
CABINET

Wednesday, 3rd February, 2016

Present: Councillor Miles Parkinson (in the Chair), Councillors Clare Cleary, Paul Cox, Munsif Dad, Gareth Molineux and Ken Moss

In Attendance: Councillors Tony Dobson, Terry Hurn and Paul Thompson

389 Apologies for Absence

There were no apologies for absence.

390 Declarations of Interest and Dispensations

There were no declarations of interest or dispensations.

391 Minutes of Cabinet - 6th January 2016

The Minutes of the meeting of Cabinet held on 6th January 2016 were submitted for approval as a correct record.

Resolved - **That the Minutes be received and approved as a correct record.**

392 Minutes of Boards, Panels and Working Groups

The Minutes of the meeting of the Cabinet Public Transport Group held on 15th October 2015 were submitted.

Resolved - **That the Minutes be received and noted.**

393 Reports of Cabinet Members

There were no reports.

394 Prudential Indicators and Treasury Management and Investment Strategy 2016-17 to 2018-19

The Portfolio Holder for Resources (Councillor Gareth Molineux) submitted a report setting out the Council's policy and objectives with respect to treasury management, explaining how it would achieve its objectives and manage its activities and seeking agreement to an investment strategy for 2016/17. The Minimum Revenue Provision Policy Statement 2016/17 and the Treasury Management Policy Statement 2016/17 were attached to the report as Appendices 1 and 2 respectively. The Treasury Management Practices were set out in Paragraph 14 of the report and Appendix 3.

The Prudential Code for Capital Finance in Local Authorities was a professional code which set out the framework for self-regulation of capital spending and financing. It allowed councils to invest in capital projects without any limit as long as such investment was affordable, prudent and sustainable. The Code was produced by Cipfa and required the

Council to agree and monitor a minimum number of prudential indicators (including limits and statements) which related to affordability, prudence, capital expenditure, external debt and treasury management. The indicators were purely for internal use and were not designed to be used as comparators between councils.

The Council was also required to set out its Treasury Management and Investment Strategy for borrowing and investment activities and the effective management of associated risks, in accordance with the Chartered Institute of Public Finance and Accountancy (Cipfa) Code of Practice on Treasury Management in Public Services, as revised or supplemented by Cipfa from time to time.

The following aspects were addressed in the report:-

- ❖ Prudential Code and Prudential Indicators
- ❖ Capital Expenditure and Capital Financing Requirement
- ❖ Estimated Capital Expenditure
- ❖ Minimum Revenue Provision
- ❖ Affordability Prudential Indicators
- ❖ Treasury Management Strategy 2016/17 – 2018/19
- ❖ External Debt Overall Limits
- ❖ External v Internal Borrowing
- ❖ Limits on Activity
- ❖ Debt Rescheduling
- ❖ Investment Strategy
- ❖ Treasury Management Practices
- ❖ Policy on the Use of External Service Providers
- ❖ Treasury Management Strategy In-Year and Year End Reporting

Approval of the report was not deemed a key decision.

Reasons for Decision

(1) Treasury management was defined as the management of the Council's investment and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

(2) The Council was required to operate a balanced budget which meant that cash raised during the year would meet cash expenditure. Part of treasury management was to ensure the cash flow was properly planned with cash available when needed. Surplus monies were invested in line with the Council's low risk preferences.

(3) The second function of treasury management was funding the Council's capital plans. The plans gave a guide to the future borrowing need of the Council. The management of that longer term cash flow might involve arranging long or short term loans or using longer term cash flow surpluses. Occasionally, outstanding debt might be restructured to reduce Council risk or meet cost objectives.

(4) The report had been prepared in line with the Treasury Management Code and Guidance (2013) written by the Chartered Institute of Public Finance and Accountancy (Cipfa). In the case of local authorities in England and Wales, the Code was significant under the provisions of the Local Government Act 2003. That required local authorities 'to have regard (a) to such guidance as the Secretary of State might issue, and (b) to such other guidance as the Secretary of State might by regulations specify'. Paragraph 24 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 required

local authorities to have regard to that guidance and acceptance of the report fulfilled those obligations.

