

## **Cabinet**

**Monday, 4 February 2019**

**7.30 pm**

### **Present:**

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

Councillors: Julia Burgoyne  
Harold Craske  
Derek Shelbrooke

**Note:** Councillors John Burden, Lee Croxton, Leslie Hills, Shane Mochrie-Cox, Alan Ridgers, Lenny Rolles, 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)
Melanie Norris	Director (Communities)
Sarah Parfitt	Assistant Director (Corporate Services)
Jan Guylar	Head of Legal Services, Medway Council
Carlie Simmonds	Committee Services Manager (Minutes)

### **149. Apologies for absence**

An apology for absence was received from Councillor Sandra Garside.

### **150. Minutes**

The minutes of the meeting held on 7 January 2019 were signed by the Chair subject to the inclusion of Cllr Jenny Wallace being recorded as in attendance.

### **151. Declarations of Interest**

No declarations of interest were made.

### **152. Delegated Decisions - Cabinet Members**

No decisions other than those already circulated had been made.

### **153. Corporate Performance Update - Quarter Three 2018-19**

Further to minute 134 (12.11.2018), the Cabinet received an update against the Performance Management Framework, as set out within the Council's Corporate Plan 2015-19, for Quarter Three 2018-19 (October to December 2018).

Appendix Two of the report provided Cabinet with a statistical overview of the Council's performance against the Corporate Plan. Where performance measures had not met their set target, exception notes had been provided for review. In relation to performance indicators, the tables provided 'direction of travel' arrows to give Members an indication of progress made against the previous reporting period i.e. green arrows representing an improvement in performance levels.

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 Cabinet noted the information contained within the report.

#### **154. Scrutiny Topic Review Report - Review of proposed council-endorsed trading companies**

The Cabinet was presented with the findings of a review undertaken by the Overview Scrutiny Committee of proposed council-endorsed trading companies.

The main topic review report was attached at appendix two and set out six recommendations for consideration by the Cabinet:-

1. The creation of a local authority trading company is in no way intended to result in the transference of existing council functions or the erosion of staff terms and conditions.

To carry out certain functions or services beyond the normal remit of the council however, there is a need for a company structure.

Accordingly, there is a need to ensure that advice and guidance is sought when establishing a trading company and subsidiaries to ensure that it is appropriate for the function/service being delivered.

2. Whilst the responsibility to set-up a trading company at the council may be for Cabinet or Full Council (depending on the type of service), Cabinet or Full Council may wish to delegate the discharging of shareholder responsibilities of the company (or some of them) to a subgroup/committee or officer.
3. An Executive Member should be made responsible for oversight of shareholder responsibilities for the commercial entities within the council but should have no other Executive responsibilities i.e. for other services in the council.
4. There must be a clear segregation of duties to ensure that, for both officers and Members, it gives no rise to conflicts of interest.
5. Both Members and officers to receive full training to support their respective roles and responsibilities within any new trading company.

6. Where training is delivered, in so far as possible, this is attended by all Members who act as trustees or Directors for other organisations beyond the LACTO that may be formed by Gravesham Borough Council.

The Director (Corporate Services) advised that if the Cabinet was supportive of the recommendations, the Director (Corporate Services) and the Head of Legal Shared Service would progress the recommendations accordingly. An update on the recommendations would be provided to the Overview Scrutiny Committee in six months.

**Resolved** that following discussion and review of the recommendations made by the Overview Scrutiny Committee in relation to the recent review of proposed council-endorsed trading companies, that the recommendations made to Cabinet be accepted.

### **155. Fees and Charges Report 2019/20**

The Assistant Director (Corporate Services) advised that there was a requirement in the Financial Procedure Rules that the fees and charges would be reviewed at least annually in accordance with the Council's budget setting framework. The responsibility for determining fees and charges had been delegated to Directors and Assistant Directors (with the exception of car park fees). In reviewing fees and charges, Directors would liaise with their appropriate Lead Member to consider any proposed revisions to charges or the introduction on new charges.

The authority had in place a Charging Strategy which outlined the key considerations of the Council to ensure that fees and charges for services were set in a transparent and consistent manner. As part of the fees and charges review exercise for 2019/20, the Charging Strategy was also 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 2019/20 which will be effective from 1 April 2019 (unless otherwise stated) were detailed in appendix three to the report for Members' information.

