
**MINUTES OF THE MEETING OF THE CABINET,
HELD ON FRIDAY, 13TH JULY, 2018 AT 10.30 AM
ESSEX HALL, TOWN HALL, CLACTON-ON-SEA, CO15 1SE**

Present: Councillors Neil Stock OBE (Leader of the Council) (Chairman), Carlo Guglielmi (Deputy Leader of the Council and Finance & Corporate Resources Portfolio Holder), Zoe Fairley (Inward Investment and Growth Portfolio Holder), Paul Honeywood (Housing Portfolio Holder), Lynda McWilliams (Health and Education Portfolio Holder), Fred Nicholls (Corporate Enforcement Portfolio Holder), Mick Skeels (Snr) (Leisure and Tourism Portfolio Holder) and Michael Talbot (Environment Portfolio Holder)

Group Leaders Present by Invitation:

Councillors Joy Broderick (Leader of the Holland-on-Sea Group), Mary Newton (Leader of the UKIP Group), Andrew Pemberton (Deputy Leader of the Non-Aligned Group), Gary Scott (Deputy Leader of the Liberal Democrats / Tendring First Group) and Mark Stephenson (Leader of the Tendring Independents Group)

Also Present: None

In Attendance: Ian Davidson (Chief Executive), Martyn Knappett (Deputy Chief Executive (Corporate Services)), Paul Price (Corporate Director (Operational Services)), Ewan Green (Corporate Director (Planning and Regeneration)), Richard Barrett (Head of Finance, Revenues and Benefits Services & Section 151 Officer), Karen Neath (Head of Leadership Support and Community), Tim Clarke (Head of Housing and Environmental Health), Ian Ford (Committee Services Manager) and William Lodge (Communications Manager)

23. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Bucke (Leader of the Liberal Democrats / Tendring First Group) and I J Henderson (Leader of the Labour Group).

24. MINUTES OF THE LAST MEETING

It was **RESOLVED** that the minutes of the meeting of the Cabinet, held on Friday 15 June 2018, be approved as a correct record and signed by the Chairman.

25. DECLARATIONS OF INTEREST

The Finance and Corporate Resources Portfolio Holder declared an interest in relation to Agenda Item 11 – Report of the Housing Portfolio Holder – A.3 – Demolition of the Honeycroft Sheltered Housing Scheme insofar as though he was no longer in control of the Post Office adjacent to the Honeycroft site he was running it on a caretaker basis until August 2018.

26. ANNOUNCEMENTS BY THE LEADER OF THE COUNCIL

There were none on this occasion.

27. ANNOUNCEMENTS BY CABINET MEMBERS

There were none on this occasion.

28. MATTERS REFERRED TO THE CABINET BY THE COUNCIL

There were none on this occasion.

29. MATTERS REFERRED TO THE CABINET BY A COMMITTEE

There were none on this occasion.

30. LEADER OF THE COUNCIL'S ITEMS

There were none on this occasion.

31. CABINET MEMBERS' ITEMS - REPORT OF THE FINANCE AND CORPORATE RESOURCES PORTFOLIO HOLDER - A.1 - OUTTURN 2017/18 - GENERAL FUND CARRY FORWARD REQUESTS AND PROPOSED ALLOCATION OF THE GENERAL FUND VARIANCE FOR THE YEAR

The Cabinet gave consideration to a report of the Finance and Corporate Resources Portfolio Holder (A.1) which sought its approval of the carry forward amounts requested by services at the end of March 2018, along with the allocation of the overall General Fund revenue variance for 2017/18.

Cabinet was aware that the Portfolio Holder for Finance and Corporate Resources had formally agreed the overall outturn position for 2017/18 by an executive decision made on 21 May 2018.

It was reported that as part of agreeing the outturn position, the following amounts had been transferred to reserves pending a decision from Cabinet:

- 1) General Fund Revenue Carry Forward Requests - £9,935,810
- 2) General Fund Capital Carry Forward Requests - £12,249,840

In addition to the above, the overall General Fund variance for the year of £1,263,112 had also been transferred to reserves pending a decision from Cabinet.

Therefore the report now before Cabinet presented for its approval the carry forwards requested by services that were being held in reserves along with the proposed allocation of the overall General Fund variance for 2017/18.

Cabinet was made aware that a delegation to the Finance and Corporate Resources Portfolio Holder was also included within the Portfolio Holder's recommendations, in order to approve a number of carry forwards that it was proposed to review against additional value for money / investment criteria before their inclusion within the 2018/19 budget.

