# Cabinet

EASTBOURNE Borough Council
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**Minutes of meeting held on Wednesday, 3 February 2016 at 6.00 pm**

Present:-
Councillors **Councillor David Tutt (chairman and leader of the council), Gill Mattock** (deputy chairman and deputy leader of the council), **Alan Shuttleworth and Steve Wallis.**

(Apologies for absence were reported from councillors Margaret Bannister and Troy Tester.)

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## 58 Minutes of the meeting held on 9 December 2015.

The minutes of the meeting held on 9 December 2015 were submitted and approved and the chairman was authorised to sign them as a correct record subject to a correction to minute 47 (Devonshire Park project) in the respect of councillor Freebody's comment at paragraph 47.1 to read as follows:
*Councillor Freebody indicated his group's support, acknowledged that the project was likely to benefit the town and endorsed the desire for external funding sources.*

## 59 Declarations of interests.

No declarations were made by members. A declaration was made by the chief executive in respect of minute 67 (council investments) as he was a council appointed non-executive director of the subject company – he withdrew from the meeting for the item.

## 60 Coastal Communities Fund (CCF) (KD).

60.1 Councillor Freebody addressed the cabinet and welcomed the investment in the park.

60.2 Cabinet considered the report of the senior head of tourism and enterprise progress of CCF projects and a proposal for the café in Princes Park. The council had been awarded a grant of £1.83m from the government's Coastal Communities Fund in February 2015 following a successful bid. The key criteria for receipt of the funding was the creation of 118 jobs (direct and indirect), through a mixed portfolio of capital and revenue projects, and to spend all funds by December 2016.

60.3 Delivery of projects began in March 2015 and all projects were at various stages. The council's partners; Towner Gallery, TechResort and Building Partnerships each had clearly defined targets/outcomes for jobs created, cash flow, individual projects, training and skills.

60.4 The improvements to the upper facades in Seaside Road were the first capital project to be successfully completed in October 2015. Both the two commercial units being re-furbished would be complete by this summer. Improvements to the plaza in Sea Houses Square, including new lighting, hard and soft landscaping and a community designed mosaic, would commence this month.

60.5 Over £900,000 of the CCF funds would be used to improve Princes Park in key areas; a new main entrance linked to the promenade by a new zebra crossing, a new central plaza would lead visitors from the new entrance to the café, which would be completely refurbished including new decking overlooking the lake. Refurbishment of the café was one of the main CCF funded projects and work on this £395,000 scheme was scheduled to start this month. The current operators of the café had agreed to surrender the lease in advance of the work commencing.

60.6 The University of Brighton had approached the council with a proposal to use the café as both an operating outlet and as a training venue for students and local people. Heads of terms for the university's lease had been agreed in principle; 10 years lease at a market valuation rent, 3 years rent free period, reflecting their capital investment of circa £280,000. The university's key requirements for the café could all be accommodated within the planned works with minimal contract variations to cover areas of overlap. The university would separately procure and contract manage the fit out works, e.g. new kitchen, seating etc.

60.7 The report set out detailed legal advice concerning the council's powers to enter into the proposed arrangements given that a competitive tendering process would not take place. The council's financial procedure rules gave cabinet the authority to waive its normal rules if there were good and objectively demonstrable grounds for doing so. In reaching its decision, cabinet should have regard to its general fiduciary duty to its wider taxpayers and the duty to achieve best value from its procurement arrangements. The senior head advised that the proposal offered some distinct advantages to the council and aligned with the overall regeneration ambitions being delivered through the 'Driving Devonshire Forward' (DDF) initiative and justified a waiver from the rules because it:

- Represented a commitment to a continued offer in the town by the university at a time of overall strategic review and potential change.
- Enhanced the opportunities and offer for students living in the town.
- Would create both an attractive café offer alongside training and job opportunities for students and local people.
- Secured significant additional capital investment into the café and would help make sure the council could deliver the highest possible quality new facility.
- Coupled with the long term commitment of the university, the council would secure best consideration via a commercial rent valuation.

**60.8 Resolved (key decision)**: (1) That progress of Coastal Communities funded capital and revenue projects be noted.

(2) That a waiver of the financial procedure rules be approved, for the reasons outlined above and as detailed in the report, to allow the award of a 10-year lease to the University of Brighton for the café in Princes Park without a competitive process.

(3) That delegated authority be granted to the senior head of tourism and enterprise and in consultation with the lead cabinet member for tourism to take all necessary steps to complete the lease arrangements with the University of Brighton.

