

**MINUTES OF THE MEETING OF THE COUNCIL,
HELD ON TUESDAY, 14TH FEBRUARY, 2023 AT 7.32 PM
IN THE PRINCES THEATRE, TOWN HALL, STATION ROAD, CLACTON-ON-SEA,
CO15 1SE**

Present:	Councillors Harris (Chairman), V E Guglielmi (Vice-Chairman), Alexander, Allen, Amos, Baker, Barry, Bray, Bush, Calver, Casey, Cawthron, Chapman BEM, Chittock, Clifton, Coley, Davidson, Davis, Fowler, Griffiths, G V Guglielmi, I J Henderson, J Henderson, P B Honeywood, S A Honeywood, King, Knowles, Land, McWilliams, Morrison, Newton, Scott, Skeels, Steady, M E Stephenson, Stock OBE, Talbot, White, Wiggins and Winfield
In Attendance:	Ian Davidson (Chief Executive), Lisa Hastings (Deputy Chief Executive & Monitoring Officer), Lee Heley (Corporate Director (Place & Economy)), Keith Simmons (Head of Democratic Services and Elections), Ian Ford (Committee Services Manager), Madeline Adger (Leadership Support Manager), Keith Durran (Committee Services Officer) and Kai Aberdeen (Theatre General Manager (Technical))

80. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Codling, Fairley, Miles, Placey, Porter, G L Stephenson and Turner.

81. MINUTES OF THE LAST MEETING OF THE COUNCIL

RESOLVED that the minutes of the ordinary meeting of the Council held on 24 January 2023 be approved as a correct record and be signed by the Chairman.

82. DECLARATIONS OF INTEREST

The Monitoring Officer reminded Members that the Section 151 Officer and herself had circulated their annual joint guidance and advice on a number of matters relating to interests and voting on the annual budget and setting of Council Tax and, especially, the requirements of section 106 of the Local Government Finance Act 1992.

The Monitoring Officer also reminded Members that the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 made it mandatory for councils to hold recorded votes at budget meetings. The Council's Constitution reflected this requirement in that Council Procedure Rule 19.4 stated that:

"A recorded vote is mandatory on any decision relating to the budget or Council Tax. This includes not only on the substantive budget motions agreeing the budget and setting Council taxes, but also on any amendments proposed at the meeting."

83. ANNOUNCEMENTS BY THE CHAIRMAN OF THE COUNCILHarwich 1953 Flood Memorial

The Chairman reported that he had attended an emotional Church Service followed by a ceremony to open the superb new memorial gardens, which had been beautifully created, and put together, and which would continue to mature in time. He extended his thanks to:-

The Mayor of Harwich, Councillor Ivan Henderson;
Councillor Maria Fowler – who had played an integral role in organising the event; and
TDC's Open Space Team – who had created the new Garden.

Pride of Tendring Awards Evening – Thursday 9 February 2023

The Chairman informed Council that this had been a successful event with 18 awards given out to individuals and organisations that do so much good work for the residents of the District. He stated that it had been a great night, with very positive feedback, and which had included a video message of support from Johnny Mercer MP, Minister of State for Armed Forces Veterans. The Chairman recorded his thanks to:-

TDC Members – for their participation in this event;
TDC staff, especially the Princes Theatre team for their brilliant work in organising the event;
County Councillor Alan Goggin – for his brilliant job as compere;
Councillor Jeff Bray – for his fabulous work as Auctioneer, which had helped raise, on the night, £2,500 for the Chairman's Charities (the RNLI and veterans groups in the District); and the
Event Sponsors.

84. ANNOUNCEMENTS BY THE CHIEF EXECUTIVE

There were no announcements made by the Chief Executive on this occasion.

85. STATEMENTS BY THE LEADER OF THE COUNCIL

There were no statements made by the Leader of the Council on this occasion.

86. STATEMENTS BY MEMBERS OF THE CABINET

There were no statements made by members of the Cabinet (Portfolio Holders) on this occasion.

