



**Cabinet recommendations for consideration by Council
at the Meeting of the Council on Wednesday, 4 December 2013**

Cabinet – 18 November 2013

71 Finance Update

The Cabinet considered Report No 181/13 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 and Appendix 3 to the Report set out details relating to the Medium Term Financial Outlook to March 2018.

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 each year. The Mid-year Report for 2013/2014, which covered the period 1 April 2013 to 30 September 2013, was set out at Appendix 2 to the Report which confirmed that the key elements of the approved Treasury and Investments Strategy had been complied with during the first half of the year.

Cabinet was invited to recommend to Council that the Mid-year Report be approved. The Audit and Standards Committee would be presented with the Report on 2 December 2013 - any comments that it wished to pass on to the Council would be reported verbally at its meeting on 4 December 2013.

Paragraph 5 of the Report indicated that the Council's Constitution required that consultation be undertaken in respect of the annual budget proposals which included the timetable for the overall process through to setting the Council Tax.

Cabinet was requested to approve the consultation on the 2014/2015 draft budget on the basis of the high level medium term budget outlook that was set out at Appendix 3 to the Report. The proposal for the next financial year namely, 2014/2015, was for a further Council Tax freeze.

Paragraph 6.3 of the Report related to the Revenue Equalisation and Asset Maintenance (REAM) Reserve and, in particular, to a potential grant towards the cost of a project to develop the Pells Pool, Lewes.

At 31 March 2013, that Reserve held a balance of £28,130 to support the cost of the project. The Council had retained that funding on the transfer of the Town Brooks Trust in 2001, pending the bringing forward of a significant project to improve the facilities at the site.

At its meeting in October 2013, Lewes Town Council had resolved to establish a working party to produce recommendations for the replacement of children's play equipment at the Pells recreation ground, and enhancements to the facility. That represented a first-phase to, and overlapped with, an overall project to improve and enhance the swimming-pool kiosk building and create a park café terrace or similar.

The Report suggested that the planned work was such that it should trigger the release of the contribution and recommended that payment be made to Lewes Town Council as soon as the project started.

The three District Councils in East Sussex with Towns and Parishes namely, the Council, Rother and Wealden, received a Council Tax Reduction Scheme government grant for distribution to the Towns and Parishes in their area. All of those District Councils were considering a common method of distributing that grant.

Next year's grant (2014/2015) had reduced by a headline rate of 15% which mirrored changes in the reduced support for councils generally. The proposal was to distribute the 2014/2015 grant pro rata to last year's amounts. The reduction was slightly more than 15% because last year the Council had allocated £10,450 more than it had received. The schedule which was set out at Appendix 4 to the Report showed the allocations for 2014/2015.

Paragraph 5.5 of the Report related to a review of the Council's Council Tax Reduction Scheme which, in December 2012, had been approved by the Council for a period of one financial year. Councils were required to consider and approve a scheme for the financial year ahead no later than 31 January prior to the start of that financial year.

All East Sussex Councils were expected to recommend an extension to the scheme for 2014/2015. However, there was insufficient time to consult upon changes to the scheme and Cabinet was therefore requested to recommend an extension to the Council.

Paragraph 7.5 of the Report related to a request that had been received from Newhaven Town Council for the devolution of some recreation areas and open

space areas to that Council, details of which were set out therein, for which it had confirmed community support.

Additionally, at its meeting on 16 October 2013, the Council had received a petition from Jo Pettitt on behalf of Riverside Park Community Voice, Newhaven, which contained 647 signatures. It called for the Council and East Sussex County Council to transfer the areas known as Riverside Park and Lewes Road Recreation Ground, Newhaven, to Newhaven Town Council.

A Memorandum of Understanding was being prepared following the outcome of the latest Devolution meeting on 7 October 2013 which would encapsulate the intention to support a two phase approach to Devolution of the assets as well as setting out the obligations of each Council.

Paragraph 7.6 of the Report related to a request that had been received from Lewes Town Council for the devolution of some recreation areas, open space areas and public facilities to that Council, details of which were set out therein. Incorporated within the request was that the Council should share with Lewes Town Council a proportion of the net surplus generated from the car parks within the town.

