2 of the Report provided an analysis of the high level movement in the budget from 2014/2015 to 2015/2016, further details of which were provided in the Report. The 2015/2016 draft budget had been prepared in accordance with the framework which was outlined in paragraph 6.3 of the Report.

The Government had stated its position that the economy would grow throughout the period of the next Parliament and that public sector funding would continue to reduce. The Autumn 2014 statement confirmed that further public sector funding reductions were to be expected. Appendix J to the Report showed the Council's savings plan through to 2020.

The savings for 2015/2016 would mainly be derived from the Organisational Development programme and from the introduction of a 2% vacancy savings target. The gross savings for the year were likely to deliver a recurring saving of £400,000, £100,000 of which would be retained to ensure adequate provision to cover forthcoming changes in the back office service arrangements and to enhance the joint working initiative with Eastbourne Borough Council which would deliver further savings in future years.

The Medium Term Budget Outlook and detailed commentary were set out at Appendix E to the Report. The Outlook built upon the estimate for 2015/2016 and set out the stated assumptions. 2015/2016 delivered an aggregate reduction in the Band D tax comprising a tax freeze for the General Expenses and a reduction in the aggregate requirement for Special Expenses.

The Council Tax Collection Fund Balance and the Non Domestic Rates Collection Fund Balance were key components of the Council Tax setting process. A principle of the Medium Term Financial Strategy was to achieve a zero balance (or as close as was possible) each year. There was an estimated credit balance of £403,010 on the Council Tax Collection Fund which could be utilised during the 2015/2016 budget setting process. The surplus would be redistributed to the preceptors as detailed in paragraph 12.2 of the Report.

The statutory Non Domestic Rating Return (NNDR1) was submitted before the deadline of 31 January. It was not available until January each year and it needed to be returned certified by the Chief Finance officer before 31 January. The retained rates income estimate would normally be approved by Cabinet which the meetings cycle did not readily facilitate. Cabinet was therefore requested to delegate completion and return of future NNDR1 returns to the Council's Chief Finance Officer in consultation with the Leader which, if approved, required the Council's Constitution to be updated accordingly.

The Chief Finance Officer was the Council's principal financial advisor who had statutory responsibilities in relation to the administration of the Council's financial affairs in accordance with Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988. Paragraph 15 of the Report set out the Report of the Chief Finance Officer in respect of the Council's budget proposals which had been prepared in accordance with the Council's policy framework and reviewed by Corporate Directors, Heads of Service, Lead Councillors and the Scrutiny Committee. The Council remained focused on delivering its deficit reduction programme. The opinion of the Chief Finance Officer was that the estimates were robust for the purpose of determining the statutory calculations which were required by section 32 of the Local Government Finance Act 1992

Paragraph 16.4 of the Report set out details relating to the implications of the extended Business Rates Transitional Relief Scheme for 2015/2016 and 2016/2017.

The Cabinet received the recommendations of the Scrutiny Committee at its meeting held on 15 January 2015 relating to the context in which the 2015/16 General Fund and Housing Revenue Account budgets and the Capital Programme had been prepared.

Resolved:

69.1 That the recommendations of the Scrutiny Committee at its meeting held on 15 January 2015 relating to the context in which the 2015/16 General Fund and Housing Revenue Account budgets and the Capital Programme had been prepared, be received and noted;

69.2 That the detailed contributions to reserves and use of reserves, as set out in Appendices D, F, G, H and I to Report No 18/15, be approved; DF

69.3 That the recommendations of the budget Scrutiny Committee be agreed; DF

69.4 That the Council Tax and Business Rates Collection Fund balances to be returned in 2015/2016 be noted;

69.5 That the implications of the public sector funding outlook and impact upon the Council's Medium Term Budget Outlook through to 2019/2020 be noted;

69.6 That the statutory report of the Director of Finance as required by section 25(1) of the Local Government Act 2003, as set out in paragraph 15 of the Report, be approved; DF

69.7 That an extension of the Transitional Business Rate Relief scheme for small and medium properties be adopted in line with the guidance published by the Department for Communities and Local Government in January 2015; DF

69.8 That a recurring £100,000 be set aside when the savings target for 2015/2016 is exceeded by that amount, in order to fund the costs of enhancing the joint working arrangement with Eastbourne Borough Council; DF

