

Minutes of the Cabinet meeting held on Tuesday, 5 February 2019 in Committee Rooms 1 & 2 - Deanes, Basingstoke and Deane Borough Council at 6.30 pm

Members of the Cabinet in attendance: Councillor C Sanders (Chair), Councillor T Reid, Councillor S Bound, Councillor H Eachus, Councillor H Golding, Councillor J Izett and Councillor M Ruffell

62/18 Apologies for absence

The Chair apologised on behalf Councillor Ruffell who was unable to attend the meeting due to traffic issues. He subsequently arrived at 18:42.

63/18 Declarations of interest

There were no declarations of interest.

64/18 Urgent matters

There were no urgent items.

65/18 Proposals for the Policy and Budget Framework - 2019/20 Budget Report

The Cabinet Member for Finance, Service Delivery and Improvement introduced the report, which provided details of revenue and capital budget proposals for 2019/20. He stated that the proposals maintain the boroughs status as a low tax, high spend per head council and will continue to deliver the council's priorities and support the council plan. He added that a balanced budget had been achieved with a £5 increase in council tax. He also added that over the period of the Medium Term Financial Strategy (MTFS) significant capital investment would be made to deliver housing, leisure opportunities, business opportunities as well as conserving property assets and delivering a funded digital transformation programme. Furthermore, he added that funding pressures would continue in future years and that the council would maintain pressure on its costs but would invest to improve services. He concluded that following consultation there was strong support for the direction and purpose of the budget and thanked officers for delivering the budget and looking at ways to develop services.

Recommendation to Council: That Council

note:

1. The Chief Finance Officer's (Head of Financial Services) statutory report regarding the robustness of the estimates and the adequacy of reserves detailed in section 12 of the report.
2. That £394,700 of 2018/19 budget carry-forwards have been included in the 2019/20 budget for the Wordpress Website, Residents Survey, Local Plan,

Smart City Initiatives and Leisure Park Development and this will reduce the 2018/19 budget accordingly.

3. That the Head of Financial Services on the 3 January 2019 calculated the Council Tax base for the whole council area at 65,768.8 Band D equivalents and for dwellings in those parts of its area to which a parish precept relates as per Appendix 10 of the report (available for final report to Council).
4. The county, police and fire authority precepts detailed in Appendix 11 of the report (available for final report to Council).
5. That as the billing authority, the Council has not been notified by any major precepting authority that its relevant basic amount of Council Tax for 2019/20 is excessive and the billing authority is therefore not required to hold a referendum, in accordance with section 52ZK of the Local Government Finance Act 1992.
6. The risks and sensitivities within the financial forecasts highlighted in section 3 of Appendix 7 of the report.
7. That the final government grant settlement figures may not be finalised before the budget is approved and therefore any adjustments to the final figures will be matched by contributions to the revenue reserves for capital purposes or from the Stability and Resilience Reserve.

determine:

8. That for the purposes of section 35 (2) (d) of the Local Government Finance Act 1992, any expenses incurred by the Borough Council in the financial year 2019/20 in performing functions in a part of the district which elsewhere in the district are performed by a Parish Council, shall not be special expenses of the Borough Council.
9. That its relevant basic amount of Council Tax for 2019/20 (£121.42 at Band D) reflects a £5.00 (4.29%) increase which is not excessive in accordance with principles approved under Section 52ZB of the Local Government Finance Act 1992.

approve:

10. The net Council Tax requirement of £7.986 million for 2019/20 and the revenue estimates and contributions to and from reserves as summarised in Appendix 1 of the report and supported by the detailed supporting budget papers.
11. The Medium Term Financial Forecast, as shown in Appendix 7 of the report.
12. The financial policies set out in Annex A of Appendix 7 of the report including the re-naming of the Strategic Capital Reserve to the RRCP Housing Reserve – Manydown and extending the potential use of the Stability and Resilience Reserve to include mitigating the impact of economic pressures.

13. The Capital Programme as set out in Appendix 9 of the report and supported by the detailed supporting budget papers.
14. That the requirement for Council Tax for borough purposes for 2019/20 be £121.42 Band D equivalent as set out in Appendix 11 of the report (available for final report to Council).
15. The fees and charges for 2019/20 as set out in Appendix 12 of the report.
16. The 2019/20 budget for the Joint Manydown Committee as set out in Appendix 13 of the report.
17. The Council Tax Resolution as set out in Appendix 11 of the report (available for final report to Council) which brings together the Borough's Council Tax Requirement and that of the other major preceptors (Hampshire County Council, Hampshire Fire and Rescue and The Police and Crime Commissioner for Hampshire) and sets the Council Tax charges for 2019/20.
18. Agree that the S151 Officer (Chief Finance Officer) be given delegated authority to implement any variation necessary to the overall level of 2019/20 Council Taxes in the event that any of the precepting authorities change their precept calculation from that expected and reported at the Council meeting.