87. REPORT OF THE CABINET - A.1 - EXECUTIVE'S PROPOSALS - GENERAL FUND BUDGET AND COUNCIL TAX 2023/2024

Further to Minute 101 of the meeting of the Cabinet held on 27 January 2023, the Council considered the Executive's General Fund budget and Council Tax proposals for 2023/24.

It was reported that the information and recommendations set out in the report reflected the financial forecast considered by Cabinet on 27 January 2023, along with a limited number of subsequent changes.

Council was informed that the limited number of changes required were set out in Appendices A and B along with further comments within the main body of the report, which together resulted in a revised deficit position for the year of £1.528m (reduced from £2.487m that was presented to Cabinet on 27 January 2023).

Members were made aware that, in line with the approach set out in previous reports, the revised deficit of £1.528m would be funded via refocusing existing budgets / reserves long with a limited number of changes to income budgets.

Council was cognisant that, although the deficit had reduced since Cabinet's meeting on 27 January 2023, the deficit remained significant against the context of the Council's overall net budget. However, it did provide additional flexibility in terms of developing the required framework in which to identify the necessary savings to support an on-going financially sustainable position over the next few years.

Given the impact of the various changes to the forecast across the remaining forecast period and reflecting the sensitivity analysis included within Appendix B, it remained prudent to continue the approach of transferring the remaining balance of funding of £2.576m, as set out within Appendix A to the Forecast Risk Fund.

Members were reminded that, as recommended by Cabinet on 27 January 2023, the Executive's budget proposals set out a Band D Council Tax of £188.11 in 2023/24, an increase of 3% (£5.47), with a Council Tax requirement of £9.603m.

Taking into account the changes to the budget required since Cabinet had met on 27 January 2023, the total net General Fund revenue budget for 2023/24 was £14.142m along with a General Fund capital programme totalling £0.827m.

Council was advised that the budget recommended by Cabinet for approval by Council included only the District and Parish elements of the Council Tax rather than those from the major precepting authorities. The formal approval of the 'full' Council Tax levy for the year, including the precepts from Essex County Council and the Police and Fire Commissioner for Essex, was delegated to the Human Resources and Council Tax Committee which was due to meet later on during February 2023.

The Leader of the Council (Councillor Stock OBE) made the following budget statement:-

"When I stand here every February to introduce the budget, which seems to be an occasion that comes around quicker and quicker each year, it is always worthwhile briefly looking back over the last twelve months before we look to the year that lies ahead.

With the benefit of hindsight, standing here last year now seems reminiscent of the same time in 2020 before COVID 19 reared its ugly head. When I say that, what I am referring to is the fact that without a reliable crystal ball, you never really know what is going to happen over the next 12 months. As was the case in 2020, no one could have predicted the various global events that unfolded after our meeting in February last year.

Over subsequent months we saw a range of global issues, along with some national ones too, which have had an impact on the Council directly or perhaps in less obvious ways.

As I mentioned late last year, many of the events were truly global and not, as some may see for political reasons, something unique to the UK.

The last twelve months have flown by, which perhaps is not surprising given how much has happened, with some examples being:

- Russia's invasion of Ukraine and the ongoing war, happening on European soil, leading immediately to a global fuel crisis and the cost of petrol, diesel, electricity and gas all skyrocketing.*
- Supply chain disruption as a direct consequence of the total shutdown of the world's economies due to Covid.*

All of which has contributed to:

- Commodity market volatility;*
- Weak GDP growth across the globe;*
- Workforce shortages;*
- Rising Interest rates; and*
- the highest inflation rates across the western world that we have seen for decades.*

The scale and speed at which the impact from these events started to hit home during 2022 was unprecedented.

In terms of the impact on our budget, we have seen the cost of projects significantly increase during 2022/23 along with substantial increases in employee and contract costs to name but a few. In terms of our 2023/24 budget, we have had to reflect cost increases totalling well over £4 million, a huge increase by any measure, but especially so when our overall net budget is £14 million.

Although this has been marginally offset by increases in income from Council Tax and Business Rates, the forecast deficits across 2023/24 to 2026/27 are significant and will be very challenging for us to respond to.