There were no alternative options for consideration or reasons for rejection.

Resolved

- That Council be recommended to:-

- (i) Adopt the prudential indicators and limits detailed in the report;**
- (ii) Approve the Treasury Management Strategy and associated indicators, as set out in Section 8 of the report;**
- (iii) Approve the Investment Strategy, as set out in Section 13 of the report;**
- (iv) Approve the Minimum Revenue Provision (MRP) for the year 2016/17, as set out in Appendix 1 of the report;**
- (v) Approve the Treasury Management Policy Statement 2016/17, as set out in Appendix 2 of the report;**
- (vi) Approve the Treasury Management Practices Statement 2016/17, as set out in Appendix 3 of the report.**

395 Medium Term Financial Strategy 2016-17 to 2018-19

The Portfolio Holder for Resources submitted a report relating to the three year projections of income and spending for the Council ahead of formulating its 2016/17 Revenue and Capital Budget. The Medium Term Financial Strategy was attached to the report and set out for the next three years:-

- (a) The way in which the Council went about its financial planning processes, especially in relation to the corporate budget planning cycle, which was subject to the Budget and Policy Framework Procedure Rules.
- (b) An updated action plan for the process and arrangements for reporting on progress to date in formulating and updating future years' budgets. Specifically the report updated the Medium Term Financial Strategy presented to Cabinet in October 2015.

Appendix 1 of the Strategy set out the background to the current budget predictions in figures to give an idea of commitments, funding and potential Council Tax levels. Two further scenarios were provided in Appendices 2 and 3 to outline the potential range of values over the coming period. Appendix 2 indicated the outer level of what the Council could face in a pessimistic future, whilst Appendix 3 showed an optimistic forecast based on many things going in the Council's favour over the next three years. The figures in Appendix 1 however remained the current best estimate of the likely financial position over the next three years.

The following aspects were addressed in the Strategy:-

- ❖ Introduction
- ❖ Objectives
- ❖ Elements of the Medium Term Financial Strategy
- ❖ Service Planning to Support Overall Strategy
- ❖ Integrated Resource Planning with Service Plans
- ❖ Capital Strategy and Asset Management Plan
- ❖ Background Information
- ❖ Financial Analysis 2016/17 to 2018/19
- ❖ Changes in Costs
- ❖ Growth
- ❖ Reserves
- ❖ Other Assumptions
- ❖ Equality Impact Assessment
- ❖ Scenarios
- ❖ Robustness of Forecast
- ❖ Overall Net Position

Approval of the report was not deemed a key decision.

Reasons for Decision

Cabinet required an update on its medium term financial outlook ahead of setting the Budget for 2016/17 and determining the level of Council Tax. The report also ensured those decisions were taken with a view to the overall position of the Council going forward and were not limited to a narrow one year perspective.

There were no alternative options for consideration or reasons for rejection.

Resolved - **That the report and accompanying Medium Term Financial Strategy (MTFS) be approved.**

The following item was submitted as urgent business with the Chair's agreement in accordance with Section 100B(4) of the Local Government Act 1972, the reason being to ensure the latest up-to-date information was included in the report

396 General Fund Revenue Budget 2016/17

The Portfolio Holder for Resources submitted a report setting out proposals for the 2016/17 General Fund Revenue Budget. The report also provided an overview of key issues which had arisen from the Medium Term Financial Strategy. The decision to set the Budget would be a key decision of the Council and the role of the Cabinet was to recommend a proposed Budget to Council. The 2016/17 Revenue Budget required a net expenditure of £11,283,000 and under the budget proposals, Council Tax for Hyndburn residents would not rise for Hyndburn Council provided services. Altham Parish Council had issued a separate precept requirement for its activities. The following information was attached to the report:-

- Appendix 1 - Initial Outline Budget 2016/17
- Appendix 2 - Revenue Budget 2016/17
- Appendix 3 - Saving Proposals 2016/17
- Appendix 4 - Hyndburn Borough Council Tax Increase 2016/17 by Property Band
- Appendix 5 - Overall Change in Council Tax 2016/17
- Appendix 6 - Altham Parish Precept 2016/17 by Property Valuation Band

Approval of the report was not deemed a key decision.

