

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Minutes of a meeting of the **Cabinet** held on
Tuesday 6 February 2018 at 5.00 pm in the **Conference Chamber West,**
West Suffolk House, Western Way, Bury St Edmunds IP33 3YU

Present: **Councillors**

Chairman Sara Mildmay-White (Deputy Leader) (in the Chair)

Carol Bull
Robert Everitt
Ian Houlder

Alaric Pugh
Joanna Rayner

By Invitation:

Sarah Broughton

Chairman of the Performance and Audit
Scrutiny Committee

Diane Hind

Chairman of the Overview and Scrutiny
Committee

In attendance:

John Burns
Mary Evans

Susan Glossop
Clive Pollington

429. **Apologies for Absence**

Apologies for absence were received from Councillors John Griffiths and Peter Stevens.

430. **Minutes**

The minutes of the meetings held on 14 November 2017 and 5 December 2017 were confirmed as correct records and signed by the Chairman.

431. **Open Forum**

No non-Cabinet Members in attendance wished to speak under this item.

432. **Public Participation**

There were no members of the public in attendance.

433. Report of the Overview and Scrutiny Committee: 10 January 2018

The Cabinet received and noted Report No: CAB/SE/18/007, which informed the Cabinet of the following substantive items discussed by the Overview and Scrutiny Committee on 10 January 2018:

- (1) Annual Presentation by the Cabinet Member for Leisure and Culture;
- (2) Decisions Plan: January to May 2018; and
- (3) Work Programme Update.

Councillor Diane Hind, Chairman of the Overview and Scrutiny (O&S) Committee, drew relevant issues to the attention of Cabinet.

434. Recommendation of the Performance and Audit Scrutiny Committee: 31 January 2018 Treasury Management Report 2017-2018 and Investment Activity (1 April to 31 December 2017)

The Cabinet considered Report No: CAB/SE/18/008, which sought approval for the Treasury Management Report 2017/2018 and received an update on investment activity covering the period 1 April to 31 December 2017.

Councillor Ian Houlder, Portfolio Holder for Resources and Performance, drew relevant issues to the attention of Cabinet, including an explanation of the updated Treasury Management Report 2017/2018 and a summary of the investment activities for the third quarter of 2017/2018 that had previously been considered by the Treasury Management Sub-Committee and Performance and Audit Scrutiny Committee.

The Cabinet concurred with the Committees' examination of this report and was supportive of recommending approval to Council of the updated Treasury Management Report 2017/2018 for the period 1 April 2017 to 31 December 2017.

RECOMMENDED TO COUNCIL:

That the Treasury Management Report 2017-2018 for the period 1 April 2017 to 31 December 2017, attached at Appendix 1 to Report No: TMS/SE/18/001, be approved.

435. Recommendations of the Performance and Audit Scrutiny Committee: 31 January 2018 - Treasury Management Policy Statement and Investment Strategy 2018-2019 and Code of Practice

The Cabinet considered Report No: CAB/SE/18/009, which sought approval for the annual Treasury Management Policy Statement and Investment Strategy 2018/2019 and Code of Practice.

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management required that, prior to the start of the financial year, Council formally approved an Annual Treasury Management and Investment Strategy, setting out the Council's treasury management policy and strategy statements for the forthcoming year.

The proposed Treasury Management Policy Statement and Investment Strategy 2018/2019, was attached as Appendix 1 to Report No: TMS/SE/18/002.

In December 2017, CIPFA issued an updated Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Note, which had been incorporated into the new 2018/2019 Strategy.

Councillor Ian Houlder, Portfolio Holder for Resources and Performance, drew relevant issues to the attention of Cabinet, including highlighting the main changes to the proposed Strategy and the Code of Practice, as summarised in paragraph 1.3.2 of the report.

The Cabinet supported these changes accordingly, as set out in its recommendations to Council below.