Cabinet was also informed that the Resources and Services Overview and Scrutiny Committee, at its meeting held on 2 July 2018, had considered the overall outturn position for 2017/18 and had made the following recommendations to Cabinet, namely that Cabinet:-

- (a) *review both revenue and capital budgets that have either been carried forward for more than one year or have remained within an earmarked reserve and determine if the money can 'work harder' for the Council and support the long-term financial sustainability plan rather than remain uncommitted for long periods of time. A good example being the regeneration revenue and capital budgets which total in excess of £2.4million against which a schedule of projects and initiatives should be identified;*
- (b) *be requested to not put the overall General Fund Variance for 2017/18 of £1.263 million in a Reserve but instead use it to support the agreed priorities of the Council and with priority given to specific, deliverable schemes in 2018/19; and*
- (c) *be requested to instruct Officers to bring forward proposals for the use of the additional income from the 20% increase in planning fees to carry out inspections and gather information on the quality and quantity of what is actually built following the grant of planning permissions.*

The Finance and Corporate Resources Portfolio Holder made the following statement to Cabinet:-

"As part of the revised approach to agreeing the outturn position following the significantly reduced timescales imposed by the Government, all money requested to be carried forward at the end of 2017/18 has been held in reserves pending Cabinet's agreement.

The report therefore sets out the various carry forward requests for consideration by Cabinet.

As we have discussed in the past, most carry forward requests are made to enable projects and initiatives to continue which still makes up a large number of the items set out in the Appendices.

Some requests are slightly different as although they might not meet the necessary carry forward criteria, there may be advantages in agreeing for the money to be carried forward. These items are set out in Section B of Appendix A.

To ensure we target our resources as effectively as possible, I have asked officers to review the items in Section B of Appendix A and consider the advantages of carrying the money forward such as their contribution to delivering value for money etc.

Once the review has been completed, the outcome will be reported to me to approve, or otherwise, as part of a delegation that is being recommended.

The report also sets out how it is proposed to allocate the overall variance for the year of £1.263 million. Hopefully the report sets out the thinking behind the proposed allocations but it is important to highlight that underpinning the long term financial sustainability plan is a key consideration along allocating reserves in-line with Council Priorities.

With that in mind I would like to say a big thank you to the Resources and Services Overview and Scrutiny Committee who I understand asked some really challenging questions of Officers when they considered the outturn report last week. Please keep it up, as really good to see the Committee's enthusiasm and tenacity in undertaking their overview and scrutiny role.

The Committee have raised 3 really good points which were included in an email from Ian Ford that was sent to Cabinet Members and Group Leaders last Friday. Copies should also have been placed on the tables.

The first point they raise complements a recommendation emerging from the peer review whereby we need to challenge ourselves when maximising opportunities from the money we have in the bank. I welcome this comment from the peer review team and the Committee and will ask Officers to review such items in consultation with Portfolio Holders as part of the financial forecast which will be considered over the next few months. The Portfolio Holder for Investment and Growth will specifically be working with officers to identify a programme of projects and initiatives against the money the Committee have highlighted.

In respect of the Committee's second point, my proposals as set out in the report largely fit with this approach. A large proportion of the money has been specifically targeted towards key priorities along with supporting the delivery of the long term sustainability plan. Ideally we want to kill two birds with one stone by spending the money on things that not only help us deliver on our agreed priorities but also supports the long term forecast. I think we can do both by challenging ourselves where the money is spent and I have asked officers to come up with a way to filter our spending / investment decisions and use of reserves with these key aims in mind.

I want to see work undertaken as soon as possible and will be looking to see something back from officers by August / September to enable us to consider further schemes and projects we can get starting on as soon as possible. I think it would be ambitious to commit to spending all of the £1.263 million in 2018/19 as suggested by the Committee, but I do appreciate the point they are making and will endeavour to see the money put to good use as soon as possible.

In respect of the third point that the Committee have raised, I will be asking the Planning Service to report back to Cabinet in September on how they have or propose to spend the additional money raised from the 20% increase in planning fees. I will specifically ask them to consider the proposal that the committee have made concerning inspections relating to the quality and quantity of what is built in Tendring.

After taking the Committee's comments into account, I am changing the recommendations that are set out in the report. This is being circulated to you now with the changes I am proposing highlighted in yellow."

Having considered the information provided in the Portfolio Holder's report together with the recommendations submitted by the Resources and Services Overview and Scrutiny Committee:-

It was moved by Councillor G V Guglielmi, seconded by Councillor P B Honeywood and:-