**61 * General fund revenue budget 2016/17 and capital programme 2015/19 (BPF).**

61.1 Councillors Ungar and Di Cara addressed the cabinet. Councillor Ungar said he was pleased to see the inclusion in the proposed 2016/17 capital programme of 2 schemes in Old Town; £25,000 for Old Town recreation ground to achieve 'Green Flag Award' status and £50,000 for the Green Street public conveniences. Councillor Di Cara queried the figure given in the report for reserves. The chief finance officer said that the £4m figure included other reserves such as that for the Devonshire Park project.

61.2 Cabinet considered the report of the deputy chief executive and chief finance officer setting out the general fund revenue budget proposals for 2016/17 and a 3-year capital programme 2015/19. The medium term financial strategy (MTFS) had been revised in July 2015 and the cabinet had agreed a draft 2016/17 budget proposal last December. The MTFS and resulting draft budget had been subject to extensive consultation and previously reported to cabinet and members of the scrutiny committee.

61.3 The budget was the product of various plans and strategies as part of an integrated and corporate planning process and was linked principally to:

- The medium term financial strategy
- Asset management plans
- The corporate plan
- Workforce strategy
- Treasury management strategy
- Service plans
- Housing revenue account business plan
- DRIVE corporate transformation programme
- Sustainable service delivery strategy

61.4 The chief finance officer had a legal responsibility to give positive assurances on the robustness of the estimates used in the budget and the level of reserves. He commented that if the recommendations in his report were agreed then these assurances would prevail.

61.5 The budget proposals included:

- An increase in the council tax in 2016/ 17 of 1.9%; the first increase for five years.
- Overall savings/new income totalling £0.6m (4% of the net budget).
- Efficiency savings of £0.5 (5% of the net budget).
- Inflation and unavoidable costs of £0.8m (5% of the net budget).
- Other recurring service growth of £0.1m.
- Non recurring service investments of £0.6m.
- General reserves averaging in excess of £4m (against a minimum recommended of £2m).
- Capital receipts of £0.4m invested in new capital schemes.

61.6 The budget represented management of financial risks by:

- Building on a favourable outturn position.
- Balancing the base budget requirement without needing to use reserves for recurring expenditure.
- Identifiable and deliverable savings with accountability and no general unidentified targets.
- Reserves well above the minimum level.
- Zero basing of minor reward grants.
- Providing the funding required for the DRIVE change programme to deliver the future savings required by the MTFS via the strategic change fund.

61.7 The underlying methods of local government financing had changed significantly in recent years including the wrapping up of grants in the base "Standard Funding Assessment" notably:

- The council tax freeze grants (2011-15)
- Some new burdens grants
- Homelessness grant

61.8 For Eastbourne the headline figures of the government settlement were:

- A further reduction in revenue support grant of £0.9m (30%) to £1.8m (reduced from £10.4m in 2010).
- Partially offset by new homes bonus and section 31 grants (additional £0.2m in 2016/17).
- Eastbourne would receive the second largest reduction in "spending power" of all local authorities in the 4 year period to 2020.
- The government headline figure was a reduction of 16.4% , however this took into account the ability to raise council tax, predicted growth in the tax base as well as increases in the new homes bonus.

61.9 The national non-domestic business rate (NNDR) base had remained static largely as a result of the continued provision for appeals and resulting collection fund deficit, despite an inflationary increase which was linked to the September 2015 RPI at 0.78%. In addition to the formula grant the government was currently proposing to add the council tax freeze grant for the current year 2015/16 (£85,400) by way of a section 31 grant.

61.10 The government had announced that the council would receive £1.2m in total of new homes bonus (NHB) due to the growth in housing in the area. The grant was paid in tranches for six years. The 2016/17 figure included all 6 tranches. The funding was not guaranteed beyond the 6 year horizon for each tranche. The government was financing the additional NHB from reductions in rate support grant (RSG), therefore, whilst volatile, it was currently the preferred method of distribution of resources. A further proposal to limit future awards to 4 years was currently under consideration. At the time of writing, retention of an element NHB/RSG had been made that could equate to £100,000 for the council.

61.11 The government had asked local authorities to say whether they wished to have a four year settlement from 2016/17. There was a requirement to publish a four year efficiency statement that could only be varied by the full council. Current advice was that the efficiency target element of the MTFS would suffice in this respect and cabinet was recommended to accept the proposal.