RECOMMENDED TO COUNCIL:

That:

- (1) the Updated (December 2017) Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes, be adopted;**
- (2) the Treasury Management Policy Statement and Investment Strategy 2018-2019, as set out in Appendix 1 to Report No: TMS/SE/18/002, be approved; and**
- (3) the Treasury Management Code of Practice 2018-2019, as set out in Appendix 2 to Report No: TMS/SE/18/002, be approved.**

436. **Recommendations of the Performance and Audit Scrutiny Committee: 31 January 2018 - Delivering a Sustainable Medium Term Financial Strategy 2018-2021**

The Cabinet considered Report No: CAB/SE/18/010 , which presented an updated position regarding budget proposals, which subject to approval, were intended to be included for securing a balanced budget for 2018/2019.

On 5 December 2017, the Cabinet considered the recommendations of the Performance and Audit Scrutiny Committee regarding proposals for securing a balanced budget for 2018/2019 and up to 2020/2021 (see Cabinet minute no. 409).

The position had now been updated to include proposals over and above those previously approved by Cabinet, and Councillor Ian Houlder, Portfolio Holder for Resources and Performance drew attention to those, as set out in Table 2 of paragraph 1.1.7.

The Finance Team were commended for their work in progressing the securing of a balanced budget for 2018/2019, particularly given the financial challenges facing the Council, as summarised in paragraph 1.1.1. Councillor Sarah Broughton, Chairman of the Performance and Audit Scrutiny

Committee was also thanked for her Committee's scrutiny of the budget proposals and the Cabinet supported its recommendations.

Councillor Houlder, and the Assistant Director (Resources and Performance) duly responded to questions raised.

RESOLVED:

That:

- (1) the budget assumptions (outlined in Appendix A to Report No: PAS/SE/18/005) and timetable (at paragraph 7.1), along with the progress made to date on delivering a balanced budget for 2018/2019 and sustainable budget in the medium term, be noted; and
- (2) the proposals, as detailed in Section 6 and Table 2 at paragraph 6.1 of Report No: PAS/SE/18/005, be included in securing a balanced budget for 2018/2019.

437. Budget and Council Tax Setting 2018/2019 and Medium Term Financial Strategy 2018-2022

The Cabinet considered Report No: CAB/SE/18/011, which presented the proposals for Budget and Council Tax Setting in 2018/2019 and the Medium Term Financial Strategy 2018-2022.

Councillor Ian Houlder, Portfolio Holder for Resources and Performance drew relevant issues to the attention of the Cabinet, including that Report No: CAB/SE/18/011 provided details of the Council's proposed revenue and capital budgets for 2018/2019 and in the medium term, and the Cabinet was required to consider the 2018/2019 budget for the authority and recommend to Council the level of council tax required to help fund this budget.

In light of the significant transformation in the funding of local services, the Council continued to face considerable financial challenges in the short, medium and longer term. Changes included reductions in Government grant funding, including the removal of the Revenue Support Grant; more business rates being retained locally (and the uncertainty around how that was going to work); plus the introduction, and then reduction of New Homes Bonus. Further details and the implications of these particular matters were detailed in the report.

Alongside these reductions, was the lowest bank base rate for years therefore the Council's income from interest was significantly reduced, together with the Council experiencing an increased demand in some services, such as support and advice relating to housing options and homelessness. Council tax increases had been capped at 3% (previously 2%) but this local tax raised only one fifth of the Council's income for local services. National policy encouraged councils to grow their local, and therefore UK, economy by supporting business, investment and housing to bring in income. Bridging the gap between income and demand was the single biggest challenge facing local government across the country.

St Edmundsbury Borough Council had been working in partnership with Forest Heath District Council (the West Suffolk councils) since 2010 and had saved in excess of £4 million annually through sharing services. The Councils were continuing this savings and transformation theme through the creation of a new single Council from April 2019, with a further £800,000 of savings and efficiencies planned.

The West Suffolk Councils had recognised and taken a proactive investment role, not only to meet the challenges brought by funding for councils, but also importantly to manage growth and ensure prosperity for the local communities. It was therefore imperative that the income received now was maintained and that the strategic investment projects were delivered, particularly as moving into 2018/2019, further reliance was held upon their delivery to secure sustainable budgets in the medium and longer term. Section 1.1.5 and 1.1.6 provided further detail on this within the context of meeting the priorities of the West Suffolk Strategic Framework and the new Overarching West Suffolk Growth Investment Strategy (proposed to be adopted by Council on 20 February 2018).