69.9 That the recommendations of the Independent Peer Review of Special Expenses be accepted; DF

69.10 That Special Expenses be charged on the basis of estimates alone and not adjusted to reflect actual costs; DF

69.11 That completion of the statutory Non Domestic Rates Return (NNDR1) with retained rating income of £25,066,082, be noted; and

69.12 That approval of NNDR1 returns be delegated to the Council's Chief Finance Officer in consultation with the Leader and the Constitution be updated to reflect this. DF/ ADCS

It was further

Recommended:

69.13 That an aggregate Council Tax requirement of £6,632,448 (a Council Tax reduction of 1.5% for the aggregate Lewes District Council Council Tax Requirement) be approved, comprising DF (to note)

a. A General Expenses Council Tax requirement of £6,020,459 (a Council Tax freeze for Lewes District Council's General Expenses).

b. A Special Expenses Council Tax Requirement of £611,989; and

69.14 That, following publication of the Final 2015/2016 Local Government Finance Settlement, the Director of Finance be authorised to make the necessary adjustments to maintain the general Expenses Council tax requirement at the above level and to report any adjustments to the next Cabinet meeting. DF (to note)

Reasons for the Decisions:

Cabinet is required to approve the estimates in accordance with the Council's Constitution. The budget Report No 18/15 sets out the level of General Fund revenue resources needed to support the Council's priorities and services.

The Council has a statutory duty to determine its Council Tax Requirement and level of Council Tax for the coming year. Cabinet makes a recommendation to Council on this matter having taken account of the Director of Finance's statutory report on the adequacy of reserves and balances.

70 Housing Revenue Account Budget 2015/2016

The Cabinet considered Report No 19/15 relating to the Housing Revenue Account Budget 2015/2016.

The national Housing Revenue Account self-financing system allowed all income generated to be kept locally and available to fund the maintenance and management of the housing stock, service debt and acquire and provide additional Social Housing.

The budgets had been prepared on the basis of the national Housing Revenue Account Accounting Code of Practice and incorporated Restructured Rents, Supporting People and Service Charges.

The Housing Revenue Account Budget 2015/2016 was in line with the Business Plan and the Council's proposed policy on restructured rents. The budget included a contribution to finance the capital programme of £820,000 and showed an estimated balance in hand at the year end of £2,517,770. The average increase in dwelling rents was 2.83%.

A provision of 2.2% had been made for movements in the pay bill in line with the national settlement. Salary budgets also allowed for contractual salary increments.

The budgeted employer's pension contribution rate for 2015/2016 was the same as that proposed by the actuary following the three yearly review of the East Sussex Pension Fund which had ended in December 2013.

Inflation had been provided to cover known price changes such as utility and contractual commitments. Furthermore, the items referred to in paragraphs 3.5 to 3.11 of the Report had been provided in the budget.

The budget layout complied with national accounting requirements and included explanatory notes within the body of the budgets. An explanation of items included within the expenditure headings was set out in paragraph 4.1 of the Report.

The Cabinet received the recommendations of the Scrutiny Committee at its meeting held on 15 January 2015 relating to the context in which the 2015/16 General Fund and Housing Revenue Account budgets and the Capital Programme had been prepared.

<u>Resolved</u>:

70.1 That the recommendations of the Scrutiny Committee at its meeting held on 15 January 2015 relating to the context in which the 2015/16 General Fund and Housing Revenue Account budgets and the Capital Programme had been prepared, be received and noted.

It was further

<u>Recommended</u>:

70.2 That the Housing Revenue Account budgets for 2015/16, as set out at Appendices 1 to 6 to Report No 19/15, be approved; DF (to note)

70.3 That an average dwelling rent increase of 2.83%, as set out in paragraph 9 of the Report, be approved and be effective from 6 April 2015 which is in line with the proposed Council policy on rent DF (to note) restructuring;