The Assistant Director (Corporate Services) advised that the Bridging the Gap Strategy set a target of £270,000 of additional income to be generated by 2019/20 through annually reviewing the fees and charges levied by the Council. As detailed in the report, activity under the fees and charges work stream will have delivered £168,600 of the £270,000 target by 2019/20, leaving an outstanding balance of £101,400. This underachievement of target had principally derived from £482,400 of activity to increase fees and charges being recognised under other work streams of the Bridging the Gap activity, such as Service Review and Balancing the Budget Initiatives. Based on the Council's current financial position the fees and charges work stream will continue past 2019/20, with the balance of further activity to be delivered by 2022/23.

The Cabinet noted the information contained within the report.

## 156. General Fund Revenue and Capital Estimates 2019-20

The Cabinet was presented with the draft revenue and capital estimates for General Fund services in 2019-20 together with the recommended level of council tax to be levied for 2019-20.

The Assistant Director (Corporate Services) advised that the Provisional Local Government Finance Settlement set out the level of funding assessed by Central Government for Councils (the Settlement Funding Assessment – SFA) and was made up of two elements Revenue Support Grant (RSG) and Business Rates Retention. Since 2018-19, the Business Rates retention element of the assessment had increased each year in line with the Consumer Price Index (CPI), with the RSG element effectively used to bring the funding received by Councils to the level assessed by Central Government.

On 13 December 2018, the provisional settlement for 2019-20 was announced. The provisional settlement would be the final year of the multi-year finance settlement announced in 2016-17 and completes the Government's intended reduction in the total level of funding for local government over the next three-year period.

The SFA for the Council was a slightly improved position than that expected due to the decision of Government to provide an additional £153m of funding to those authorities that were due to pay negative RSG for 2019/20. For Gravesham, this amounted to £243,710 that the Council was expecting to lose by way of a reduction to its business rates retention baseline funding level.

As part of the announcement, it was also confirmed that Kent & Medway had been unsuccessful in retaining pilot status for Business Rates in 2019-20. In response to this, a letter of representation had been sent on behalf of all Members of the Kent & Medway Pilot to the Ministry for Housing, Communities and Local Government (MHCLG) seeking reconsideration of the decision. The budget had therefore been prepared on the basis of being in a no pilot arrangement however the report included a recommendation allowing adjustment of the budget to reflect any change to the Pilot Status decision for Kent & Medway as time may allow.

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 in 2017-18. The funding gap was widened by at least a further £1m at budget setting 2018-19 due to the financial impact of low housebuilding rates in the borough, the higher than anticipated staff pay award and lower than expected interest rates.

The MTFS detailed the actions to be taken by the Council in order to bridge the funding gap. These actions commenced during 2016-17 and have continued. It had now been identified that savings of around £1.9m would need to be delivered by the Council by 2023-24. Just over £1.2m of these savings would be received from the further bridging the gap and balancing the budget 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 towards the further savings required particularly as there still remained significant volatility in proposed changes to local government funding from 2020-21, as detailed below, which will begin to materialise during the next year:-

- Spending Review 2019;
- Fair Funding Review;
- Business Rates Reform;
- New Homes Bonus; and
- Commercialisation.

In relation to the council tax to be levied, Members were advised that the provisional settlement announcement confirmed the continued 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. Taking the decision to freeze council tax in 2019-20 rather than implementing a 2.97% 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 £1,985,030 across the plan period and add to the already challenging financial position. A 2.97% increase in Council Tax in 2019-20 would equate to 11 pence per week for a Band D property, with the total annual charge being £203.13. By way of comparison, the Band D equivalent Council Tax for 2018-19 is £197.28.

The Cabinet thanked the Assistant Director (Corporate Services) and her team on the work that had been undertaken to date.

**Resolved** that the Cabinet recommends to Council that:-

1. the draft revenue estimates for 2019-20 together with revised estimates for 2018-19, 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 2019-20, together with the revised estimates for 2018- 19, 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 26 February 2019, specifying the council tax to be levied in the Borough of Gravesham for the year 2019-20.

### **157. Housing Revenue Account Estimates 2019-20 and Housing Capital Programme**

The Cabinet was presented with the draft revenue and capital estimates for Housing Revenue Account Services in 2019-20 together with the determination of the level of rents and service charges for 2019-20.

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 £87.71 in 2019-20 compared to £87.77 in 2018-19 (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. The Government have stated that the increase in the service charge of an individual property should not exceed CPI+1% with the CPI figure as at September 2018 being 2.4%. By adhering to this policy the authority's average capped service charge is £3.33 per week for 2019-20.

Members were informed 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. Whilst, capital receipt pooling to the government is to continue, the debt that authorities can take on is no longer capped following a government announcement in October 2018.