Section 1.2 of the report provided details of the Council's total formula grant for 2018/2019 (which included Revenue Support Grant (RSG) and Baseline Funding from retained business rates - before growth) which was £2.689m. The reduction in RSG to zero in 2019/2020 had been confirmed. This section also provided an explanation of the Business Rates Retention scheme, including the offer for the Borough Council to participate in the Suffolk Business Rates pilot scheme for 100% business rates retention in 2018/2019. Based on the proposal submitted, the West Suffolk Councils were looking to receive a one-off benefit in 2018/2019 of approximately £2.6m.

Further to the above regarding supporting the delivery of ambitious current and future projects, Section 1.7 of the report provided details of skills and capacity challenges faced by the West Suffolk Councils. Recognition had been given to a requirement to increase capacity, primarily regarding delivery of the Councils' growth agenda, and skills where needed to ensure the recognised income challenges were overcome. A recommendation for the creation of capacity through making appropriate additions to the West Suffolk Councils' staffing establishment in order to support their priorities was therefore considered.

Having acknowledged the issues highlighted above, the Cabinet noted the position summarised in Sections 1.4 to 1.13 of the report for securing a balanced budget for 2018/2019 and over the medium term to 2021/2022, which was based on an assumption of a 0% increase in council tax for 2018/2019. This was in line with the approved business case for the creation of a new single Council for West Suffolk. The level of Band D council tax for 2018/2019 would be set at £182.16; and it was noted that the level of council tax beyond 2019 would be set in accordance with the annual budget process for the relevant financial year.

Given the financial challenges facing the Council, as detailed above and together with the increased cost of inflation and changes required to some budget assumptions including pay inflation, the Cabinet commended staff and Members for showing dedication and commitment in making the Council more

efficient in delivering the necessary savings and generating income whilst continuing to maintain the delivery of excellent services.

RECOMMENDED TO COUNCIL:

That:

- (1) the revenue and capital budget for 2018-2022 contained in Attachment A, and as detailed in Appendices 1-5 of Attachment D, Attachment E and F, as all attached to Report No: CAB/SE/18/011, be approved;**
- (2) having taken into account the conclusions of the Assistant Director (Resources and Performance) report on the adequacy of reserves and the robustness of budget estimates (Attachment C) and the Medium Term Financial Strategy (MTFS) (Attachment D), particularly the Scenario Planning and Sensitivity Analysis (Attachment D, Appendix 5) and all other information contained in Report No: CAB/SE/18/011, Cabinet recommends a 0% increase in council tax for 2018/2019, which is in line with the approved business case for the creation of a single council for West Suffolk. The level of Band D council tax for 2018/2019 therefore be set at £182.16. (Note: the level of council tax beyond 2018/2019 will be set in accordance with the annual budget process for the relevant financial year);**
- (3) the Assistant Director (Resources and Performance), in consultation with the Portfolio Holder for Resources and Performance, be authorised to transfer any surplus from the 2017/2018 revenue budget to the Invest to Save Reserve as detailed in paragraph 1.9.4, and to vire funds between existing Earmarked Reserves (as set out at Attachment D, Appendix 3) as deemed appropriate throughout the year;**
- (4) acceptance of the offer for St Edmundsbury Borough Council to participate in the Business Rate Pilot for 2018/2019, as set out in paragraphs 1.2.7-1.2.9 of Report No: CAB/SE/18/011; and**
- (5) approval is given to the Assistant Director (HR, Legal and Democratic Services), in consultation with the relevant service Assistant Director, to determine the establishment and the employment arrangements to deliver the West Suffolk Councils' priorities within agreed budgets and the principles of the MTFS, as set out in paragraphs 1.7.1 to 1.7.7 of Report No: CAB/SE/18/011.**

438. Overarching West Suffolk Growth Investment Strategy, Governance and Delegation

The Cabinet considered Report No: CAB/SE/18/012, which sought approval for a new Overarching West Suffolk Growth Investment Strategy, together with associated governance arrangements and delegation proposals.