I often talk about financial stewardship and although maybe not being the most exciting subject in the world, it provides the backbone to everything we do. It enables us to deliver quality services as well as investing in our priorities. The pieces of the jigsaw puzzle that support good financial stewardship are things that we have strengthened over a number of years that then come together as part of our longer-term approach to the forecast we adopted back in 2017.

We need to continue our careful and prudent approach to financial stewardship – it is now more important than ever. It takes a long time to build the solid foundations that we have, which can easily be torn down overnight.

I talked about several major international events earlier – and there have been some closer to home over the past year where we have seen a number of Councils get into catastrophic financial difficulty, a trend which I am sure will continue into 2023/24. Good financial stewardship is often about finding the right balance and doing things in a

proportionate way. Many of the Councils that have found themselves in financial difficulty have not necessarily struck this balance. We all want to do bigger and better things and perhaps want to do them quicker, but this always must be tempered by affordability and financial sustainability.

In striking a more positive tone, it is worth saying that I have heard a number of economists being optimistic about 2024/25 and beyond. So, hopefully we can look forward to more positive economic news over the coming months and years. Although there can certainly be no guarantees, if this turns into a reality, it may give us a bit more wiggle room in our long-term forecast.

The phrase of not worrying about the things you can't control is also a useful bit of advice, as we have always tried to keep our destiny in our own hands. This ethos has not changed and remains a key element of our long-term plan along with how we react to things that are out of our control. With this in mind we will continue to be pragmatic and philosophical in equal measure.

In addition to the above and reflecting something I have said previously, all 48 members of this Council have an important part to play in the continuing success of this Council. Although some faces may change after the Local Elections in May, I believe we have built a really healthy culture here at Tendring District Council to enable us keep moving forward positively.

I am always genuinely impressed with how well we work together on this Council, constructively and positively, despite our many and varied political backgrounds, which I can assure you does not happen on many Councils! A few examples include:

- The Overview and scrutiny process which has gone from strength to strength, supported by task and finish groups as appropriate.*
- Member working groups tackling topics such as the Local Plan and the Council's constitution.*
- Member development sessions where we can freely share our views.*
- Working collaboratively with our various partners.*

Let's also not forget how Members work with Officers. We have a genuinely open and respectful relationship, which can make all the difference when faced with challenges and when we need to find solutions to problems. After hearing how other Local Authorities work, I know that we are the exception rather than the norm and we should never take for granted the fantastic culture we have all contributed to here at Tendring.

This does not happen without all of us being passionate about our District and wanting to do the absolute very best for our residents, businesses and visitors. I think we work in a very honest and open way with good communication which can go unnoticed sometimes given how routine it has become.

You only have to look at the Councils who have got themselves into difficulty to realise that what we take for granted is simply missing in other Councils, which I am sure is a major contributing factor to the place they find themselves in. In such situations it is the residents and businesses who have to pay the price and have to face potentially years of recovery and all of the adverse issues that it brings.

In terms of working with our partners, I think we can all agree that our reputation goes from strength to strength and external organisation really see us as a council that is easy to work with and can get things done. Great examples of this can be seen in the Freeports and Levelling up projects. Perhaps not in an exuberant style that some Councils may employ, but we try to bring to the table a 'safe pair of hands' approach coupled with the steel and tenacity to get the job done.

Turning my attention to the detailed budget we are considering tonight, I believe it responds robustly to the challenges ahead and helps us keep moving forward progressively. The budget, along with the use of the Forecast Risk Fund provides the flexibility and time to consider the longer-term plan and the delivery of savings in a more informed way rather than having to potentially take quick or short-term decisions that could have unforeseen consequences.

As I have said before, a Local Council is effectively a number of smaller yet diverse and varied businesses in one, where we also have to consider issues such as social value, health and inequality, climate change and social inclusion. These all have to form part of our wider financial planning processes.

