

Cabinet
10 January 2017

WELWYN HATFIELD COUNCIL

Minutes of a meeting of the CABINET held on Tuesday 10 January 2017 at 7.30pm in the Council Chamber, Council Offices, The Campus, Welwyn Garden City, Herts, AL8 6AE

PRESENT: Councillors J.W.Dean (Leader of the Council) (Chairman)

D.Bell (Executive Member, Resources)
H.Bromley (Executive Member, Environment)
T.Kingsbury (Executive Member, Policy and Culture)
B.Sarson (Executive Member, Business, Partnerships
and Public Health)
R.Trigg (Executive Member, Governance, Community
Safety, Police and Crime Commissioner
and Corporate Property)

OFFICIALS Chief Executive (M.Saminden)
PRESENT: Executive Director (Public Protection, Planning and Governance) (N.Long)
Executive Director (Resources, Environment and Cultural Services) (K.Ng)
Head of Law and Administration (M.Martinus)
Head of Resources (T.Neill)
Governance Services Manager (G.R.Seal)
Communications Officer (C.Bishop)

108. APOLOGIES

An apology for absence was received from Councillor A.L.Perkins (Deputy Leader and Executive Member, Planning, Housing and Community) (Vice-Chairman).

109. ACTIONS STATUS REPORT

The status of actions agreed at the Cabinet meeting on 1 November 2016 in the report of the Executive Director (Public Protection, Planning and Governance) was noted.

110. DECLARATIONS OF INTEREST BY MEMBERS

Councillor R.Trigg declared a non-pecuniary interest in Agenda item 7(c) – Housing Revenue Account Budget 2017/18 as a Council appointed representative on the Trust Board and took no part in the discussion of the item (Minute 112.3 refers).

Councillor D.Bell declared a non-pecuniary interest in Agenda item 7(f) – Treasury Management Strategy 2017/18 as he was in receipt of a pension from HSBC (Minute 112.6 refers).

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111. ITEM RELATING TO THE BUDGET AND POLICY FRAMEWORK FOR RECOMMENDATION TO COUNCIL

The following item was considered:-

111.1. Campus West Tower

Report of the Executive Director (Resources, Environment and Cultural Services) on urgent repairs required to the tower at Campus West.

RESOLVED:

- (1) That the Council be recommended to agree that urgent repairs are required to the tower at Campus West and to agree a budget of £60,000 in this financial year 2016/17 to cover the estimated cost of the repairs required to the building.
- (2) That initially the cost be funded from the Emergency Reserve using the urgent incident procedure.

112. ITEMS REQUIRING KEY DECISION

The following items for decision in the current Forward Plan were considered:-

112.1. Council Tax Base 2017/18 (Forward Plan Reference FP767)

Report of the Executive Director (Resources, Environment and Cultural Services) on the calculation of the Council Tax Base for 2017/18.

The calculation itself was prescribed by regulation and reflected the small number of changes to the Council Tax Support Scheme for 2016/17.

The tax base had been calculated at 40324.2 and was based on a collection rate of 97.7%. This was a 2.16% increase on the tax base used in 2016/17 and reflected an assumption for property growth across the Borough.

112.2. Medium Term Financial Strategy 2017/18 - 2018/20 (Forward Plan Reference FP769)

Report of the Executive Director (Resources, Environment and Cultural Services) setting out the approach for maintaining financial sustainability and reflecting the Council's commitment to provide the best possible value for money for the community.

The Strategy was updated annually and was effectively rolled forward to reflect the latest financial estimates and assumptions.

This year's update was influenced by the current economic climate and the Government's continued austerity programme. The estimates reflected a

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continued reduction in funding from the Government and showed that the Council had a challenging efficiency target to achieve over the next three years.

This challenge would be faced from a good starting position with healthy balances and longer term efficiency projects already identified. There remained a number of significant uncertainties and risks to the Council's finances, not least with regard to business rates, so the medium term financial position would continue to be monitored and reviewed.

112.3. Housing Revenue Account Budget - 2017/18 (Forward Plan Reference FP768)

Report of the Executive Director (Resources, Environment and Cultural Services) setting out the 2017/18 budget for the Housing Revenue Account which had been produced to reflect the Government's enforced programme to reduce Council rents by 1% each year for four years and also the Cabinet's decision to end the management agreement with the Housing Trust.

There was now an underlying operational deficit, largely due to the ambitious borrowing repayment schedule. Reserves would be drawn down in 2017/18 to cover this deficit and by the end of the year it was expected that reserve balances would reach what was considered to be an appropriate minimum balance of around £5M.

A savings programme of £500,000 per annum would continue to help mitigate the impact of the 1% rent reduction going forward. However, it would be necessary in future years to effectively restructure the borrowing repayment schedule over a longer time frame utilising some of the borrowing headroom that had been generated over recent years.