Reasons for Decision

The recommendations in the report provided an appropriate platform on which the Cabinet could recommend a Budget for the Council which met the objectives and key priorities of the people of Hyndburn.

Alternative Options Considered and Reasons for Rejection

A wide number of individual proposals had been put forward to produce a Balanced Budget. Options had been rejected on a variety of grounds including policy objectives, practicalities and the potential for additional costs to be incurred. Further options might be presented at the Council meeting on 25th February 2016.

Resolved

- (1) That it be proposed that Council Tax for 2016/17 should not be increased; the Budget for 2016/17 would therefore be £11,283,000 as detailed in Appendices 1 and 2 of the report;**
- (2) That it be recommended that the list of savings for 2016/17, as set out in Appendix 3 of the report, be approved;**
- (3) That the significant improvements made in relation to budget monitoring and cost reduction within the Authority over the past 12 years be noted and the commitment to continuing that approach in the year ahead be confirmed;**
- (4) That it be recommended that during the financial year 2016/17, the Deputy Chief Executive be delegated responsibility to amend the Budget (following consultation with the Leader of the Council) for technical reasons, such as the restructuring of cost centres, the re-apportionment and re-allocation of overheads, etc., provided such amendments had an overall neutral impact on the Budget;**
- (5) That to aid future financial management planning, any surpluses generated during 2016/17 be set aside to help the Council to reduce its cost base over the next three years; and,**
- (6) That it be recommended that the New Homes Bonus and any additional non-specific funding from the Government, as well as any further surplus on the Collection Fund, can be used if required to support Capital expenditure as determined by the Deputy Chief Executive in the overall financing of capital expenditure or be transferred to Reserves.**

The following item was submitted as urgent business with the Chair's agreement in accordance with Section 100B(4) of the Local Government Act 1972, the reason being to ensure the latest up to date information was included in the report

397 General Fund Capital Programme 2016/17

The Portfolio Holder for Resources submitted a report inviting Cabinet to consider the Council's capital investment priorities for 2016/17 and to recommend to the Council a capital programme for approval at its meeting on 25th February 2016, having regard to key linkages between the management of the Council's capital and revenue resources. A Capital Programme for 2016/17 of £5,503,903 was appended to the report. Approval of the report was not deemed a key decision.

Reasons for Decision

The schemes represented the best value for money and met the Council's overall corporate policy objectives, within the funding envelope for the year.

Alternative Options Considered and Reasons for Rejection

A wider programme of funding had not been considered due to the Council's policy commitment to limiting Capital Expenditure to affordable levels and seeking to repay debt.

Resolved

- That the following proposals be submitted to Council:-

(1) A Capital Programme for 2016/17 of £5,503,903 as set out in Appendix 1 of the report;

(2) That the Programme be funded by anticipated direct external grants and other funding streams of £4,356,958 and £1,146,945 of new resources from within the Council. External grant funding had to be secured before any internal funds were committed to projects that relied on external funding to proceed;

(3) That authority be delegated to the Deputy Chief Executive, in consultation with the Portfolio Holder for Resources, to flex the programme in accordance with the available funding, provided that does not require any additional borrowing;

(4) That the individual projects within the Capital Programme require the written authorisation of the Deputy Chief Executive, following consultation with the Portfolio Holder for Resources, before commencing and incurring expenditure and that Service Managers provide the Deputy Chief Executive with written details of estimated costs of schemes with full justification of the need and benefits from undertaking the capital investments before approval was provided and that approval to commence be delegated to the Deputy Chief Executive, in consultation with the Portfolio Holder for Resources;

(5) That projects be timed to minimise the need for borrowing and the Deputy Chief Executive be requested to seek project start dates after September 2016 whenever that was practical; and,

(6) That in-year underspends be not made available to fund new projects during the year.