A Memorandum of Understanding was to be prepared following the outcome of the latest devolution meeting on 31 October 2013 which would encapsulate the intention to support a phased approach to devolution of the assets with the recreation areas and open spaces being devolved at the beginning of 2014/2015, as well as setting out the obligations of each Council.

The Council's Nexus Board had recently considered a proposal to facilitate a community project at Lewes Road Recreation Ground, Newhaven. Newhaven Community Development Association (NCDA) had successfully bid for funding worth £30,000 for the project and required £9,500 of match funding. NCDA had approached the Council as a partner organisation and had requested a 25 year lease of a small area of land close to the existing Community Centre (which was owned by Newhaven Town Council). If agreement was given to that lease, there would be little or no impact on any other proposals which might come forward for the future use of the Recreation Ground.

If implemented, the project would transform a currently underused space into a vibrant community hub for informal recreation, learning and enjoyment. The outdoor classroom would facilitate activities to improve health and well being and deliver improvements to the environment.

The Council had recently regained ownership of the Recreation Ground together with a payment from KEH of £10,000 for improvements to the facility. The Report proposed that such money be used as the match funding requested to support the outdoor classroom.

The table set out in paragraph 9.1 of the Report related to the 2013/2014 Housing Revenue Account Capital Programme. The Notes in that paragraph provided details of proposed variations to some of the allocations in that Programme and paragraph 9.2 of the Report detailed ways in which the net cost of the amendments would be funded. .

The General Fund Capital Programme included £4,590 to fund final contract payments in respect of the changing rooms at Walmer Road Recreation Ground, Seaford. Negotiations over the final account had been concluded and the cost of the works, variations including for an extension of time and other site conditions, had resulted in an agreed final sum of £28,050 which would be funded from the section 106 contribution (£14,720) allocated to the project and the asset maintenance element of the REAM reserve (£13,330).

The Cabinet Member for Corporate Services reported that the Council had been advised that the Co-operative Bank, with which the Council undertook some of its banking business, was withdrawing from the banking sector and that the Council's associated bank account would be closed at the end of March 2017, or earlier in the event that a suitable agreement therefor could be reached.

Resolved:

- 71.1** That the latest position of the Medium Term Finance Outlook, as detailed in Report No 181/13, be noted;
- 71.2** That next year's budget consultation process be commenced on the basis of a further year's council tax freeze;
- 71.3** That the release of £28,130 to Lewes Town Council (as Trustee) for improvements to the Pells Trust facilities when the work referred to in paragraph 6.3 commences on site, be approved;
- 71.4** That the schedule of Local Council Tax Reduction Scheme grant payments to Town and Parish Councils for 2014/2015, as set out in Appendix 4 to the Report, be approved;
- 71.5** That the request for Devolution of Land and facilities to Newhaven Town Council, as referred to in paragraph 7.5 of the Report, be approved in principle, with the final terms of the transfer to be considered and agreed at a future meeting of Cabinet;
- 71.6** That the request for Devolution of Land and facilities to Lewes Town Council, as referred to in paragraph 7.6 of the Report, be approved in principle, with the final terms of the transfer to be considered and agreed at a future meeting of Cabinet;
- 71.7** That the sum of £50,000 be allocated from the Strategic Priority Fund to pay for the legal costs associated with devolving assets to Newhaven

and Lewes Town Councils;

- 71.8** That the sum of £10,000 match funding be approved to the Newhaven Community Development Association for its outdoor Community Classroom project, such sum to be met from the KEH receipt; and
- 71.9** That the changes to the capital programme, as set out in paragraph 9 of the Report, be approved.

It was further

Recommended:

- 71.10** That the Mid-Year Treasury Management Report 2013/2014 be approved; and
- 71.11** That the Lewes District Council, Council Tax Reduction Scheme be extended to the end of the financial year 2014/2015.