66/18 **Treasury Management Strategy 2019/20**

The Cabinet Member for Finance, Service Delivery and Improvement introduced the report, which set out the Treasury Management Policy Statement and proposed Treasury Management Strategy for 2019/20. He stated that the Treasury Management Policy remained unchanged and with uncertainties around Brexit, the focus for treasury management would be on security and liquidity rather than enhanced returns.

Resolved: Cabinet

Note:

1. The Treasury Management Strategy for 2019/20 (Set out in Appendix 2 of the report).
2. The new Treasury Management Risk Indicators set out in section 5 of Appendix 2 of the report).
3. That the Treasury Management Policy Statement (set out in Appendix 1 of the report) remains unchanged.
4. The Chief Finance Officer (Head of Finance) comments on the level of risk set out in Section 13 of the report.

Recommendation to Council: That Council

Notes:

5. That the Treasury Management Policy Statement (set out in Appendix 1 of the report) remains unchanged.
6. The new Treasury Management Risk Indicators set out in section 5 of Appendix 2 of the report).
7. The Chief Finance Officer (Head of Finance) comments on the level of risk set out in Section 13 of the report.

Approves:

8. The Treasury Management Strategy for 2019/20 (set out in Appendix 2 of the report).

67/18 **Capital Strategy and Investment Strategy (Non Treasury) for 2019/20**

The Cabinet Member for Finance, Service Delivery and Improvement introduced the report, which set out the overall investment strategy for achieving the additional investment income targets that are critical in providing the council with the resources necessary to deliver its objectives. He stated it was a new report to address the statutory requirement to integrate the council's existing Capital Strategy, Treasury Management Activity and non-treasury investments into a single report, the details of which align with Council's previous decisions. He added that the report showed the breadth and significance of the council's financial resources, which underpin the Council Plan. He also highlighted the success of non-treasury investments in supporting revenue, which allowed the continued investment in both communities and business growth.

The Cabinet Member for Property and Development commented that the council managed its finances on behalf of residents very carefully but also in a way to ensure that investments were made with imagination and creativity to generate higher returns than non-treasury investments in order to provide good services to residents. He also highlighted the significant capital resources of the council, with plans to invest £130 million in the period 2019 to 2022/23. This included allocation of £35 million for Manydown and £13 million for Basing View, which would enable the development of modern office space, good quality new homes as well as other community, sports and recreation facilities, and a new cemetery, demonstrating the positive role of the council in continuing the development of the borough.

Resolved: That Cabinet

Note

1. The Capital Strategy for 2019/20 (Appendix 1 of the report).
2. The Investment Strategy (Non-Treasury) for 2019/20 (Appendix 2 of the report).
3. The Chief Finance Officer (Head of Financial Services and Section 151 Officer)

comments on the level of risk set out in Section 7 of the report.

Recommendation to Council: That Council

Note

4. The Chief Finance Officer (Head of Financial Services and Section 151 Officer) comments on the level of risk set out in Section 7 of the report.

Approve

5. The Capital Strategy for 2019/20 (Appendix 1 of the report) which includes:
 - i. the Prudential Indicators for 2018/19 to 2021/22
 - ii. the Authorised Limit for External Debt of £50 million for 2019/20 (as set out in the prudential indicators) and
 - iii. the Annual Minimum Revenue Provision Statement for 2019/20
6. The Investment Strategy (Non-Treasury) for 2019/20 (Appendix 2 of the report)

68/18 **Invest to Grow Business Plan - 2019/20**

The Cabinet Member for Property and Development introduced the report, which set out the annual business plan to support the delivery of the Invest to Grow Fund Strategy. He stated that by the end of 2018, £10 million of the Fund had been committed to support the new office accommodation for Eli Lilly. Furthermore, there were 25 projects currently in the pipeline including a 160,000 sq ft new development requiring £10 million of financing and 3 housing developments. He referred to comments made by the Audit and Accounts Committee and stated that he did not consider it appropriate for details of the housing scheme or minutes of the Invest to Grow finance meetings to be shared, however he would speak to the Chair of the Audit and Accounts Committee and attend the next meeting if possible.