61.12 It was proposed that council tax increase by 1.9% for 2016/17; which would result in a band D rate of £228.51 (an increase of £4.32 over the whole year). This would be the first increase for 5 years. The council was required to give an indication of likely future council tax rises. It was still expected that council tax would rise by no more than 2% per annum for each of the next three years. This was the government's target for inflation and also the current ceiling on rises that would otherwise require a referendum in order to exceed. Within this context, for 2016/17, the council would raise £7.7m from its share of the council tax. This was determined by multiplying the council tax base of band D equivalent dwellings by the band D tax rate of £228.51. This was unchanged from the tax base setting report submitted to cabinet on 9 December last. In addition, there would be a distribution of £180,000 payable by the council to the collection fund due to a small collection fund surplus.

61.13 A summary of the resources available was given, as shown below:

| | **£'m** |
|---|---|
| Government formula grant | (1.8) |
| Retained business rates (normal) | (3.9) |
| Retained business rates (East Sussex pool) | (0.2) |
| New homes bonus | (1.2) |
| Section 31 grants | (0.2) |
| Collection fund surplus | (0.2) |
| Council tax | (7.7) |
| **Total resources available (rounded)** | **(15.2)** |

In order to achieve a balanced budget without using reserves, the council would need to set a net expenditure budget for 2016/17 of £15.2m.

61.14 In addition to the general grant distributed through the new formula grant system, which was given towards financing the council's net expenditure, the government also provided some specific grants. These specific grants would fund in part or in full, service costs.

| **Grant** | **2016/17 £'m** |
|---|---|
| Housing benefit subsidy | (c.40.0) |
| Housing benefit administration | (0.6) |

Housing benefit subsidy was intended to reimburse the council for the awards of benefit it made to eligible tenants in both the private and public rented sector. Not only was this by far the largest single specific grant that the council received, but it was performance related. It was noted that the council had improved its performance in recent years. A new system of universal credits was due to be completed by 2019 which would see the caseload moved to the Department for Work and Pensions. The administration grant had been reduced by 5% per annum for the last 5 years. It was noted that the former homelessness grant (to assist with prevention and to find alternative accommodation other than bed and breakfast) had now been subsumed into the main grant system.

61.15 The detailed budget proposals were set out in appendix 1 to the report. Movement from the 2015/16 budget to the 2016/17 proposed budget were summarised as follows:

| **Movement from 2015/16 base budget:** | **£m** | **£m total** |
|---|---|---|
| **Change in resources:** | | |
| Government grants | 0.5 | |
| Council tax surplus | (0.2) | |
| Council tax | (0.4) | |
| | | (0.1) |
| **Cost increases:** | | |
| Inflation and unavoidable costs | 0.7 | |
| Other growth and changes in income | 0.1 | |
| | | 0.8 |
| **Savings:** | | |
| Efficiency savings | (0.5) | |
| Increased income/other changes | (0.2) | |
| | | **0** |

61.16 Details of proposed growth and savings were given in full in appendix 2 to the report. The proposals set out in the report would allow full council on 17 February to approve a balanced budget in line with available resources and without the need to use reserves.

61.17 The council now followed a rolling 3-year financial planning cycle and the service and financial plans had been set out in detail for 2016/17. The next MTFS due in July would project forward a further 3 years and continue to provide the basis of service and financial planning for the medium term. It was noted that the significant level of the savings required for the next MTFS had already been identified. Further reports to cabinet would detail the business plans under the transformation programme (DRIVE) and sustainable service delivery strategy (SSDS). The government had set out a revised 4-year programme of reductions in funding and the council's current MTFS already took account of this overall however the MTFS would be refreshed in July following the year end closedown.

61.18 The report detailed the principal financial risks the council was likely to face, as follows:

- Housing benefit performance.
- Inflation on goods and services.
- Income from services linked to customer choice (theatres, tourism; sports centres, car parking).
- Legal challenges.
- Savings being delayed.
- Excessive demand for services.
- Failure to realise capital receipts to finance the capital programme.

61.19 On an exception basis, information on each of the risk areas identified above, together with any new and significant risks that might emerge over the course of the year, would be included in each financial performance report to cabinet and scrutiny during the 2016/17 financial year. A corporate contingency budget of £140,000 (1% of the overall net budget requirement) for unbudgeted expenditure or reductions in income had been allowed. This was in addition to the known inflation that had been built into service budgets.