70.4	That all new tenancies, excluding tenancy transfers, be let at formula rent from 6 April 2015, as referred to in paragraph 9.7.2 of the Report;	DF (to note)
70.5	That an increase of 2.8% in Affordable Rents be approved and be effective from 6 April 2015, as referred to in paragraph 11 of the Report;	DF (to note)
70.6	That an average garage rent increase of 2.3% be approved and be effective from 6 April 2015, as referred to in paragraph 12 of the Report, which is in line with the Business Plan and current Council policy on garage rentals;	DF (to note)
70.7	That an increase of 2.3% in Private Sector Leased Property rents be approved and be effective from 6 April 2015, as referred to in paragraph 13 of the Report;	DF (to note)
70.8	That revised Service Charges be implemented and be effective from 6 April 2015, as referred to in paragraphs 14 to 19 of the Report.	DF (to note)

Reason for the Decisions:

To enable the Council to fulfill its legal obligations to produce a balanced Housing Revenue Account for 2015/2016.

71 The Capital Programme 2014/2015 to 2017/2018

The Cabinet considered Report No 20/15 relating to the revised 2014/2015 Capital Programme, the 2015/2016 Capital Programme, the outline Capital Programme 2016/2017 to 2017/2018 and the associated Prudential Indicators.

As part of the annual budget cycle the Cabinet considered what level of capital support to allocate to its Policy Programme. It also considered the medium term position in relation to likely capital needs and available resources.

Part 1 of the Local Government Act 2003 had introduced a framework for local authority capital expenditure and financing namely, the ‘Prudential Capital Finance System’. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, which defined that system, required local authorities to follow the ‘Prudential Code for Capital Finance in Local Authorities’ (the Prudential Code) when taking their decisions. The Prudential Code required authorities to set a number of Prudential Indicators before the beginning of each financial year. Further details relating to the Prudential Capital Finance System were set out in paragraph 3 of the Report.

The 2014/2015 Capital Programme was set out at lines 1 to 104 of Appendix 1 to the Report which totalled £16.594m. That sum included the full cost of implementing new capital schemes, however some of that expenditure would fall into 2015/2016 and, possibly, into later years. Five amendments were proposed to the 2014/2015 Capital Programme, further details of which were set out in paragraph 4.3 of the Report.

Details relating to a projection of the resources which would be available at 1 April 2015 to fund capital expenditure were set out in the table in paragraph 5.1 of the Report.

The Prudential Code required local authorities to plan their capital expenditure programme for at least three years ahead for which the most detailed information was available for the first year.

The recommended Capital Programme for 2015/2016 to 2017/2018 was set out at Appendix 2 to the Report. However, it was important to note that the items shown for 2016/2017 and 2017/2018 were provisional, the reasons for which were set out in paragraph 6.1 of the Report.

Paragraph 6.6 of the Report provided details in respect of the General Fund Capital Programme for which the Non-Housing Programme, as set out at lines 36 to 44 of Appendix 2 to the Report, had a proposed value in 2015/2016 of £5.584m.

The Cabinet received the recommendations of the Scrutiny Committee at its meeting held on 15 January 2015 relating to the context in which the 2015/16 General Fund and Housing Revenue Account budgets and the Capital Programme had been prepared.

Resolved:

71.1 That the recommendations of the Scrutiny Committee at its meeting held on 15 January 2015 relating to the context in which the 2015/16 General Fund and Housing Revenue Account budgets and the Capital Programme had been prepared, be received and noted.

It was further

Recommended:

71.2 That the revised 2014/2015 Capital Programme of £16.594m at Appendix 1 to Report No 20/15, be approved; DF (to note)

71.3 That the 2015/2016 Capital Programme of £15.666m at Appendix 2 to the Report, be approved; DF (to note)

71.4 That the outline Capital Programme 2016/2017 to 2017/2018 of £15.031m at Appendix 2 to the Report, be approved; and DF (to note)

71.5 That the Prudential Indicators in respect of the Capital Programme, as detailed in paragraph 7 of the Report, be approved and adopted for 2015/2016. DF (to note)

Reasons for the Decisions:

As part of the annual budget cycle the Cabinet considers what level of capital support to allocate to its Policy Programme. It also considers the medium term position in relation to likely capital needs and available resources. The Council's Constitution requires Cabinet to make a recommendation to Council on the level of the Capital Programme budget.

