



Minutes of the meeting of the **Cabinet** held in Committee Room 2 at East Pallant House Chichester on Tuesday 5 December 2017 at 09:30

Members Present Mr A Dignum (Chairman), Mrs E Lintill (Vice-Chairman), Mr R Barrow, Mr J Connor, Mrs P Hardwick, Mrs J Kilby, Mrs S Taylor and Mr P Wilding

Members Absent

Officers Present Mrs H Belenger (Accountancy Services Manager), Mr S Carvell (Executive Director), Mr M Catlow (Group Accountant (Technical and Exchequer)), Mrs J Hotchkiss (Head of Commercial Services), Mr D Hyland (Community and Partnerships Support Manager), Mr P Jobson (Taxation Manager), Mrs T Murphy (Parking Services Manager), Mr S Oates (Economic Development Manager), Mr P E Over (Executive Director), Mrs D Shepherd (Chief Executive) and Mr G Thrussell (Senior Member Services Officer)

440 **Chairman's Announcements**

Mr Dignum welcomed the members of the public, the press representatives and Chichester District Council (CDC) members and officers who were present for this meeting. He summarised the emergency evacuation procedure.

There were no apologies for absence and all members of the Cabinet were present.

There were no late items for consideration at this meeting.

Mr Dignum said that this would be Mrs Hardwick's final meeting as a member of the Cabinet following her decision to relinquish her role by virtue of her other commitments. He paid tribute to her competent and invaluable contribution in fulfilling the Finance and Governance Services portfolio. He had no doubt that she would continue to serve on other committees of Chichester District Council with that same ability and approach.

[Note Hereinafter in these minutes CDC denotes Chichester District Council]

441 **Approval of Minutes**

The Cabinet received the minutes of its meeting on Tuesday 7 November 2017, which had been circulated with the second agenda supplement.

There were no proposed changes to the minutes.

Decision

The Cabinet voted unanimously on a show of hands to approve the aforesaid minutes without making any amendments.

RESOLVED

That the minutes of the Cabinet's meeting on Tuesday 7 November 2017 be approved without amendment.

442 **Declarations of Interests**

Mr Dignum and Mrs Kilby each declared a personal interest as members of Chichester City Council in respect of those agenda items where it was consulted or otherwise involved in or materially affected by the subject matter, namely items 7, 8 and 9.

Mr Oakley, the CDC ward member for Tangmere, was present as an observer and, with the prior permission of Mr Dignum, addressed the Cabinet during agenda item 5. At the start of his remarks he declared a personal interest as a member of West Sussex County Council and the chairman of its Chichester South Local Committee.

443 **Public Question Time**

No public questions had been submitted for this meeting.

444 **Chichester Growth Deal 2017-2023**

The Cabinet received and considered the agenda report and its two appendices.

The report was presented by Mr Dignum.

Mrs Hotchkiss was in attendance for this item.

In commending the Growth Deal (GD) to the Cabinet, Mr Dignum said that the GD was between West Sussex County Council (WSCC) and CDC and had its origin in the Chichester Place Plan agreed in 2016 between those two local authorities. The purpose of the GD was to define the agreement between WSCC and CDC on the priority projects for growth within Chichester District. WSCC and CDC officers were recommending that partnership working should be focused on four major projects:

- Chichester City Vision: to complete a transport feasibility study for the city that supported the delivery of the Vision and the Chichester Local Plan.

- Chichester Southern Gateway: to enhance this key gateway to the city and deliver a mixed-use development covering 30 acres which included office, retail, residential and leisure uses. The Southern Gateway Masterplan had received Council approval on 21 November 2017.
- Chichester Northern Gateway: to enhance this key gateway to the city and deliver a mixed-use development which included office, retail, residential and leisure uses.
- Gigabit West Sussex Fibre Broadband Project: to improve digital connectivity in Chichester. This project would be financed by a government grant specifically restricted to linking central and local government offices.

WSSC and CDC would agree opportunities for aligning and prioritising funding from all available funding streams, eg Business Rates Retention Scheme, Local Growth Fund, Community Infrastructure Levy (CIL), section 106 etc, to support the delivery of the four priorities identified within the GD. It should be understood, however, that the Growth Board possessed no executive decision powers, as was made clear in section 7.2 of the report and section 3 of the terms of reference in appendix 1, which stated that any recommendation of funding allocations would require to be taken through the appropriate CDC and WSSC decision process respectively for approval.