61.20 The chief finance officer was obliged to report on the adequacy of the proposed financial reserves, and determine the minimum level required. There was no statutory minimum requirement, but reserves had to be set at a prudent level given the activities of individual councils and potential liabilities that they faced or might face in the future, i.e. a risk based approach. The council's earmarked reserves were reviewed at least annually for adequacy. If at any time the adequacy was in doubt the chief finance officer was required to report on the reasons, and the action, if any, that he considered appropriate. The council would always seek to contain any unforeseen additional costs within allocated annual budgets, including the contingency budget. However, it was proposed that, in addition, the minimum level of general reserves should be set at £2m. Should the budget recommendations be followed, the level of general fund reserves was projected at over £4m by March 2017. In addition to acting as a potential buffer against future risks, this should create further opportunities for one off investments in the future. The council had followed a process of consolidating its reserves into the corporate reserves above. This better facilitated corporate priority planning. The only other reserves that the council held had specific obligations attached (e.g. Section 106/partnership contributions).

61.21 The principles for formulating the capital programme were set out in the budget report to cabinet last December and the updated programme was given in appendix 3 to the report (proposed new schemes were shown in bold text) and showed a projected outturn for 2015/16 of £21.915; a total budget for 2016/17 of £12.822m; £15.884m for 2017/18; £19.855m for 2018/19; £6.555m for 2019/20 and £1.355 for 2020/21. The council had a policy of only using borrowing for schemes that were 'invest to save' and could generate enough savings or additional income to service the financing costs. In addition to schemes that qualified for borrowing, the council had a further £400,000 of capital receipts to apply to the programme. No uncertain future capital receipts had been factored into the available resource so there would be opportunities to supplement the programme as the 3-year period progressed. Potential disposals would be identified through the asset management plans. The housing revenue account capital programme was set out in another report on the agenda (see minute 62 below) and was financed entirely from HRA resources. Once approved it would be amalgamated with the general fund programme.

*** 61.22 Resolved (budget and policy framework):** That full council, at their meeting on 17 February 2016, be recommended to approve the following:

(a) A general fund budget for 2015/16 (revised) and 2016/17 (original) as set out in appendix 1 to the report including growth and savings proposals for 2016/17 as set out in appendix 2 to the report.

(b) An increase in the council tax for Eastbourne Borough Council of 1.9% resulting in a 'Band D' charge of £228.51 for 2016/17.

(c) A general fund capital programme and financing 2015/19 as set out in appendix 3 to the report.

(d) That with regard to the government's offer of a 4-year settlement, as outlined in paragraph 61.11 above, the council be minded to accept the offer subject to the receipt of further detail and that the decision on whether or not to accept be delegated to the chief finance officer in consultation with the lead cabinet member for finance.

## 62 * Treasury management and prudential indicators 2016/17 (BPF).

62.1 Cabinet considered the report of the chief finance officer seeking approval to the council's borrowing and investment strategies in line with legislative and other regulatory requirements as described in the report. The council was required to receive and approve, the prudential and treasury indicators and treasury strategy as part of the budget setting process each year. This covered:

- The capital plans (including prudential indicators).

- A minimum revenue provision policy (how residual capital expenditure was charged to revenue over time).
- The treasury management strategy (how the investments and borrowings were to be organised) including treasury indicators.
- An investment strategy (the parameters on how investments were to be managed).

*** 62.2 Resolved (budget and policy framework):** That full council, at their meeting on 17 February 2016, be recommended to approve the following:
(a) The treasury management strategy and annual investment strategy as set out in the report;
(b) the methodology for calculating the minimum revenue provision set out at paragraph 2.3 of the report;
(c) the prudential and treasury indicators as set out in the report; and
(d) the specified and non-specified investment categories listed in appendix 2 to the report.

## 63 * Housing revenue account (HRA) revenue budget and rent setting 2016/17 and HRA capital programme 2015/18 (BPF).

63.1 Cabinet considered the report of the senior head of community and chief finance officer in respect of the rents, service charges and heating costs to be set for all of the council's housing tenants. The report outlined the revenue account budget proposals for 2016/17 and housing capital programme 2015/19 and arrangements for agreeing Eastbourne Homes Limited's (EHL) management fee and delivery plan.