112.4. General Fund Budget 2017/18 (Forward Plan Reference FP768)

Report of the Executive Director (Resources, Environment and Cultural Services) presenting a first view of the General Fund revenue budget for 2017/18.

The outcome of the transfer of the pension fund of the Community Housing Trust and the revised triennial pension fund valuation for this combined fund was expected to be brought forward.

The Borough's provisional financial settlement for 2017/18 was announced on 15 December 2016 as part of an agreed multi-year settlement and was a significant reduction compared to the current year. Revenue Support Grant would fall by 57% and reflected the Government's intention for this funding to reduce to zero by the end of the Parliament. The Business Rates baseline would be increased by just 2% which meant that the Council's overall funding settlement would be a reduction of 18% on the current year.

Fortunately the Council would start 2017/18 in a good financial position with healthy balances and the business rates base had grown since the introduction

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of the Business Rates Retention Scheme. This meant it was estimated that more rates income would be retained than the baseline in the funding settlement. This would go some way to offset the reduction in the funding settlement, although year on year the net reduction was still 13%, or £516,000.

The budget included a number of savings and growth proposals most notably of course the introduction of a charge for the collection of green waste. The Council continued to strive to identify efficiencies and income opportunities which had the least detrimental impact on residents and the proposals this year again reflected this key principle of budget planning. However, with year on year funding reductions, options and decisions inevitably got harder.

Even with the efficiencies and additional income generation it was necessary this year to propose a Council Tax rate increase of £5 in the average Band D tax, after a freeze in the rate for the last seven years. This would help to offset some of the Government's funding reductions and as a result of this and all the budget proposals a budget could be presented in 2017/18 with a modest drawdown of reserves of £139,000.

112.5. Capital Programme - 2017/18 to 2021/22 (Forward Plan Reference FP768)

Report of the Executive Director (Resources, Environment and Cultural Services) detailing the capital programme for the next five years reflecting a significant amount of investment in the Borough of over £153M of which around £43.6M was estimated to be spent in 2017/18.

Capital resources had diminished over recent years and as such the programme now assumed a level of borrowing to help fund all the expenditure. This had an impact on the General Fund and Housing Revenue Account and so it would be important going forward that the Council continued to keep under review the affordability of the level of borrowing and ensure that the programme was prioritised where possible to schemes which generated a revenue return.

112.6. Treasury Management Strategy 2017/18 (Forward Plan Reference FP770)

Report of the Executive Director (Resources, Environment and Cultural Services) reviewing the performance of the existing Strategy in consultation with the Council's advisers, Arlingclose.

The review concluded that it was not necessary to make any significant changes and that the Strategy was still fit for purpose for the year ahead. It was proposed, however, to make one amendment to increase the limit on non-specified investments, which were generally long term or with unrated counterparties, from £35M to £45M.

The Council continued to seek opportunities to generate a yield from cash investments whilst of course being mindful of security and liquidity. With the bank rate expected to remain at the historic low of 0.25% this would continue to be challenging and was why alternatives, such as further investment in property,

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must be looked at. Cash flow estimates suggested that there would be an average investment balance of between £35M and £60M during 2017/18 and that an average return of 0.9% would be achieved.

(1) The Decisions Taken

RESOLVED:

- (1) That the Council's Tax Base 2017/2018 be approved, incorporating a collection rate of 97.70%.
- (2) That in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, the amount calculated by the Borough Council as its taxbase for the year 2017/18 shall be 40324.2 and its constituent elements shall be:-

	<u>100% TAXBASE</u>	<u>97.70% TAXBASE</u>
Welwyn Garden City	16683.5	16299.8
Hatfield	11206.1	10948.3
Welwyn	4556.2	4451.4
Ayot St Lawrence	70.9	69.3
Ayot St Peter	119.2	116.5
North Mymms	4325.2	4225.7
Essendon	431.1	421.2
Northaw & Cuffley	3343.0	3266.1
Woolmer Green	538.3	525.9

- (3) That the Cabinet agrees the recommendations set out in the reports of the Executive Director (Resources, Environment and Cultural Services) on the Medium Term Financial Strategy 2017/18 to 2019/20, the Housing Revenue Account Budget for 2017/18, the General Fund Budget 2017/18 and the Capital Programme 2017/18 to 2021/22 for reference to the Resources Overview and Scrutiny Committee on 19 January for consideration and report back to the special Cabinet meeting on 24 January and presentation of the budget to the special Council meeting on 6 February 2017.
- (4) That the Council be recommended to approve the Treasury Management Strategy 2017/18.

(2) Reasons for the Decisions

- (a) The Council was required to calculate the Tax Base for its area each year in accordance with Regulations.

The requirements of the Council's budget and policy framework rules for setting the Council's annual budget had to be met.