In terms of the proposed 3% increase in the level of council tax, it is worth highlighting how much of it actually relates to the Services we provide. Although the Council Tax bills that come through all our letterboxes have the name of this Council at the top that's only because we have the job of collecting the money which we then have to distribute onwards to Essex County Council, to the Police, Fire and Crime Commissioner, and to the 27 town and parish councils. We actually keep only a very small proportion of the total council tax paid by households, with just £188.11 being retained by us in 2023/24. I also accept that most people in getting their council tax bill will be far more concerned about the bottom line figure and how they are going to be able to pay it rather than which public sector organisation is going to get what. Perhaps devolution will help to solve or at least ameliorate some of these issues, which is something that we may find ourselves thinking about sooner rather than later. Meaningful fiscal devolution, the ability of local government to be in charge of its own financial destiny and free from the constraints of Whitehall, cannot come soon enough!

In terms of the 3% proposed increase in council tax, this probably reflects the lowest real terms increase since council tax was introduced back in the early nineties.

Although the current financial environment has had an impact on our future investment plans, it is worth highlighting the various projects and schemes we are still delivering. Some Councils may have had to call a halt on a number of their projects in light of the financial challenges that have arisen over the past twelve months, but the careful management of our finances has allowed us to remain committed to the delivery of a number of key projects in the District, such as:

- The provision of a covered market and managed workspaces in Jaywick.*
- The development of the former Starlings site in Harwich.*
- Transformational regeneration in Clacton supported by levelling up funding.*
- Supporting the development of the internationally significant Freeport project.*
- Replacing the all-weather pitch at Clacton Leisure Centre along with wider investment in the centre.*
- Disposal of the former Weeley Council office site, which will provide us with additional local homes for local people.*

- *The major refurbishment of the skate park at Clacton Leisure Centre.*
- *A Clacton Airshow in 2023, which will be celebrating its 30th anniversary this year.*

In terms of some budget highlights, the overall budget deficit for 2023/24 is £1.528 million. Although the deficit has reduced since Cabinet's meeting on 27 January 2023, the deficit remains significant against the context of the Council's overall net budget. However, this change does provide some flexibility in terms of developing the forecast and the delivery of savings in future years that in turn will support the on-going financial sustainability of the Council. It is also important to highlight that the long-term approach and the flexibility I have just talked about provides time for income streams such as council tax and business rates to grow – let's not forget that this was one of the key underlying principles of our long-term plan; the more time we can allow, the more positive the overall net outcome is likely to be.

The budget for 2023/24 also recognises the significant income receivable from the Government as part of the Local Government Finance Settlement. Similarly to the point I just made, the money is welcomed and although it needs to be treated on a one-off basis in 2023/24 given the inherent uncertainty with any Government funding, it does contribute to the flexibility required to deliver the long term forecast and savings required.

In terms of developing the framework to identify the necessary savings, we will undoubtedly have to go back to basics and challenge everything we currently do. Although not exhaustive, such consideration will need to take into account issues such as what are our statutory obligations, what do we do using our discretionary powers, where can we make efficiencies, do we need to review existing service standards and how can zero-based budgeting play a role along with meeting future demand and customer expectations?

Although we would all want to avoid having to make any savings, we need to approach it in a positive way and 'squeeze' as much value out of everything we do - by doing so will lessen the impact on the affordability of delivering the range of services we currently provide. The perfect outcome would be that we don't have to reduce any services, but such an outcome is very unlikely. However, as I mentioned earlier, our long-term approach has given us the time to make well informed and consultative decisions rather than making some knee-jerk choices.

As I said earlier, we should only worry about the things we can control and we must not shy away from the tough decisions we are likely to have to make. We therefore need to undertake the task at hand in a transparent and positive way. It will be a good opportunity to review the things we currently do and also potentially to explore different ways of delivering activities such as the Airshow. As set out in Appendix A to the report, the Council remains committed to continuing to deliver this successful event beyond 2023. With this in mind, a more detailed review will be undertaken to explore options to secure the longer-term future of the show.

