

Cabinet

Monday, 5 February 2018

7.30 pm

Present:

Cllr David Turner (Chair)
Cllr John Knight (Vice-Chair)

Councillors: Gurjit Kaur Bains
Julia Burgoyne
Sandra Garside
Samir Jassal
Jordan Meade
Anthony Pritchard
Alan Ridgers
Derek Shelbrooke

Note: Councillors: John Burden, Leslie Hills, David Hurley, Karen Hurdle, Shane Mochrie-Cox, Brian Sangha, Narinder Singh Thandi and Jenny Wallace were also in attendance.

David Hughes Chief Executive
Stuart Bobby Director (Corporate Services)
Nick Brown Director (Environment & Operations)
Kevin Burbidge Director (Housing & Regeneration)
Sarah Parfitt Assistant Director (Corporate Services)
Carlie Simmonds Committee Services Manager

64. To sign the minutes of the previous meeting

The minutes of the meeting held on 8 January 2018 were signed by the Chair.

65. Declarations of Interest

No declarations of interest were made.

66. Delegated Decisions - Cabinet Members

No decisions other than those already circulated had been made.

67. Budget Monitoring Report 2017/18 - Quarter 3

Further to minute 47 (06.11.2017), the Cabinet received the third budget monitoring report for 2017/18 showing the position up to 31 December 2017.

The Cabinet noted the information provided on performance:-

- against the approved Revenue and Capital budgets for 2017/18, including known variances agreed or identified through budgetary control activity; and
- other key areas of financial performance that may impact on the Council's Medium Term Financial Strategy, Medium Term Financial Plan, HRA Business Plan or Financial Statements.

The fact that the budget was being well managed was acknowledged and appreciated by the Cabinet. Officers confirmed that the Council will continue to maintain robust budgetary control actions to ensure good financial governance and respond to the pressures on the Council's finances.

68. General Fund Revenue and Capital Estimates 2018/19

The Cabinet was presented with the draft revenue and capital estimates for General Fund services in 2018-19 together with the recommended level of council tax to be levied for 2018-19.

The Assistant Director (Corporate Services) advised that the Provisional Local Government Finance Settlement sets out the level of funding assessed by Central Government for Councils (the Settlement Funding Assessment – SFA) and is made up of two elements – Revenue Support Grant (RSG) and Business Rates Retention. The Business Rates retention element of the assessment increases each year in line with RPI, with the RSG element effectively used to bring the funding received by Councils to the level assessed by Central Government.

On 19 December 2017, the provisional settlement for 2018-19 was announced and as part of these announcements, the Secretary of State confirmed that Kent & Medway had been successful in its bid to become a Business Rates Pilot area for 2018-19. In becoming part of a Pilot area, the Council therefore agreed to forego RSG in return for retaining a higher share of business rates. On that basis, Government determined that the baseline level of business rates in 2018-19 for Gravesham would be £3,048,190. Gravesham will have the fifth lowest level of core spending power per dwelling in Kent at £243. This is a reduction of 7.3% (£19 per dwelling) compared to the equivalent Core Spending Power measure in 2017-18.

The report was presented in seven sections and the Assistant Director (Corporate Services) provided Members with a detailed summary of each section:-

- Section One – Policy Context;
- Section Two – Government Funding;
- Section Three – Medium Term Financial Strategy (MTFS);
- Section Four - General Fund Revenue Budget;
- Section Five – Council Tax;
- Section Six - Robustness of Estimates and Adequacy of Reserves; and
- Section Seven - Capital Programme.

The Cabinet was reminded that the MTFS for 2016-17 to 2019-20 identified a residual funding gap of £2.5m emerging in 2019-20 which increased by a further £0.4m to £2.9m last year. The MTFS details the actions to be taken by the Council in order to bridge the funding

gap. These actions commenced during 2016-17 and have continued during 2017-18. However, it has now been identified that further savings of around £2.0m will need to be delivered by the Council until 2021-22. Just over £1.0m of these savings will be received from the further bridging the gap activity which is yet to be delivered. The Council will therefore have a window of three years in which to identify further activity that can contribute to meeting the further savings required particularly as there still remained significant volatility in proposed changes to local government funding from 2020-21 as detailed below:-

- Spending Review 2019;
- Fair Funding Review;
- Business Rates Reset;
- 75% Business Rates Retention; and
- New Homes Bonus.