The Cabinet thanked the Assistant Director (Corporate Services) and her team on the work that had been undertaken to date.

**Resolved** that the Cabinet recommends to Council that:-

1. the draft Revenue estimates for 2019-20 together with the revised estimates for 2018-19 to be approved;
2. the draft capital estimates, together with the revised estimates for 2018-19 be approved, subject to detailed reports coming forward for new schemes, where applicable; and
3. the decrease in average rents of 1% for 2019-20 be noted.

### **158. Budget Monitoring Report 2018/19 - Quarter Three**

Further to minute 136 (12.11.2018), the Cabinet received the third budget monitoring report for 2018/19 showing the position up to 31 December 2018.

The Cabinet noted the information provided on performance:-

- against the approved Revenue and Capital budgets for 2018/19, 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.

### **159. Proposed amendments to the Constitution – Summary & Explanation and The Articles**

The Cabinet was presented with proposed amendments to the following two sections of the Constitution to bring these sections up to date with legislative changes and to reflect changing roles and responsibilities:-

- Summary & Explanation; and
- The Articles.

The Head of Legal Services advised that one of the key changes will be to remove the two stage process for Council to receive/approve proposed changes to the Articles of the Constitution – there was no legislative requirement for this two stage process so removing it will enable decisions to be made on the first occasion when a matter is presented to the Council.

#### **Resolved that:-**

1. all proposed amendments to the Summary and Explanation section as laid out in the report be approved and determined by Full Council on 26 February 2019; and
2. the proposed amendments to the Articles as laid out in the report be received by Council without debate on 26 February 2019 and referred to the next ordinary Council meeting on 16 April 2019 for a decision.

### **160. Proposed amendments to the Constitution – Delegations**

The Cabinet was presented with the proposed amendments to the Constitution to delegate various responsibilities to officers arising from new legislation and changing roles and responsibilities.

#### **Resolved that:-**

1. Full Council appoints the Service Manager (Communities) as Deputy Electoral Registration Officer and Proper Officer to carry out the duties and powers of the Electoral Registration Officer in the event of the incapacity or vacancy of the Electoral Registration Officer (s52 of the Representation of the People Act 1983);
2. all proposed amendments to Annex 1.11, 1.12 and 1.13 as laid out in the report be approved and determined by Cabinet on 4 February and by Full Council on 26 February 2019, as appropriate; and
3. Annex 2.6: Financial Procedure Rules are amended to clarify the write-off limits for debts and losses.

### **161. Proposed amendments to the Constitution – Standards Committee**

The Cabinet was presented with the proposed amendments to the Constitution relating to the Standards Committee, to bring the Terms of Reference of the Committee and the process for dealing with complaints regarding Councillors up to date in accordance with legislation.

The Head of Legal Services advised that the proposed changes mirrored Medway Council's process of dealing with complaints against Members to bring efficiencies as Gravesham Borough Council and Medway Council now share a Monitoring Officer.

The Cabinet thanked the Head of Legal Services on the work that had been undertaken to date.

**Resolved that:-**

1. the proposed amendments to the Summary and Explanation, Annex 1.2, Annex 2.1 and Annex 3.8 as laid out in the report be approved and determined by Full Council on 26 February 2019;
2. the proposed amendments to Articles 3, 7, 9 and 15 as laid out in the report be received by Council without debate on 26 February 2019 and referred to the next ordinary Council meeting on 16 April 2019 for a decision; and
3. the proposed policies for dealing with complaints against Councillors be adopted by Full Council.

### **162. Exclusion**

**Resolved** pursuant to Section 100A(4) of the Local Government Act 1972 that the public be excluded during the following item of business because it was likely in view of the nature of business to be transacted that, if members of the public were present during this item, there would be disclosure to them of exempt information.

### **163. Disposal of Land on the north side of Lord Street**

Further to minute 148 (07.01.2019), the Director (Housing and Regeneration) informed Members that interviews had now been held with the three bidders in order to discuss their bids further.

The outcome of those interviews, together with the proposed recommendation, was detailed in the report for Members' consideration.

**Resolved that:-**

1. the Director (Housing and Regeneration), in consultation with the Section 151 Officer and the Head of Legal Services be authorised to negotiate further with the selected developer and enter into a contract of sale, undertaking all necessary actions to achieve this; and

2. the Director (Housing and Regeneration), in the event of those negotiations resulting in any significant changes to the basis of the offer, in consultation with the Leader of the Executive and the Section 151 Officer, be authorised to agree those variations in order to complete the sale.

### **Close of Meeting**

The meeting ended at 8.37pm