In bringing my introduction to the budget to a close, I hope that through working together collectively over recent years we have left a great financial legacy in terms of laying the financial foundations for whoever forms the New Administration in May. I have also committed to setting aside the new homes bonus funding of £1.2 million in 2023/24 to support the New Administration. This commitment is reflected in the budget we are considering tonight and so this figure remains available to support the New

Administration in meeting the financial challenges ahead and to keep delivering the Council's priorities.

Regardless of who forms the New Administration in May, by agreeing this budget tonight and continuing our approach to financial management and planning, priority setting, sound stewardship and ambition, the Council can continue to keep delivering on behalf of our residents and businesses as well as looking after the District and its natural environment."

It was moved by Councillor Stock OBE that the recommendations, as set out on page 16 of the Council Book, be approved.

It was then moved by Councillor Steady and seconded by Councillor Barry that Councillor Stock's motion be amended by the addition of the following:-

"That the budget of £122,530 that was set aside following the withdrawal of the joint use sports centre agreements with the Sigma trust is made available on a one-off basis in 2023/24 for investing back into the associated town and parish areas and that the relevant Town / Parish Council is consulted on any investment proposals."

In addition to Councillor Steady, Councillors Scott, G V Guglielmi, I J Henderson, Barry and Stock OBE addressed the Council on the subject matter of Councillor Steady's amendment.

The Chairman reminded Members that The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 had made it mandatory for councils to amend their Standing Orders so as to include provisions requiring recorded votes at budget meetings. The Council's Constitution reflected this requirement within Council Procedure Rule 19.4.

In respect of Councillor Steady's amendment, the vote resulted as follows:-

<u>Councillors For</u>	<u>Councillors Against</u>	<u>Councillors Abstaining</u>	<u>Councillors Not Present</u>
Allen	Alexander	Davis	Codling
Baker	Amos		Fairley
Barry	Bray		Miles
Bush	Cawthron		Nash
Calver	Chittock		Placey
Casey	Coley		Porter
Chapman BEM	Griffiths		G L Stephenson
Clifton	G V Guglielmi		Turner
Davidson	V E Guglielmi		
Fowler	Harris		
I J Henderson	P B Honeywood		
J Henderson	S A Honeywood		
Knowles	King		
Morrison	Land		
Scott	McWilliams		
Steady	Newton		
M E Stephenson	Skeels		

Wiggins
Stock OBE
Talbot
White
Winfield

Councillor Steady's amendment was declared **LOST**.

In addition to Councillor Stock OBE, Councillors I J Henderson, Allen and Calver addressed the Council on the subject matter of Councillor Stock's motion.

In respect of Councillor Stock's motion, the vote resulted as follows:

<u>Councillors For</u>	<u>Councillors Against</u>	<u>Councillors Abstaining</u>	<u>Councillors Not Present</u>
Alexander	Calver	Barry	Codling
Allen	Casey	Chapman BEM	Fairley
Amos	Davidson	Scott	Miles
Baker	Fowler	Wiggins	Nash
Bray	I J Henderson		Placey
Bush	J Henderson		Porter
Cawthron	Knowles		G L Stephenson
Chittock	Morrison		Turner
Clifton	Steady		
Coley			
Davis			
Griffiths			
G V Guglielmi			
V E Guglielmi			
Harris			
P B Honeywood			
S A Honeywood			
King			
Land			
McWilliams			
Newton			
Skeels			
M E Stephenson			
Stock OBE			
Talbot			
White			
Winfield			

Councillor Stock's motion was declared **CARRIED** and it was therefore:-

RESOLVED that, having had regard to the Chief Finance Officer's (Section 151 Officer) report on the Robustness of Estimates and Adequacy of Reserves in accordance with the requirements under Section 25 of the Local Government Act 2003, and having taken account of any responses to the budget consultation process the Council approves the budget proposals (based on a 3% (£5.47) Band D council tax increase for district services) and agrees that:

-
- i) the total General Fund net revenue budget for 2023/24 be set at £14.142m (a council tax requirement of £9.603m excluding parish precepts);
 - ii) that the General Fund capital programme be approved totalling £0.827m in 2023/24;
 - iii) the detailed General Fund budget for 2023/24 be as set out in Appendix C to item A.1 of the Report of the Cabinet;
 - iv) the calculation of the Council's Council Tax requirement, Special Expenses and Parish/Town Council precepts be as set out at Appendix E to item A.1 of the Report of the Cabinet;
 - v) the Council Tax for District and Parish/Town Councils' services be as set out at Appendix H to item A.1 of the Report of the Cabinet and that these are the amounts to be taken into account for the year in respect of the categories of dwellings listed in different valuation bands; and
 - vi) if budget adjustments are required such as those necessary to reflect the late notification of external / grant funding, then, in consultation with the Corporate Finance and Governance Portfolio Holder, budgets be adjusted accordingly with no net impact on the overall budget or capital programme set out above.

88. REPORT OF THE CABINET - A.2 - EXECUTIVE'S PROPOSALS - HOUSING REVENUE ACCOUNT BUDGET 2023/2024

Further to Minute 103 of the meeting of the Cabinet held on 27 January 2023, the Council considered the Executive's Housing Revenue Account (HRA) budget proposals for 2023/24.

Members were aware that the information and recommendations set out in the report reflected the Executive's HRA budget proposals, which had been approved for submission to Council at their meeting held on 27 January 2023.

Council was notified that there had been only a very limited number of changes since Cabinet on 27 January 2023, which had been reflected in Appendices A to E as necessary. The outcome being a marginally reduced deficit of £0.280m in 2023/24 compared with the figure of £0.296m reported to Cabinet in January.

It was reported that for 2023/24, the Executive's budget proposals set out an increase in dwelling rents of 7% along with a total HRA expenditure budget of £15.546m and a capital programme totalling £7.978m. The 7% increase in dwelling rents resulted in an average weekly rent of £93.68 in 2023/24. (£87.55 in 2022/23)

Members were informed that the proposed budget reflected the continued repayment of debt, with the total level of existing debt falling to £33.949m at the end of 2023/24.

Council was advised that the HRA general balance was forecast to total £3.770m at the end of 2023/24, which retained a strong financial position against which the associated HRA 30 year Business Plan could continue to be delivered / developed.

The Leader of the Council (Councillor Stock OBE) made the following budget statement:-

“In following on from the various issues that I highlighted as part of introducing the General Fund budget earlier, the Housing Revenue Account (the HRA) is as equally affected by the various issues that we saw unfold during the past 12 months. The HRA 30-year business plan has therefore been updated to reflect such issues in 2023/24 and beyond.

We want to remain a decent landlord to our tenants across the stock of over 3,000 homes as we want to ensure that they continue to live in safe, comfortable and quality housing.

To me this requires a decent housing management service, a decent repairs service and being able to undertake major investment in a timely manner, such as installing new kitchens and bathrooms, replacing windows and doors and the renewal of other significant fixtures.

The business plan and budget that we are considering tonight has all of these things at its core and over £7.5 million has been made available for investment in the homes of our tenants in 2023/24.

Similarly to the increase in council tax, there have been some equally tough decisions in terms of the proposed rent increase in 2023/24.

The annual increase in rents is usually tied to inflation as defined by the Consumer Price Index (the CPI), with the rules governing annual rent increases allowing Councils to increase rents by CPI plus 1% each year. Given that CPI is currently at a 40-year record high, the Government has effectively ‘capped’ the rent increase to a maximum of 7% - which although a large increase is much lower than the current level of CPI. As part of its intervention the Government provided its thinking behind why it settled for the 7% ‘cap’. Essentially they had arrived at this percentage by trying to balance the future financial sustainability of Local Authority Housing Revenue Accounts with the ‘cost of living’ pressures being faced by tenants. The 7% increase is still a real term reduction in the HRA’s spending power given the significant inflationary increases in costs reflected elsewhere in the business plan.