Part 1 of the Local Government Act 2003 introduced a framework for local authority capital expenditure and financing, the ‘Prudential Capital Finance System’. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, which define this system, requires local authorities to follow the ‘Prudential Code for Capital Finance in Local Authorities’ (the Prudential Code) when taking their decisions. The Prudential Code requires authorities to set a number of ‘Prudential Indicators’ before the beginning of each financial year.

72 LASER Energy Flexible Framework Renewal

The Cabinet considerd Report No 21/15 relating to the proposed extension of the LASER Flexible Framework contract for the supply of electricity and gas to the Council’s premises.

LASER was a public sector energy buying group that formed part of Kent County Council’s Commercial Services division. It was founded in 1989 to manage the procurement opportunities created by the deregulation of the gas and electricity markets.

LASER purchased energy on behalf of 115 Local Authorities and 45 wider public sector bodies and had operated flexible energy supply contracts on behalf of the public sector since 2008. The current framework contracts were scheduled expire on 30 September 2016. LASER was seeking customer commitment to join the replacement frameworks which were due to commence on 1 October 2016.

LASER was currently putting in place the new flexible supply frameworks in order to maintain an effective risk-management approach to energy requirements beyond October 2016. Having a forward purchasing window allowed LASER to continue buying energy on behalf of its customers in response to any potential market price changes.

Following a robust and competitive procurement process, Kent County Council had awarded the frameworks to the winning bidders namely, Npower for electricity and Total GP for gas, which were the incumbent framework providers for those forms of energy.

LASER currently supplied the majority of the Council’s electricity and gas through the existing LASER flexible procurement frameworks via two procurement basket options namely:

1) Flexible Purchase in Advance (PIA) and
2) Flexible Purchase within Period (PWP).

A few accounts remained with other suppliers but there were plans to transfer them to LASER once the contract period allowed.

LASER had indicated that, by purchasing energy through the group; the Council had been able to save an estimated £35.8k per annum of cost avoidance on energy buying.

There were broadly three options for the future purchase of energy, further details of which were set out in paragraph 3.4 of the Report namely:

Option 1 that was the same as the current arrangement that operated under the current flexible supply framework with LASER;

Option 2 which was a Rolling Two-Year Commitment under the flexible supply framework with LASER; and

Option 3 for which the Council did not have to procure its energy via LASER but could procure it via one of a number of alternative solutions as set out in the Report.

For the forthcoming contract, LASER had introduced a further 4 baskets in addition to the PIA and PWP baskets. Details relating to the 6 baskets were set out in paragraph 3.5 of the Report. In particular:

Basket 1 related to PIA for which all volume would be purchased prior to delivery for each 12 month supply period; and

Basket 2 related to PWP for which a proportion or all of the required volume would be purchased prior to delivery for each month supply period and, if applicable, the remainder purchased within the supply period.

Resolved:

72.1 That Option 1, as detailed in Report No 21/15, be approved to extend the LASER Flexible Framework for four years for the period 1 October 2016 to 30 September 2020 and that energy continue to be purchased using the Purchase in Advance and Purchase Within Period procurement options, subject to satisfactory clarification that the proposal complies with the Council's sustainability criteria and to the outcome of that clarification being circulated to all Members of the Council. In the event that the proposal does not comply with that criteria, it be the subject to a further Report to Cabinet. DCS

Reasons for the Decision:

LASER's current flexible procurement frameworks for the supply of gas and electricity expire 30 September 2016. LASER has now completed an OJEU compliant tender and award process for the supply of electricity and gas, and has confirmed the appointment of Npower (electricity) and Total Gas and Power (gas) respectively for the period October 2016 – September 2020.

LASER are seeking customer commitment for the new frameworks by December 2014, with energy purchases commencing from 1 January 2015 onwards. Where a customer provides commitment to join the framework after 1 January 2015, energy purchases will commence for that customer's portfolio once their commitment is received.

73 Service Level Agreements for Voluntary and Community Associations

The Cabinet considered Report No 22/15 relating to proposed Service Level Agreements (SLA's), as set out in the appendices thereto, including the level of funding awarded by the Council to voluntary and community organisations.

The Council recognised the significant contributions that the community and voluntary sector played in delivering services to its residents. Partnership working was a key priority for the Council and it was committed to working with voluntary and community organisations through the awarding of community grants which could also provide a cost effective way of delivering the Council's objectives.