The principles for the Overarching Growth Investment Strategy flowed from the Strategic Framework 2018 – 2020, which were scrutinised by the St Edmundsbury Borough Council (SEBC) and Forest Heath District Council (FHDC) Overview and Scrutiny Committees on 8 and 9 November 2017, and further to incorporation of appropriate amendments, the principles were approved by both SEBC and FHDC Cabinets at a joint meeting on 14 November 2017.

Having approved a set of principles by which to develop the Overarching Growth Investment Strategy, this had now been produced and was attached to the report, together with an Executive Summary as Attachment A. The Strategy aimed to support the vision and objectives in the recently adopted West Suffolk Strategic Framework 2018-2020 and set out how the West Suffolk Councils (FHDC and SEBC) would invest to achieve these strategic priorities contained in the Framework.

Councillor Alaric Pugh, Portfolio Holder for Planning and Growth, drew relevant issues to the attention of Cabinet, including that the Strategy included opportunities in four key areas (housing, business, infrastructure and inclusive growth) for investment in Growth across West Suffolk; not all of which the Councils had a role or could deliver. As such, the document would also act as a window to channel and focus energies and activities of external stakeholders and investors.

Members noted that additional investment opportunities would continue to be presented to the Councils from external stakeholders. The development of an assessment framework/guidance would be completed over the coming months to be available for proposals (both internal and externally) to be considered, taking into account various elements required as summarised in paragraphs 1.6 to 1.8 of the report.

The proposed approaches to investing in growth and associated governance arrangements, together with proposed delegation thresholds to authorise applicable funding commitments from the previously approved capital and revenue Growth Investment Fund were provided in the report. The delegations, as set out in the table at paragraph 6.4 had been proposed to allow decisions to be made more quickly and efficiently to enable opportunities to be seized, whilst ensuring decisions remained in accordance with the Strategy, and were subject to safeguards to ensure a democratic process was undertaken so the Council did not take unnecessary risks with public funds. It was noted that the proposed delegation thresholds applied to all investments with the exception of property and land acquisition, which would be guided by the emerging West Suffolk Councils' Asset Management Strategy.

Councillor Pugh commended the Assistant Director (Growth), her team and other officers across the organisation for the significant amount of work that had contributed to the formulation of the Growth Investment Strategy. He considered it symbolised the transformation of local government and epitomised the exemplary forward thinking approach of the West Suffolk Councils towards investment in growth.

The Cabinet supported Councillor Pugh's sentiments and were satisfied that the delegation thresholds were acceptable. Members recognised that in order to promote economic growth that benefitted communities, the West Suffolk Councils needed to consider the investment role they could play to i) shape local places, while also ii) ensuring their own financial self-sufficiency, in order to safeguard the provision of support and services for West Suffolk's communities now and for future generations. Members considered this had been successfully captured in the Strategy.

RECOMMENDED TO COUNCIL:

- (1) The Overarching West Suffolk Growth Investment Strategy, as attached at Appendix A to Report No: CAB/SE/18/012, be approved;**
- (2) subject to the safeguards set out within Report No: CAB/SE/18/012, as detailed in Table 1 at paragraph 6.4, decisions on expenditure made from the previously approved capital and revenue Growth Investment Fund, be agreed as follows:**
 - (a) in accordance with Section 1.3 (b) of the Cabinet Procedure Rules contained within Part 4 of the Constitution which allows the Leader to amend the delegations to individual Cabinet Members, the relevant Portfolio Holder and Leader, in consultation with the statutory officers, be authorised to make decisions of up to £0.5m expenditure;**
 - (b) Cabinet be authorised to make decisions of up to £2m expenditure; and**
 - (c) Council shall make decisions where the expenditure is anticipated to exceed £2m.**
- (3) The Monitoring Officer shall make the necessary amendments to the Cabinet's scheme of delegation in accordance with her existing delegation, and be authorised to make other amendments to the Constitution as a consequence of (2) above.**

439. Decisions Plan: 27 February 2018 to May 2018

The Cabinet considered Report No: CAB/SE/18/013, which was the executive Decisions Plan covering the period 27 February 2017 to 31 May 2018.

Members took the opportunity to review the intended forthcoming decisions of the Cabinet; however, no further information or amendments were requested on this occasion.

The meeting concluded at 5.30 pm

Signed by:

Chairman