Reasons for the Decisions:

A Report on funding issues in relation to the Council's General Fund Revenue Account, Housing Revenue Account and Capital Programme is made to each meeting of the Cabinet to ensure that the Council's financial health is 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 Recommendations, and not the Resolutions, in the above Minute are for consideration by Council.*

Councillors are requested to bring with them to the meeting Report No 181/13 which was circulated with the agenda papers for the meeting of the Cabinet on 18 November 2013. If you require a further copy of the document please contact Trevor Hayward, Committee Officer, on e-mail trevor.hayward@lewes.gov.uk or telephone 01273 484359.

72 Special Expenses

The Cabinet considered Report No 182/13 which related to the introduction of Special Expenses from 1 April 2014 in respect of the cost of Open Spaces. The Cabinet also received the Minutes of the Scrutiny Committee meeting held on 7 November 2013 which, in part, related to feedback that had been received from the consultation in respect of paying for open spaces.

At its meeting on 11 July 2013, Cabinet had agreed to consult with the public on the introduction of Special Expenses in respect of:

- the costs of grounds maintenance relating to open spaces, recreation grounds and sports pitches, including children's play areas (several town councils funded such services locally); and
- the costs of maintaining changing rooms and pavilions (several town councils funded services locally).

Further details relating to the consultation activity that had taken place was set out in paragraph 3.1(b) of the Report.

The consultation had focused on the introduction of Special Expenses in respect of Open Spaces for which an indication of the financial impact of such change was given, based on 2013/2014 budgets. It showed that 70% of households in the District would save from the introduction of Special Expenses but that households in the local areas of Lewes and Newhaven would pay more.

The Cabinet Member for Corporate Services reported that the responses received to the consultation exercise had been posted on the Council's website from where they could be viewed by all councillors.

Cabinet was invited to recommend to Council whether or not Special Expenses were to be introduced in respect of the cost of Open Spaces from 1 April 2014 and, if so, to identify any specific sites that should be excluded because they were of benefit to the whole district.

In the event that Cabinet recommended to Council the introduction of Special Expenses, a series of actions would be implemented, details of which were set out in paragraph 4.2 of the Report. However, if Cabinet recommended to Council not to go ahead with the introduction of Special Expenses, other actions would be implemented, details of which were set out in paragraph 4.3 of the Report.

With the agreement of the Chair, Councillor Gardiner addressed the Cabinet and asked the Chair questions on matters relating to the introduction of Special Expenses and, if implemented, how it would affect the Ward that he represented. Those questions related to possible conflicts between parcels of land that were subject to the Council's current external contract in respect of some of the so-called "49 sites"; the possible transfer of site maintenance to Ringmer Parish Council and other Parish Councils, the existing leases which applied to such pieces of land and their possible devolution to Parish Councils and the way in which the possible sharing of the charges and income that was generated from parking in Lewes would

affect the residents of Ringmer, replies to which were given at the meeting.

Resolved:

72.1 That the results of the public consultation on the introduction of Special Expenses, as referred to in Report No 182/13, be received and noted; and

72.2 That the comments of the Scrutiny Committee on the outcome of the consultation be received and noted.

It was further

Recommended:

72.3 That “Paying for Open Spaces” be introduced as Special Expenses from the 2014/2015 financial year;

72.4 That all of the General Fund open spaces covered by the consultation be treated as Special Expenses; and

72.5 That adjustments be made between financial years to account for any differences between estimated and actual costs of open space areas in each Town/Parish area.

Reasons for the Decisions:

When a council sets its annual budget it is required to consider which of its expenses are “General” and chargeable to all taxpayers in the district and which are its “Special Expenses” and chargeable to taxpayers in the towns/parishes to where the expenses relate.

To date, the Council has treated all of its expenses as general expenses when approving the annual budget and Council Tax Resolution. In recent year’s more Councils have considered the case for Special Expenses. In accordance with the Council’s Constitution, which sets out the process for new policies to be considered, the Council has consulted on the introduction of Special Expenses in respect of Open Spaces from 1 April 2014. Report No 182/13 presents the results of the Consultation and a subsequent review by the Scrutiny Committee, enabling Cabinet to recommend to Council whether Special Expenses should be introduced from 1 April 2014.

(Note: Councillor Stockdale declared his personal, non-prejudicial interest in Minute 72 as he was a Councillor of Lewes Town Council to which he had been elected. Therefore, he took part in the discussion relating to this item).

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