63.2 From 1 April 2012 the way that council social housing was financed had been changed and the HRA had become self financing. This meant that expenditure had to be entirely supported from rental and other income. The main tool for the future financial management of the HRA was the 30-year business plan which had been approved by cabinet on 8 February 2012. A report had been submitted to the December cabinet meeting outlining the implications of the changes being introduced in the Housing and Planning and the Welfare Reform and Work Bills. Work is ongoing on updating the HRA 30-year business plan so that a long term sustainable plan could be set. The proposals included in this report were based on this ongoing work. The report reflected the recommendations made by EHL in relation to the increases in rent levels, service and other charges.

63.3 The HRA revenue budget (appendix 1 to the report) had been produced based on the policies set out in the HRA 30-year business plan and showed an overall surplus of £293,000 for 2016/17. The budget was performing better than expected due to various initiatives to control expenditure, including a reduction in the management fee payable to EHL, lower than anticipated interest rates, and efficiencies achieved through the council's restructuring programme: Future Model 2. The reduction on income earnings from rents and service charges were in line with the updated business plan. The plan provided for a contribution into the housing regeneration and investment reserve of £784,000 for

2015/16 and £924,200 for 2016/17 to meet future major works demands and other strategic housing related outcomes.

63.4 The HRA debt outstanding at 31 March 2015 was £40.3m, rising to £43.0m by 31 March 2018, the majority of which would be external debt and at fixed interest rates. The increase in borrowing was expected to be undertaken to support the housing and economic development programme (HEDP) programme. Under the self-financing settlement the government set a cap on total HRA borrowing of £42.96m, additional borrowing permission was given for £322,400 during 2014/15 and 2015/16 increasing the cap to £43.3m. The original 30-year business plan had assumed that from 2016/17 to 2028/29 an average debt repayment of £2.8m per annum would be funded from the HRA. This was no longer viable due the rent decrease and other government housing initiatives, however, if possible when opportunities arose consideration would be given to using any surplus funds for the repayment of debt or to be used to reinvest in housing properties in lieu of new borrowing.

63.5 The HRA outturn for 2015/16 was expected to deliver a £399,000 surplus, a positive variance of £104,000 over the original budget. This was mainly as a result of the decrease in the take up of the under occupation scheme and a reduction in the provision required for bad debts.

63.6 The government's summer budget review had announced that rents on social housing properties would be reduced by 1% a year for each of the four years from 2016/17.

63.7 For properties in shared blocks these charges covered common services such as communal heating, lighting, equipment maintenance contracts, cleaning and grounds maintenance. In older persons sheltered accommodation the charges additionally included on-site co-ordinators, lift maintenance contracts, communal furniture and carpets maintenance and internal redecorations. These costs were charged separately from the rent. For general needs properties in blocks the proposed average service charge increase was 1.06% to ensure that costs relating to communal areas are fully recovered.

63.8 Service charges for older persons sheltered accommodation would be subject to a further review dependent on the outcome of the East Sussex County Council decision in February regarding a proposal to withdraw Supporting People funding from sheltered housing in East Sussex. If funding was withdrawn, this was likely to come into effect from May 2016. EHL was consulting with residents on the impact of withdrawal of funding and meetings would be held at all schemes during February 2016. Any recommendations for any further change to the service charge as a result of the consultation would come to Cabinet in March 2016 for consideration. Until further recommendations were made, the average decrease would be 7.14% to ensure that charges reflected expenditure. Heating costs for older persons sheltered accommodation were set in line with known price decreases predicted by the Department of Energy and Climate Control. An average decrease of 0.85% (equivalent to 6p per week) was recommended. Water charges were also set in this way and the average charge decrease would be 0.81% (or 37p per week).

63.9 Following the previous year's rent increases, garage void debt was slowly increasing and the number of garage voids had started to increase. In order to ensure that garage rents were fully self-sufficient, an increase by CPI plus 1% would result in covering the costs of day to day repairs but the major works would still not be covered. It was therefore recommended that garage rents be increased in line with RPI (as at September 2015) plus 1% at an average increase of 1.8% and a scheme to move new garage tenancies to market rent values for the 2017/18 financial year be examined.

63.10 Total budgeted expenditure on the HRA capital programme was planned at £7,712,285 for 2016/17. The major works element of the programme was in line with the asset management plan and the self financing business plan model with funding from the major repairs reserve. Cabinet had previously agreed a total budget of £14.4m for the housing and economic development programme (HEDP) out of the total allowance of £20m; this had now been profiled to reflect the expected spending timetable and will be funded from borrowing and Housing and Communities Agency (HCA) grant.