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These budget proposals would be submitted to the Resources Overview and Scrutiny Committee on 19 January for consideration and any suggested amendments would be reported to the special Cabinet meeting on 24 January, together with any other updates, prior to the budget being considered at the special Council meeting on 6 February 2017.

(Note: Councillor R.Trigg declared an interest in Agenda Item 7(c) – Housing Revenue Account Budget – 2017/18). Councillor D.Bell declared an interest in Agenda Item 7(f) – Treasury Management Strategy 2017/18 (Minute 110 refers).

113. COUNCIL'S ACHIEVEMENT LIST

Report of the Executive Director (Resources, Environment and Cultural Services) summarising Council achievements for the second quarter of 2016/17.

RESOLVED:

That the list of achievements in the second quarter of 2016/17 be noted.

114. PERFORMANCE EXCEPTION REPORT - NOVEMBER 2016

Report of the Executive Director (Resources, Environment and Cultural Services) summarising strategic performance data for quarter two of 2016/17.

RESOLVED:

That the summary of strategic performance data for the second quarter of 2016/17 be noted and any proposed actions highlighted be approved.

115. RISK MANAGEMENT

Report of the Executive Director (Public Protection, Planning and Governance) on the current top strategic and operational risks facing the Council.

RESOLVED:

That the current Strategic Risk Register and top operational risks be reviewed, particularly noting that controls were assigned relevant to the risk in question, ensuring that mitigation plans were in place where necessary with the current correct status and noting comments in respect of each risk where shown.

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116. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That under Section 100(A)(2) and (4) of the Local Government Act 1972, the press and public be now excluded from the meeting for Agenda items 16, 17 and 18 (Minutes 117 -119 refer) on the grounds that they involved the likely disclosure of confidential or exempt information as defined in Section 100A(3) and paragraphs 3 (private financial or business information) and 5 (legal and professional privilege) of Part 1 of Schedule 12A of the said Act (as amended).

In resolving to exclude the public in respect of the exempt information, it was considered that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

117. ITEMS OF AN EXEMPT NATURE RELATING TO THE BUDGET AND POLICY FRAMEWORK FOR RECOMMENDATION TO THE COUNCIL

The following item of an exempt nature was considered:-

117.1. Acquisition of Culpitt House, 70-74 and 80-86 Town Centre, Hatfield (Forward Plan Reference FP784)

Exempt report of the Executive Director (Resources, Environment and Cultural Services) on the opportunity to acquire a number of properties in Hatfield Town Centre to add to the Council's holdings in the town.

RESOLVED:

- (1) That authority be delegated to the Executive Director (Resources, Environment and Cultural Services), in consultation with the Executive Member for Governance, Community Safety, Police and Crime Commissioner and Corporate Property and the Executive Member (Resources), to agree to the exchange of contracts on this transaction, subject to the completion of due diligence required prior thereto, including a full survey of the buildings, title and local searches, verification that the properties were as claimed by the vendor, Energy Performance Certificates, asbestos reports, (including the refurbishment asbestos report that should have been prepared before the works carried out in Culpitt House and the adjoining building where a gymnasium and residential conversions had occurred), financial reports on the tenants where appropriate, tax implications, together with any other information considered relevant by Officers and their external legal and agency advisors.
- (2) That the formalisation of the provisional offer made be recommended to the Council, subject to contract and due diligence,

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to acquire these assets at a purchase price as detailed in the exempt report plus fees and taxes (Stamp duty land tax and VAT).

- (3) That the Council be recommended to pay the standard agency fees on acquisition equivalent to 1% of the purchase price to its external agency advisors.
- (4) That the Cabinet notes and the Council be recommended to pay such fees as might be required, in accordance with the existing legal fee framework agreement in place with Pinsent Masons LLP in dealing with this acquisition estimated at £22,000.
- (5) That the Council be recommended to pay any other related fees such as those in connection with carrying out a full building survey (and structural survey if indicated as necessary) estimated at £5,000.

118. HIGH VIEW PROCUREMENT

Exempt report of the Executive Director (Resources, Environment and Cultural Services) on the appointment of a preferred bidder for this redevelopment project.

RESOLVED:

That the Member Procurement Board recommendation that the Cabinet appoint Lovell Partnerships Limited as preferred bidder for the redevelopment of High View be agreed and detailed negotiations entered into with this company before a final recommendation was brought back to the Cabinet containing details of the agreement and financial implications.

119. CREMATORIUM PROCUREMENT

Exempt report of the Executive Director (Resources, Environment and Cultural Services) on the next stage of the procurement for the redevelopment project.

RESOLVED:

- (1) That the Member Procurement Board recommendation to Cabinet that the detailed design stage continue at the same time as the planning application was considered be agreed.
- (2) That the progress update of the Crematorium project be noted and the exempt Minutes of the meeting of the Crematorium Procurement Board on 6 December 2016 be received.

Meeting ended at 8.15 pm
GS