The following item was submitted as urgent business with the Chair's agreement in accordance with Section 100B(4) of the Local Government Act 1972, the reason being to ensure the latest up to date information was included in the report

398 Financial Position 2015/16 - Report to End of December 2015

The Portfolio Holder for Resources submitted a report relating to the financial spending of the Council at the end of December 2015 and the prediction of the outturn position to the end of the financial year in March 2016. The financial detail of the report was appended to the report. The spend against Budget in the nine months of the year was £8,252,089 against a Budget of £8,577,032 leaving a positive variance of just over £324,000. The forecast spend for the year to 31st March 2016 was £11,249,000 against a Budget of £11,489,000. A surplus of almost £240,000 by the end of the 2015/16 financial year was forecasted, making a Budget surplus of slightly more than 2.0% on the overall activities of the Council. There was a small overspend on Parks and Cemeteries and Regeneration and Property Services was predicting a large adverse variance of £162,000. However, savings across other Budget areas outstripped those negative variances and the current prediction was for an overall surplus of £240,000 by the end of the financial year. Approval of the report was not deemed a key decision.

Reasons for Decision

To inform Cabinet of the financial spending of the Council at the end of December 2015 and the prediction of the outturn position to the end of the financial year in March 2016.

There were no alternative options for consideration or reasons for rejection.

Resolved - **That the report be noted and Corporate Management Team asked to continue to identify savings and generate a surplus on the 2015/2016 Budget to assist with future potential financial pressures on the Council.**

399 Exclusion of the Public

Resolved - **That, in accordance with Section 100A(4) Local Government Act 1972, the public be excluded from the meeting during the following item, when it was likely, in view of the nature of the business to be transacted, or the nature of the proceedings, that there would otherwise be disclosure of exempt information within the Paragraph at Schedule 12A of the Act specified at the item.**

400 Disposal of Land at the Junction of Hermitage Street and Parker Street, Rishton

Exempt information under the Local Government Act 1972, Schedule 12A, Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information)

The Portfolio Holder for Housing and Regeneration (Councillor Clare Cleary) submitted an exempt report seeking approval in principle to dispose of Council-owned public open space and land occupied by the Council at the junction of Hermitage Street and Parker Street, Rishton for the purpose of housing development. Reference was made to a recent enquiry concerning community right to bid for assets of community value. Approval of the report was not deemed a key decision.

Reasons for Decision

The reasons for the decision were set out in the exempt report.

Alternative Options Considered and Reasons for Rejection

The alternative options considered and reasons for rejection were set out in the exempt report.

Resolved

- (1) That the disposal of the Council's land at the junction of Hermitage Street and Parker Street, Rishton to Gleeson Homes at less than market value, for the purpose of residential development, be approved in principle;**
- (2) That the land adjacent to the Council's land ownership be acquired through a claim for possessory title in order to permit that land to be included in the sale to Gleeson Homes;**
- (3) That the Council's intention to dispose of the public open space, be advertised once possessory title has been obtained in respect of those parcels of land that the Council does not currently own; and,**
- (4) That authority be delegated to the Head of Regeneration and Housing to:-**
 - (i) consider any objections received in response to the Council advertising its intention to dispose of the public open space and, following consultation with the Portfolio Holder, to determine whether to proceed with the sale; and,**
 - (ii) assuming the sale proceeds, determine the detailed terms of the disposal.**

Signed:.....

Date:

Chair of the meeting
At which the minutes were confirmed