63.11 The EHL management fee covered both operational and administration costs as well as cyclical maintenance. The fee for 2015/16 had been set at £7,375,000. EHL had proposed a reduction of £55,500 to reflect the efficiency savings achieved following the implementation of the Future Model structure and processes less an allowance for the changes expected from the supporting people funding. The proposed fee for 2016/17 was therefore £7,319,500.

63.12 The council was obliged to ensure that all tenants were given 28 days notice of any changes to their tenancy including changes to the rent they pay. In addition the information in the report would be sent to the tenant area panels following this meeting.

***63.13 Resolved (budget and policy framework):** That full council, at their meeting on 17 February 2016, be recommended to approve the following:

(a) The HRA budget 2016/17 and revised 2015/16, as set out in appendix 1 to the report;

(b) that social and affordable rents be decreased by 1% in line with the change in government policy;

(d) that service charges for general needs properties are increased by 1.06%;

(e) that service charges for older persons' sheltered accommodation are decreased by 7.14% to reflect a reduction in actual costs as well as notification of a reduction in heating and water costs;

(f) that heating costs are set at a level designed to recover the estimated actual cost;

(g) that water charges are set at a level designed to recover the estimated cost of metered consumption;

(e) that garage rents are increased in line with RPI (as at September 2015) plus 1% at an average increase of 1.8%;

(f) a scheme to move new garage tenancies to market rent values for the 2017/18 financial year is examined;

(g) that delegated authority be granted to the senior head of community, in consultation with the lead cabinet members for community services and finance and the chief finance officer to finalise Eastbourne Homes' management fee and delivery plan; and

(i) the HRA capital programme as set out in appendix 2 to the report.

## 64 * Changes to housing strategy and housing revenue account (HRA) asset management strategy (KD).

64.1 Cabinet considered the report of the senior head of community providing an update on national policy changes for council housing arising from the Welfare Reform and Work Bill and the Housing and Planning Bill currently before Parliament. Proposals were made for the sale of a number of housing properties; and in advance of the bills becoming law, approve changes to the delegation for disposal of assets to enable Eastbourne's housing stock to be managed sustainably and in line with national best practice. The report also sought authority to obtain external specialist advice to assist the review of homelessness decisions when considering applications for accommodation under Part 7 of the Housing Act 1996.

64.2 A separate addendum to the report comprising exempt information was circulated in the confidential part of the agenda (Schedule 12A to the Local Government Act 1972, reason 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information).)

64.3 The Welfare Reform and Work Bill would introduce of a 1% reduction in social housing rents for 4 years from 2016/17. This was detailed in the rent setting report at minute 63 above.

64.4 The Housing and Planning Bill proposed the sale of council housing high value assets and the mandatory introduction of higher rents for residents earning higher incomes ('pay to stay'). The intention was that monies raised from high value voids would be used to fund the 'right to buy' discounts given to housing association tenants, provide replacement affordable housing on a one for one basis, and establish a brownfield regeneration fund. The council's housing revenue account (HRA) business plan had now been remodelled to reflect the impact of 80 properties being sold over each year over the next 4 years. High income was defined in the bill as household income of more than £30,000 outside of London. The bill did not define what the rent levels would be; these were to be set out in future rent regulations. The extra rent would be taken by the government less an element to cover the council's administration costs. Pay to stay was expected to be introduced in 2017/18 and an increase in right to buy sales was anticipated as a consequence.

64.5 The council would need to make a payment to the government based on assumptions on the value of high value void properties arising from April 2017. The payment was not likely to be dependent on actual vacancies and to give flexibility to retain properties within the stock in the future, it would be prudent to review the current vacant stock and how receipts from disposals now could be used to meet future demands. On this basis, a number of current properties had been assessed for disposal. Details relating to each disposal were listed in the exempt addendum. Where properties had tenants the council would work closely with the occupants to make sure that they were offered appropriate alternative accommodation.

64.6 It was now considered best housing management practice for the council to dispose of the freehold interest in a block of flats when all the flats were held on leases. Eastbourne Homes (EHL) currently managed 12 such blocks. Details of the blocks and market valuations of the freeholds were given in the exempt addendum. It was recommended that the senior head of community be granted delegated authority to dispose of the freehold of such blocks. Should existing leaseholders not wish to take up the offer the council would retain the freehold. A consultation plan would be developed involving the affected leaseholders.