With regard to local government funding reductions, the Cabinet stated that the Council must express its concern when opportunities arise i.e. via Government consultations etc.

In relation to the council tax to be levied, Members were advised that the provisional settlement announcements extended the flexibility for District Councils in setting council tax levels by permitting District Councils to raise council tax by 3% or up to and including £5 (whichever is higher) without triggering the requirement for referendum (for 2017-18 council tax increases were limited to 2% or up to and including £5 without referendum). Taking the decision to freeze council tax in 2018-19 rather than implementing a 2.96% increase (the level of % increase closest to 3% which is divisible by nine to account for council tax banding ratios) would see total council tax income reduced by almost £1,923,320 across the plan period and add to the already challenging financial position. A 2.96% increase in council tax in 2018-19 would equate to less than 11 pence per week for a Band D property, with the total annual charge being £197.28. By way of comparison, the Band D equivalent council tax for 2016-17 is £191.61.

Resolved that the Cabinet recommends to Council that:-

1. the draft revenue estimates for 2018-19 together with revised estimates for 2017-18, be approved, subject to any final amendments agreed by the Section 151 Officer in consultation with the Chief Executive and Leader of the Executive;
2. the provisional estimates for the following nine years be noted;
3. the draft capital estimates for 2018-19, together with the revised estimates for 2017-18, be approved subject to detailed reports coming forward on new schemes where applicable; and
4. arrangements be made for a resolution to be placed before the meeting of the Council, to be held on 27 February 2018, specifying the council tax to be levied in the Borough of Gravesham for the year 2018-19.

69. Housing Revenue Account Estimates 2018/19 and Housing Capital Programme

The Cabinet was presented with the draft revenue and capital estimates for Housing Revenue Account Services in 2018-19 together with the determination of the level of rents and service charges for 2018-19.

The report was presented in four sections and the Assistant Director (Corporate Services) provided Members with a detailed summary of each section:-

- Section One – HRA Revenue Account Budget;
- Section Two – Housing Capital Programme;
- Section Three – Robustness of Estimates and Adequacy of Reserves; and
- Section Four – HRA Business Planning.

Members were reminded that the Government made a commitment in the Summer 2015 Budget to reduce social rents by 1% a year for four years from April 2016 to April 2019 inclusive (i.e. for financial years 2016-17 to 2019-20) to help reduce the Housing Benefit bill and cut the deficit. Adhering to the new Government rents decrease formula, the authority's average rent will decrease to £87.77 in 2018-19 compared to £88.25 in 2017-18 (the average rent reduction will not be exactly equal to 1% due to re-letting of void properties at target rent and additions of properties during the year). The Government also expects authorities to protect tenants against sharp rises in service charges and that the increase in the service charge of an individual property should not exceed CPI+1% with the CPI figure as at September 2017 being 3.0%. By adhering to this policy, the authority's average capped service charge is £3.38 per week for 2018-19.

The Assistant Director (Corporate Services) stated that business planning was central to a self-financed HRA for financial and service planning, monitoring progress and managing risk. The business plan shows how, over 30 years, the rental and other income will fund all the investment needs of the stock, servicing of the debt and day-to-day management and repair requirements. It is the main tool for the financial management of the HRA and has a substantial impact on the asset management plans. The investment in the stock will be funded from internally managed resources: capital receipts, revenue monies available, and other contributions received, supplemented by any additional prudential borrowing required. However, capital receipt pooling to the Government is to continue and the debt that authorities can take on will be capped for the foreseeable future.

The Lead Member for the Housing Portfolio thanked officers for the work that had been undertaken to date.