RESOLVED that Cabinet –

- (a) approves the General Fund revenue carry forwards of £9,688,690 to be carried forward from 2017/18 to 2018/19, as set out in Section A of Appendix A to item A.1 of the Report of the Finance and Corporate Resources;
- (b) requests Officers to undertake a further appraisal of the carry forwards requested by services, as set out in Section B of Appendix A to the above report, based on the general value for money principles set out in the report;
- (c) authorises the Portfolio Holder for Finance and Corporate Resources to agree the inclusion in the 2018/19 budget of the carry forwards set out in Section B of Appendix A to the aforementioned report, following the further appraisal proposed;
- (d) approves the General Fund capital budgets of £12,249,840 to be carried forward from 2017/18 to 2018/19;
- (e) thanks the Resources and Services Overview and Scrutiny Committee for its work and comments;
- (f) requests the Deputy Chief Executive, in consultation with the relevant Portfolio Holder, to review budgets that have been carried forward or have remained uncommitted for more than one year and include recommendations within the Corporate Budget Monitoring reports over the remainder of the year that either reconfirms or proposes a reallocation of such budgets;
- (g) approves the allocation of the General Fund Variance for the year of £1,263,112, as set out in Table 2 of the Portfolio Holder's report;
- (h) requests Officers to identify a robust investment / spending framework against which future spending decisions of the Council can be considered, which must include the delivery of the agreed priorities as a key consideration alongside the delivery of a sustainable long-term financial plan; and
- (i) requests the Corporate Director (Planning and Regeneration) to report back to Cabinet in September 2018 setting out how the additional income arising from the recent 20% increase in planning fees is being used by the Planning Service, which must include an exploration of how the inspections regime could be revised to add value to the data held regarding the quality and quantity of what is built within the District, as highlighted by the Resources and Services Overview and Scrutiny Committee.

32. CABINET MEMBERS' ITEMS - REPORT OF THE FINANCE AND CORPORATE RESOURCES PORTFOLIO HOLDER - A.2 - TREASURY MANAGEMENT PERFORMANCE 2017/18

There was submitted a report by the Portfolio Holder for Finance and Corporate Resources (A.2), which reported on the Council's treasury management activities and Prudential Indicators for 2017/18.

Cabinet was informed that borrowing and investments had been undertaken in accordance with the 2017/18 Annual Treasury Strategy that had been approved by full

Council on 28 March 2017. No external borrowing had been undertaken in 2017/18 for either the General Fund or the Housing Revenue Account.

It was reported that the amount of interest earned from investments remained low because of the continuing unprecedentedly low interest rates existing throughout the year, although the bank base rate had been increased to 0.50% on 2 November 2017. However, due to maximising investment opportunities and cash flow advantages during the year interest returns had been in line with the budget.

It was reported that during 2017/18 the Council had purchased an investment property in the District for £3.244million, including stamp duty of £0.144million. The book value of the property within the Council's accounts at the end of the year was lower than the purchase price due to the Stamp Duty Land Tax element not forming part of the asset's 'carrying' value in the balance sheet. Rental income on the property of £0.173million had accrued to the Council in 2017/18, which was in accordance with the rate of return reported as part of the original decision to purchase.

Cabinet was reminded that revised Treasury Management Practices had been approved by Council in March 2018 as part of the Treasury Strategy for 2018/19.

The treasury performance figures for the year were set out in Appendix A to the Portfolio Holder's report, together with the Prudential Indicators attached as Appendix B, for Cabinet's consideration.

Having considered the information submitted:

It was moved by Councillor G V Guglielmi, seconded by Councillor Fairley and:

RESOLVED that Cabinet -

- (a) notes the Treasury Management performance position for 2017/18; and
- (b) approves the Prudential and Treasury Indicators for 2017/18.

33. CABINET MEMBERS' ITEMS - REPORT OF THE HOUSING PORTFOLIO HOLDER - A.3 - THE DEMOLITION OF THE HONEYCROFT SHELTERED HOUSING SCHEME

The Finance and Corporate Resources Portfolio Holder had earlier declared an interest in relation to this item insofar as though he was no longer in control of the Post Office adjacent to the Honeycroft site he was running it on a caretaker basis until August 2018.

The Cabinet gave consideration to a report of the Housing Portfolio Holder (A.3) which sought its agreement to demolish the main scheme building at Honeycroft, Lawford.

Cabinet was aware that following its decision made on 23 March 2018 the main scheme building at Honeycroft had remained closed.

It was reported that, although vacant, the property still incurred costs to the Housing Revenue Account (HRA).

It was now felt that the condition of the building was such that demolition was the only viable course of action whilst a decision was taken on the future of the site as a whole.

Therefore, it was proposed in the Portfolio Holder's report that the building be demolished which would provide estimated annual savings to the HRA of £37,000. Options in respect of the future for the site would be submitted to Cabinet once they had been fully evaluated.

Having considered the information provided in the Portfolio Holder's report:-

It was moved by Councillor P B Honeywood, seconded by Councillor Stock OBE and:-

RESOLVED that –

- a) the Corporate Director (Operational Services) be authorised to make arrangements for the demolition of the main scheme building at Honeycroft, Lawford; and
- b) further work be continued by Officers, in consultation with the Portfolio Holder for Housing, to explore the future use of the site after detailed financial modelling within the HRA and subject to the emerging Housing Strategy. Any consultation on the proposed future options for the Honeycroft site will include Lawford Parish Council.

34. MANAGEMENT TEAM ITEMS

There were none on this occasion.

The Meeting was declared closed at 11.11 am

Chairman