64.7 Eastbourne Housing Investment Co. Ltd. (EHIC) acted as the council's asset holding vehicle. Cabinet approved the purchase of the company's first property (137-139 Seaside Road) in July 2015 and agreed the principles under which future acquisitions would be made using loans provided by the council. EHIC had expressed an interest in acquiring council housing assets. The details of the assets concerned were listed in the exempt addendum. An options appraisal and project viability would be developed by EHIC prior to a formal application to the council for lending. The report also included an outline of the council's legal powers for the disposals and provision of loan to EHIC.

64.8 Under the council's current scheme of delegations to officers, the senior head of community did not have delegated authority to dispose of HRA or general fund housing properties of any value. This could lead to delays in disposal while reports were prepared that seek the approval of cabinet as the executive decision-making body. It was recommended that the senior head should have the following powers in relation to all and any council owned housing properties:

*(a) To acquire or dispose of land, and to grant and/or modify leases, easements, licences and way-leaves of, in, or over such properties, in accordance with the following limits, subject to sub-paragraph (i):*

- *Where the payment from the other party does not exceed £50,000 (£25,000 for amenity land); or*
- *where the payment to the other party does not exceed £50,000; or*
- *where the annual rent does not exceed £25,000 (except for a rent review); or*
- *where the lease term of the property does not exceed 10 years; or*
- *if an easement or way-leave, the annual fee does not exceed £1,000.*

*(i) Where any value exceeds the limits stated above, the senior head of community may exercise the powers referred to in paragraph (a) but only after consulting with the relevant cabinet portfolio holder.*

*(b) To vary the terms and conditions of, or negotiate the surrender of, leases and licences.*

*(c) To determine as landowner or landlord, applications for licences, consents and permissions in respect of properties.*

64.9 In addition, it was recommended that the senior head be given authority to make the necessary application for permission to dispose of 5 or more HRA assets direct to the secretary of state without prior cabinet approval and that this be incorporated within the scheme of delegations.

64.10 When the council made a decision under homelessness legislation an applicant had a right to seek a review of that decision if he/she did not agree with the finding. For complex cases or to ensure decisions could be made in a timely manner some authorities obtained specialist external support to carry out reviews and/or use the services of other councils that had the required experience and capacity. Under normal circumstances the council would anticipate internal review of cases, however, to give flexibility, it was recommended that the senior head be authorised to obtain specialist advice when necessary.

64.11 The senior head corrected the report in three respects, clarifying (a) that the delegation sought in respect of the disposal of freeholds (resolution (1) (ii) below) applied to the 12 current blocks and to future freeholds where all had been sold as leasehold; (b) in respect of the delegation in paragraph 64.9 above (resolution (3) below) that this applied to both HRA and general fund properties; and (c) advising that full council approval would be required to amend the scheme of delegation as part of the council’s constitution.

**64.12 Resolved (key decision):** (1) That the senior head of community be given delegated authority to:-

(i) To dispose of the 7 properties identified in appendix 1 of the exempt addendum, subject to consultation with the chief finance officer and portfolio holders for community and finance;

(ii) to dispose of the freehold of the properties to existing occupiers as identified in appendix 2 of the exempt addendum and future freeholds where all have been sold as leasehold; and

(iii) to approve the use of external specialist advice, where necessary, to conduct homelessness reviews under Part 7 of the Housing Act 1996.

(2) That the council provide a loan on market terms to Eastbourne Housing Investment Company Ltd. (EHICL) to enable the company to purchase the properties listed in appendix 3 of the exempt addendum.

(3) That representations be made to the local member of parliament seeking her support in challenging the government's intention to reduce the stock of social housing through the forced sale of 'high value' council stock to fund housing association 'right to buy' sales.

*** 64.13 Resolved** (4) That full council be asked to approve the amendment to the councils scheme of delegation to officers as set out at paragraphs 64.8 and 64.9 above.

## 65 Exclusion of the public.

**Resolved:** 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 at paragraph 64.2 above and beneath the items below. *(The requisite notice having been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.)*

## 66 Community grants programme 2016/17 - small grants (KD).

66.1 Cabinet considered the report of the senior head of community on the small grants element of the community grants programme. It was proposed that a budget of £60,000 continue to be made available. Given the financial constraints on the council at present, the proposed budget continued to protect the voluntary and community sector as a whole from significant reductions in spending on their activities by this council.