Resolved: That Cabinet

- 1) Note the comments of the Audit and Accounts Committee held on 28 January 2019.
- 2) Agree the Invest to Grow Fund business plan for 2019/20 as set out in the report.

Reasons for the decision:

The approval of an annual business plan will support the delivery of the Invest to Grow Fund Strategy. The Strategy supports the Council's priority of improving economic vitality in addition to supporting the development of an effective and efficient council.

69/18 **Property Investment Strategy - Annual Property Plan 2019-20**

The Cabinet Member for Property and Development introduced the report, which set out the proposed 2019/20 Annual Property Plan for the councils property investment portfolio in pursuance of its agreed Property Investment Strategy, in support of the council's Medium Term Financial Strategy consultation.

He stated that good progress had been made during 2018 with the acquisition of 4 income generating properties using the additional £30 million funding allocated under the strategy. He added that the aim of the strategy was to modernise the property portfolio with enhanced asset management of the portfolio to generate better returns and ensure the assets are good quality and performing well. He further added that to the end of 2018, £16 million had been invested; delivering £1.129 million of additional income per annum through new investment acquisitions and the strategy was on course to deliver the £1.7 million target.

He also highlighted the ongoing work of officers regarding proposals for re-gearing existing ground leases, which was important to enable redevelopment, enhance rental income and deliver new buildings. Furthermore, officers would be bringing forward proposals in relation to a Housing Investment Strategy with the objective of intervention in the housing sector including potential assistance to house buyers. He concluded that £5.1 million remained for investment out of the £30 million allocation and considered it appropriate that there was flexibility should an opportunity for new investment be identified and therefore recommended that the investment allocation be increased by up to £5 million.

He referred to concerns raised by the Audit and Accounts committee who suggested that urgency procedures should be used, if necessary, rather than increasing the investment allocation, however he did not support this view. He also stated that he would speak to the Chair of the Audit and Accounts Committee and would provide a report in relation to concerns regarding residential investment opportunities.

Cabinet discussed the proposals and comments of the Audit and Accounts Committee with regard to residential investment, diversification of the fund and the future proposals for a Housing Investment Strategy and therefore it seemed illogical not to agree to increase the available fund for future investments if an opportunity was identified. Cabinet did not support the view that urgency procedures should be used, and considered that there were robust decision-making procedures in place. The Chief Executive clarified that urgency provisions are for matters which are not reasonably foreseeable and genuinely urgent.

Resolved: Cabinet

- 1) Note the comments of the Audit and Accounts Committee held on 28 January 2019.
- 2) Agree the Property Investment Strategy Annual Property Plan 2019-20.

Recommendation to Council:

That Council agree that, if necessary, investment funds available for the Property Investment Strategy can be increased by up to £5 million funded from property receipts.

Reasons for the decision:

The Annual Property Plan 2019/20 seeks to build on the achievements in 2018/19 to increase the council's rental income and to work towards ensuring a more balanced & efficient property investment portfolio, providing a stable long term source of income which will contribute to the generation of additional income to meet the council's Medium Term Financial Strategy.

70/18 Horizon 2050: The journey to 2050

The Leader of the Council introduced the report that presented the outcome of work on Horizon 2050. He explained that Horizon 2050 was a long-term vision to ensure that the borough was able to maintain and improve the quality of life enjoyed by residents. Research and engagement activities resulting in the vision, included capturing the views of residents, group discussions and face to face discussions to identify main themes for further engagement and quantitative research which resulted in 8 main themes:

- Homes and housing
- Healthy, safe and inclusive communities
- Natural environment
- Sustainability
- Transport
- Education
- Economy and entrepreneurship
- A borough with heritage and distinction

He concluded that the vision was not a policy document but a clear framework to inform policy making in the future for both the council, its partners and Basingstoke Area Strategic Partnership (BASP).

Resolved: Cabinet

- 1) Note the updates to the Horizon 2050 vision following final engagement.
- 2) Endorse the Horizon 2050 vision ahead of adoption by council in February and BASP in March 2019.

Recommendation to Council:

That Council adopt the Horizon 2050 vision.

Reason for the decision:

Horizon 2050 has been an extensive research and engagement exercise. In order to move the vision on to the next steps of delivery it is important to get endorsement of the overall vision from Cabinet and adoption by Council.

The meeting ended at 7.08 pm.

Chair