Resolved that the Cabinet recommends to Council that:-

1. The draft Revenue estimates for 2018-19 together with the revised estimates for 2017-18 to be approved;
2. The draft capital estimates, together with the revised estimates for 2017-18 be approved, subject to detailed reports coming forward for new schemes, where applicable; and
3. The decrease in average rents of 1% for 2018-19 be noted.

70. Fees and Charges Report 2018/19

Further to minute 68, the Assistant Director (Corporate Services) advised that the annual fees and charges review was one of the key workstreams under the "Bridging The Gap" Activity with £270,000 of base budget reductions being delivered in the Strategy period via fees and charges.

The authority has in place a Charging Strategy which outlines the key considerations of the Council to ensure that fees and charges for services are set in a transparent and consistent

manner. As part of the Fees and Charges review exercise for 2018/19, the Charging Strategy was reviewed; the review concluded that the strategy did not require any significant updates from that agreed with Members in November 2011.

Senior Officers, in conjunction with their Lead Member, undertook a review of the current schedule of fees and charges and determined the level of fees and charges for the forthcoming financial year. The proposed fees and charges for 2018/19 which will be effective from 1 April 2018 (unless otherwise stated) were detailed in appendix three to the report for Members' information.

The Assistant Director (Corporate Services) advised that when the 2017/18 budget was considered by Full Council in February 2017, the MTFP showed budgeted income for 2018-19 relating to fees and charges of £6,571,430. The current version of the MTFP shows budgeted income in 2018/19 from fees & charges of £6,642,170 i.e. an increase of £70,740 from February 2017 (including the impact of the legislated planning fee increases). Of this £43,430 can be attributed to the Fees and Charges workstream under the "Bridging The Gap" Activity.

71. Corporate Performance Update: Quarter Three 2017-18 (October to December 2017)

Further to minute 48 (06.11.2017), the Cabinet received an update against the Performance Management Framework, as set out within the Council's Corporate Plan 2015-19, for Quarter Three 2017-18 (October to December 2017).

Appendix Two to the report provided Cabinet with a statistical overview of performance under each portfolio area instead of the Corporate Plan objectives. Page one of the appendix provided a summary of performance against target in the last reporting quarter, with the following key statistical headlines from the 15 performance measures:-

- 8 had met their set target; and
- 5 had not met their set target.

The Director (Corporate Services) advised that following review by the Cabinet, all Cabinet Committees will be presented with individual performance reports tailored to the respective portfolios. These will provide statistical content in support of more detailed contextual updates outlining what actions have been delivered, and what is to be taken, to successfully realise the Corporate Plan's four corporate objectives and supporting policy commitments.

The Leader requested that those measures that the Council had no direct control over e.g. crime statistics be highlighted in future updates to the Cabinet. The Lead Member for the Performance & Administration Portfolio drew Members' attention to PM 9 Percentage of council tax collected and thanked officers for the positive work that had been undertaken to date.

72. Update on Shared Services

Further to minute 68, the Director (Corporate Services) advised that shared services and shared working arrangements was one of the key workstreams under the "Bridging The Gap" Activity with the intention of delivering a saving of £240,000 from any new shared working arrangements.

The report presented Members with an update on the shared working arrangements that are currently in place across the Council as well as those that are currently being progressed/explored.

In addition to the two areas actively being implemented/explored (HR and Environmental Health) and as previously reported to Cabinet on 8 January 2018, recent discussions amongst North Kent Leaders have determined that further consideration should be given to opportunities for sharing more services across the North Kent cluster of authorities; those being Dartford, Gravesham, Medway, Maidstone and Swale. This is an attempt to build upon the successful shared working arrangements that already exist between or involving those authorities such as Building Control, CCTV, Audit & Counter Fraud, Payroll and Legal.

The Director (Corporate Services) advised that the intention will be for Gravesham to host some of the shared working arrangements currently being progressed/explored.

Close of meeting

The meeting ended at 8.43pm