Historically, the Council had provided funding to a small number of voluntary and community organisations on a recurring basis, namely: the Citizen's Advice Bureau (CAB), 3VA, Action in Rural Sussex (AiRS) and Sompriti. 3VA and AiRS had been funded in light of the core role they played in enabling and supporting other parts of the community and voluntary sector. CAB and Sompriti had been funded as they provided a unique advisory role to those experiencing hardship or disadvantage. Further details relating to those organisations were set out in paragraphs 7 to 11 of the Report.

SLAs were agreements that specified the amount of funding and the activities to which it related, legal requirements, monitoring and evaluation processes. They provided certainty to organisations for a period of three years which enabled them to plan ahead and ensure consistent delivery of service. Furthermore, SLA's provided a mechanism for the Council to closely monitor the organisations' performance and delivery.

Following last year's recommendations from the Scrutiny Review – Strengthening our relationship with the Voluntary and Community Sector, work had been undertaken to review and improve the SLAs for the four voluntary organisations that the Council regularly funded. The new draft SLAs that were set out at Appendices A to D to the Report had been prepared to be proportionate with the level of funding awarded and each covered a period of three years.

The table set out in paragraph 12 of the Report detailed the proposed funding levels of the above organisations for 2015/16. The proposed funding for the second and third year of the SLA's period would be considered by Cabinet in future years. As part of its consideration of the proposed funding level of the CAB, Cabinet acknowledged the particular level of work that organisation undertook in the community.

Resolved:

73.1 That, subject to satisfactory completion of the state aid due diligence checks referred to in paragraph 18 of Report No 22/15, the Director of Business Strategy and Development be authorised to enter into Service Level Agreements with Citizen's Advice Bureau, 3VA, Action in Rural Sussex and Sompriti based on the terms set out in Appendices A, B, C and D to that Report; DBSD

73.2 That the level of funding for each organisation be agreed subject to a Service Level Agreement with the Council for 2015/16 and satisfactory completion of the state aid due diligence checks referred to in paragraph 18 of the Report; DBSD

73.3 That an additional £13,400 be granted to the Citizen’s Advice Bureau to continue to fund a specialist benefits advisor at Newhaven in 2015/16 from Housing Revenue Account; and DBSD/ DF

73.4 That any final, non-substantial changes to the Service Level Agreements (excluding funding changes) be delegated to the Director of Business Strategy and Development. DBSD

Reason for the Decisions:

The Council has historically provided support to a number of strategic community and voluntary sector organisations, who provide a range of direct services to its residents.

74 Wave Leisure Annual Service Delivery Plan 2015/16

The Cabinet considered Report No 23/15 relating to the 2015/2016 Annual Service Delivery Plan which had been proposed by Wave Leisure Trust (WLT), a copy of which was appended thereto.

The priorities for 2015/2016 built upon those set out in previous years. WLT was encouraged to augment existing networks and partnerships and seek to establish new relationships to deliver services that would be of benefit to the local community. The plan underpinned the Council’s strategic aims and objectives.

The Plan was aligned with three core objectives namely:

(a) Increasing participation and reducing health inequality;

(b) Improving accessibility and social inclusion; and

(c) Reducing environmental impact.

Emphasis was placed upon encouraging participation in rural communities and for families on a low income, particularly among Council tenants. Furthermore, WLT was encouraged to provide activities that were aimed at opportunities for increasing physical activity for older people in order to reflect the District’s ageing population which was above the national average in every band over 50.

The Council's Client Officer would monitor and evaluate the Trust’s performance against the Plan.

Duncan Kerr, Chief Executive, WLT, was introduced to the meeting and answered Councillor’s questions on matters relating to the Plan.

Resolved:

74.1 That the Wave Leisure Trust's Annual Service Delivery Plan, as appended to Report No 23/15, be approved. DSD

Reason for the Decision:

The management agreement between the Council and Wave Leisure Trust requires Cabinet to approve the Annual Service Delivery Plan.

75 East Sussex Electoral Review

The Cabinet considered Report No 24/15 which sought Cabinet's views on the Council's participation in a proposed electoral review across East Sussex.