In terms of our own proposal to increase rents by the maximum allowed, I can only echo the point made by the Government, that any increase must be balanced within the context of the long-term financial stability of the Housing Revenue Account. The proposed increase therefore seeks to deliver this balance. I am sure that this is something that is acknowledged by our tenants – it was certainly something that our tenants’ panel recognised when Officers met with them last week.

Even after allowing for the 7% increase in rents, there is still a deficit on the HRA budget in 2023/24, given the inflationary increases in other areas of the budget as I mentioned earlier.

We often talk about the ‘telescopic’ effect of changes to the budget. The level of rent increase is a perfect example of this – say we increased rent by 6% instead of 7%, this would reduce the spending power of the HRA by £3 million over the life of the business plan and potentially put the financial sustainability of the HRA at risk.

In sticking with the subject of 'telescopic' effect, let's not forget the 4 years that the Government required us to reduce rents by 1% each year. This effectively removed £30 million from our HRA budget over the long term, which has ultimately contributed to the challenging position we find ourselves in today.

But as I said earlier this evening, we must focus on the things we can control rather than get distracted by the things we can't.

In terms of managing the deficit on the HRA in 2023/24, we had a couple of choices – we either reduced the investment in our tenants' homes or we recognised the challenging environment we are currently in and use reserves in the short term to balance the books.

We have gone with the latter, as I don't think any of us could agree that charging tenants 7% more in rent whilst reducing the investment in their homes was the way to go.

It is also worth mentioning that within the overall HRA budget we have to set aside money to pay off our outstanding loans, most of which we had no choice about given we had to buy ourselves out of the previous and unfair subsidy system back in 2012.

When we took on these loans we approached it in a level headed and prudent way by setting aside money within the budget to make loan repayments each year rather than taking on interest only type loans, which is the more traditional approach taken by some Local Authorities. We continue to see the benefits of this decision with money being 'released' from lower debt and interest payments for reinvesting within the wider HRA budget. This has therefore proved to be a key element of delivering a financially sustainable HRA in the longer term.

As is the case in the General fund, we have also 'cash backed' our important projects, with the refurbishment of Spendells House and the redevelopment of Honeycroft now included in the capital programme. They have been funded by 'recycling' capital receipts. We could have gone out to the market to borrow the money, but we would have had to pay an interest rate 'premium' given the current economic climate. Such an approach would have 'saddled' the HRA with unnecessary loan and interest payments long into the future – we were not prepared to do that.

Prudently managing the HRA therefore requires matching revenue money, capital receipts and reserves to associated expenditure, whilst remaining alert to the wider financial environment. Although this is done on an on-going basis, it all comes together as part of setting the annual budget for the HRA.

In terms of reserves, although we are proposing to draw some money down in 2023/24, we still estimate that over £3.7million will remain in general balances at the end of 2023/24. This money will play an important role in future HRA budgets as we start to turn our attention to 2024/25 and beyond.

On the back of everything I have just said and picking up the point Paul [Honeywood, Portfolio Holder for Housing] made back at our Cabinet meeting in January, maintaining the investment in our tenants' homes is of upmost importance, but we also need to maximise any financial flexibilities that may emerge to continue to deliver local homes for local people. Although we have some tough times ahead in the short term to medium term, via the continued and prudent management of our HRA business plan, we will

always try and balance these two key activities whilst never forgetting the need to secure the on-going financial sustainability of the HRA.

The budget we are considering tonight is therefore another confident step in our long term plan that continues to reflect sustainability and financial stewardship to secure the long term future of our tenants' homes."

It was moved by Councillor Stock OBE and unanimously:-

RESOLVED that Council approves:-

- (a) a 7% increase in dwelling rents in 2023/24; and
- (b) the Housing Revenue Account Budget for 2023/24 as set out in Appendix B to item A.2 of the Report of the Cabinet, along with the Scale of Charges, HRA Capital Programme and the movement in HRA Balances / Reserves, as set out in Appendices C, D and E respectively, to the aforementioned report.

89. URGENT MATTERS FOR DEBATE

There were no urgent matters for Council to debate on this occasion.

The Meeting was declared closed at 8.48 pm

Chairman