66.2 In addition to the small grants programme, cabinet had previously agreed major grants for the three years from 2016/17 to 2018/19 as follows:

| | £ |
|---|---|
| Citizen's Advice Bureau | 115,000 |
| BHT Eastbourne Housing Advice | 56,500 |

| | |
|---|---|
| Eastbourne and Wealden YMCA | 40,000 |
| Salvation Army | 30,000 |
| Shinewater Shaftesbury Centre | 4,000 |
| 3VA | 14,000 |
| **Total:** | **259,500** |

66.3 It was reported that the council also supported voluntary and community organisations in a variety of other ways including:

- The award of rent support grants to some organisations occupying council properties to the value of £139,570.
- Discretionary rate relief awards to voluntary and community sector occupying premises in the town with a budget in 2015/16 of £52,575.
- Allocation of £90,000 each year to the council's devolved ward budget scheme, with ward councillors were able spend up to £10,000 on quick fix one-off works or initiatives to improve the lives of local residents. Local residents could make suggestions on how this money should be spent by contacting their local councillor.

In total the council's direct support to voluntary and community organisations amounted to over £575,358.

66.4 The current community grants policy agreed by cabinet in 2015 set out the eligibility criteria for applications. These were designed to reflect the limited budget available and the wide demand for funding within the voluntary and community sector. The aim was to ensure that resources were spent where services were most needed and that robust arrangements were in place for managing any grant. Applications for large capital items could not be considered. Similarly applications for services which duplicated existing services and were available and funded elsewhere were ineligible. There must also be a clear financial need for funding and organisations with large unrestricted reserves or which made a significant surplus could not be funded. The policy also excluded any organisation which itself awarded grants to other organisations. Applicants are also required to have adequate governance and equality policies in place. Applicants were also required to have adequate governance and equality policies in place.

66.5 The agreed priorities were:

- Projects designed to promote inclusion and the needs of those communities and groups protected under current equality legislation.
- Projects designed to promote digital inclusion.
- Projects designed to promote emotional health and well-being.
- Services to children and families.

66.6 Twenty-six expressions of interest had been submitted totalling £153,920. Four were judged ineligible and a further 4 did not address the agreed priorities. Of the 18 organisations invited to apply in full 16 applications were received totalling £106,533.

66.7 The following recommendations were made by the council's grants task group:

| | £ |
|---|---|
| Eastbourne Survivors Group | 5,000 |
| SCDA Sompriti | 7,000 |
| Now | 8,000 |
| Age Concern Eastbourne | 7,300 |
| Memory Lane | 3,000 |
| Community Stuff | 6,200 |
| Abacei Cultural Exchange | 2,500 |
| Embrace | 6,000 |
| Street Pastors | 3,000 |
| Community Wise | 2,000 |
| Relate | 3,000 |
| Bridgmere | 2,600 |
| Elim Church | 2,600 |
| Eastbourne Excellence | 800 |
| Wayfinder Woman | 500 |
| Multi Cultural Project | 500 |

The recommended allocations reflected the relevance of the application to the priorities agreed and the quality of the application itself.

66.8 The task group recommended that cabinet approve the following priorities for the small grants programme in 2017/18.

- Projects which promote the inclusion of groups protected under the Equalities Act.
- Projects which provide mental health services with a particular focus on young people.
- Projects to reduce social isolation in vulnerable people.
- Community buildings – one off small grants to help voluntary organisations increase the involvement of local residents as volunteers to help run the buildings and/ or new activities within those buildings; or to develop business plans to put them on a more sustainable financial footing.

**66.9 Resolved (key decision)**: (1) That the proposals for the award of small grants as recommended by the grants task group and set out above be approved.

(2) That the reasons given by the task group for the allocation of funding based on an assessment against the criteria set out in the council's community grants policy be endorsed.

(3) That it be noted that the foregoing resolutions are subject to the approval by full council at their meeting on 17 February 2016 of the council's budget for 2016/17.

(4) That the priorities for the award of small grants in 2017/18 be agreed.

*(Notes: (1) Exempt information reason 3 (information relating to the financial or business affairs of any particular person (including the authority) holding that information).*
*(2) The above minute and associated report to cabinet was made public following the cabinet's decision.)*

**67 Council investments (KD).**

Cabinet agreed the principle of disposing of all or part of the council's financial interests in the subject asset and gave the senior head of community delegated authority to negotiate the sale in consultation with the leader of the council and the council's chief finance officer. A budget for legal work associated with the disposal was allocated.

*Exempt information reasons: 3 - information relating to the financial or business affairs of any particular person (including the authority holding that information) and 5 (information in respect of which a claim to legal professional privilege could be maintained in legal proceedings).*

The meeting closed at 7.00 pm

**Councillor David Tutt**
**Chairman**