East Sussex County Council had been notified by the Local Government Boundary Commission for England (LGBCE) that it was to be subject to an electoral review prior to the next County Council elections in May 2017. Hastings Borough Council and Wealden District Council had also been notified that they would be required to undergo an electoral review as they had also triggered the criteria. If the Council, together with Rother District Council and Eastbourne Borough Council, agreed to request an electoral review, it was possible that all six authorities could benefit from undergoing a review simultaneously.

There were two primary reasons why authorities would become subject to an electoral review namely:

> Electoral inequality – where (through development, movement of people etc.) some councillors represented significantly more, or significantly fewer, electors than other councillors. In such circumstance, the LGBCE intervened and required an electoral review when there were 'significant' levels of electoral inequality between wards or electoral divisions; and
>
> On request – where authorities approached the Commission because they believed that a review would help them deliver more effective local government.

East Sussex County Council met the LGBCE intervention criteria. Wealden District Council and Hastings Borough Council also met the criteria for electoral review and Rother District Council had requested a review. The decision of Eastbourne Borough Council was not yet known. The LGBCE would therefore be seeking to carry out electoral reviews of at least four of the County's local authorities over the next two years. It was likely that the Council might trigger the criteria in the next few years.

The borough and district councils which did not currently meet the criteria for intervention would have an active role to play in the County Council review. Electorate data and forecasts would be required across the county and elected Members would wish to be involved in drawing up boundaries in their area. There were advantages in respect of the County Council and the district and borough councils being reviewed together, further details of which were set out in paragraph 2.5 of the Report.

In light of the Council having 29% of wards with a variance of over 10%, it would take very little development or movement of people to trigger a review of its boundaries. The Report therefore suggested that it seemed appropriate for the Council to voluntarily agree to take part in the review process, the next steps for which were set out in paragraph 3 of the Report.

Resolved:

75.1 That the proposed electoral review of East Sussex County Council, as detailed in Report No 24/15, be noted;

75.2 That the Local Government Boundary Commission for England's proposal to carry out an electoral review of Hastings Borough Council and Wealden District Council be noted; and

75.3 That Rother District Council's and Eastbourne Borough Council's position as to requesting the Local Government Boundary Commission for England to undertake an electoral review of their councils, as set out in paragraph 2.4 of the Report, be noted.

It was further

Recommended:

75.4 That the Council undertake an electoral review of its own ward boundaries as part of the wider review of all East Sussex authorities; ADCS (to note)

75.5 That a countywide project team of officers be established to work with the Local Government Boundary Commission for England and oversee the review; and ADCS (to note)

75.6 That a project manager be appointed and be funded in equal shares by all councils involved in the review. ADCS (to note)

Reasons for the Decisions:

To ensure that the Local Government Boundary Commission for England timetable is met and to achieve economies of scale by working together with neighbouring authorities.

76 Independent Remuneration Panel – Members' Allowances Scheme

The Cabinet considered Report No 25/15 relating to the recommendations of the Independent Remuneration Panel (IRP) in respect of Members' Allowances.

Councils were required to establish and maintain an IRP, the purpose of which was to make recommendations to the local authority about the allowances to be paid to its councillors. Regulation 19.1 of the Local Authorities (Members' Allowances) (England) Regulations 2003 required the Council to have regard to the recommendations made to it by an IRP before it agreed or amended its Members' Allowances Scheme.

When Council had considered the previous full report of the IRP in November 2010, the agreed basic allowance, special responsibility allowances and the dependent carers' allowance rates were subject to index linking, an arrangement which should not be relied upon for more than four years. A full review of the Scheme was therefore anticipated for 2014.

The IRP had subsequently been appointed by the Cabinet and Council and had met on 11 and 12 December 2014. A copy of its report was set out at Appendix A to Report No 25/15.

Notification of the review had been given to each Town and Parish Council within the District. No specific matters were raised in response thereto and, as such, the Panel was not requested to review and/or make recommendations on the current allowances of any such Town or Parish Council.

Resolved:

76.1 That the report and recommendations of the Council's Independent Remuneration Panel, together with the financial appraisal of the Head of Finance, as set out in Report No 25/15, be noted.

It was further

Recommended:

76.2 That the report of the Council's Independent Remuneration Panel, together with the financial appraisal of the Head of Finance, as set out in Report No 25/15, be noted, and the recommendations set out therein, be agreed. ADCS (to note)

Reason for the Decisions:

To comply with the Local Authorities (Members' Allowances) (England) Regulations 2003.

77 Superfast Broadband for Businesses

The Cabinet considered Report No 26/15 relating to the potential for a superfast wireless broadband network in Newhaven as a pilot programme prior to roll-out to other locations.

Newhaven faced a number of challenges and opportunities including pockets of high unemployment, low skills and poverty of aspiration; a weak economic base associated with the decline in traditional port and related manufacturing industries; and poor quality commercial property that was unsuitable for modern business needs within emerging higher value sectors. However, it had an opportunity for growth with money being committed through the Greater Brighton City Deal to improve flood defences, as well as the opportunity to establish the town as a ‘Clean Tech’ Growth Hub which was linked to the development of the University Technical College, E.ON’s Rampion offshore wind farm and Veolia’s Energy Recovery Facility, as well as the Newhaven Growth Quarter project to create additional business support units on Denton Island.

BT was currently the only telecommunications company with network coverage across all residential and business areas of Newhaven. Furthermore, there was a limited level of coverage by other key national providers.

BT’s Newhaven Exchange currently had Fibre to the Cabinet available but its focus was on the delivery of services to areas of high density residential housing. Consequently, there were currently no guaranteed timescales for delivery of superfast broadband to the industrial and business parts of Newhaven.

A good deal of work had already been carried out in order to establish the feasibility of providing superfast broadband services to the town, details of which were set out in the Report.

The Council had been approached by CloudConnx, an Eastbourne-based service provider, which had established a joint venture with Eastbourne Borough Council to develop that town as the most digitally enabled business environment along the South East Coast. Newhaven had been proposed as a location for a pilot programme for the District for which a range of high speed, high quality broadband services could be made available to the business community by early summer 2015.

Paragraph 5 of the Report set out details relating to CloudConnx which had approached landlords of some key sites who had been amenable to the idea of providing accommodation on a commercial basis.

In order to complete the detailed design and secure tenure for a foundation Point of Presence, an initial investment of £20,000 would be required which, if granted, would enable CloudConnX to get to a deployment stage by finalising agreements with site owners and cover set-up fees for the optical fibre circuits from the chosen sites required to connect to the network. Such sum would help to prove the concept and lay the groundwork for a full roll out which, if implemented, would require further investment of between £50,000 and £70,000 (plus VAT), further details of which were set out in the Report.

The Chair reported that the Council’s Constitution enabled the Council to go outside the normal procurement procedure rules in instances where there was a clear business case to do so. CloudConnX was partly owned by Eastbourne Borough Council and had already built a robust private wireless network that spanned Eastbourne and parts of the neighbouring districts. By extending the network to Newhaven, it would provide the infrastructure to connect part of the District that was not currently served by superfast broadband and provide businesses with an alternative to expensive bespoke solutions. Currently there was no alternative at such a cost available in the market.

Resolved:

77.1 That an initial investment grant of £20,000 be agreed into the roll out of equipment to deliver the capability of superfast wireless broadband in Newhaven during summer 2015 as a pilot programme, as detailed in Report No 26/15; DBSD

77.2 That, subject to the Director of Business Strategy and Development, in consultation with the Lead Member, being satisfied that there is a sound business case, the Director be authorised to make a further grant of between £50,000 and £70,000 to achieve full roll out, as set out in the Report; and DBSD

77.3 That 77.1 and 77.2 above shall not be implemented until the Assistant Director of Corporate Services confirms that they are state aid compliant. DBSD/ ADCS

Reason for the Decisions:

Newhaven is typical of many smaller towns in the UK in that major telecommunications companies have a strong focus on the supply of high speed broadband services to residential areas, leaving business districts a choice of either:

a) Extremely slow broadband speeds derived from ageing network infrastructure that is only capable of supporting legacy broadband offerings such as ADSL2+; or

b) Adoption of premium leased line services that are only affordable by larger organisations.

The meeting ended at 3.45pm.

R Blackman
Chair