Therefore it was proposed that the role and existing terms of reference of the current Infrastructure Joint Member Liaison Group (IJMLG) would be subsumed into the Growth Board. This would ensure that the existing arrangements for considering spending bids and priorities for CIL as part of the preparation of the annual Infrastructure Business Plan were retained. Decisions about CIL spend would, however, remain with CDC's Cabinet and Council.

The GD priorities would be delivered through a series of associated projects brought together and managed within an overall Growth Programme to be progressed over the next five years ie 2018 to 2023.

The delivery of the GD would be overseen by a Growth Board of WSSC and CDC members and officers.

He proposed that there should be an amendment to the terms of reference to allow three rather than two representatives from each of the authorities, the three CDC members being Mrs Taylor, Mr Oakley and himself, each of whom were the current CDC members of the IJMLG.

CDC would lead on the Southern Gateway major project and WSSC would lead the other three major projects.

The projects were self-evidently focused on Chichester city but this was because of the scale of those projects. WSSC naturally wished to focus on major projects with

the greatest benefits. There were no projects of such a scale in prospect for the rural towns. It was also important to recognise that all Chichester District's residents would also benefit from the economic growth of the city and from investment returns on the District's assets in the city.

Mrs Hotchkiss did not wish to add to Mr Dignum's introduction.

During the debate members supported the GD. They welcomed the confirmation given by Mr Dignum that the Growth Board would not be a decision-making body, that its recommendations as to funding allocations would be considered by CDC's Development Plan and Infrastructure Panel (DPIP), the Cabinet and the Council (clause 3.0 of the terms of reference), that the annual review of its decisions (clause 4.0) would be undertaken by CDC's Overview and Scrutiny Committee and the Cabinet, and that the current three CDC members of the IJMLG would (if approved) transfer to the Growth Board and so afford continuity of their experience and involvement. The transport feasibility study to support delivery of the Chichester *Vision* (page 10) was welcomed and should be undertaken at the earliest opportunity. Notwithstanding that the Gigabit project was unavoidably city-centric due to the government's requirement that it must be for the benefit of local government and also to EU funding rules, it was recognised that the county's district and borough councils needed to promote the extension of the project to the rural areas which often had poor broadband connections.

With the prior permission of Mr Dignum, Mr Oakley addressed the Cabinet. He said that whilst he agreed in principle with the GD and the Growth Board he sought certain reassurances:

- Given the city-centric focus of the GD and the final sentence of para 5.6 in the report, the pursuit of meritorious projects elsewhere in Chichester District could be compromised.
- How the governance arrangements would apply to WSCC's Chichester South County Local Committee (CSCLC) and the reason for not mentioning its North equivalent.
- How the IJMLG's role would function after it had been subsumed into the Growth Board given that the Board itself would concentrate on priority projects and CDC's DPIP's focus would be on the *Chichester Local Plan*. There was a concern that the IJMLG's input might be eclipsed. Infrastructure needs outside the city existed and would require CIL funding.

In reply, Mr Dignum said (with contributions also from Mrs Shepherd and Mrs Hotchkiss):

- The GD's focus was on the city because that was where the scale of projects existed. The Growth Board would be concerned only with joint projects which required WSCC funding. Since WSCC would take the lead on projects (except the Southern Gateway regeneration), if CDC did not follow suit it would have to lead its own projects unaided. Mrs Shepherd advised that if the

GD was not signed there would be neither WSCC support nor funding from the region's Local Enterprise Partnership.

- Officers had been requested to liaise with WSCC about inclusion of the reference to the CSCLC since that committee was irrelevant to the GD process. Mrs Hotchkiss added that having discussed the point with her opposite number at WSCC it had been agreed that the paragraph that referred to the CSCLC would be amended to say that the CSCLC would have a purely consultative role.
- As to the monitoring and scrutiny of CIL projects, the decision-making structure for CIL expenditure was CDC's DPIP, the Cabinet and the Council and the Growth Board would continue to exercise the IJMLG's current scrutiny function.

At the close of the debate the need to make the following amendments was noted and agreed by the Cabinet.

First, textual corrections to the documents in the two appendices as follows:

- (1) In appendix A to appendix 1 on page 13 the reference to 'Adur & Worthing' in the fourth bullet point in the final (Outcomes) section of the Gigabit table should be replaced with 'Chichester District'.
- (2) In the terms of reference in appendix 2 on page 14, the first para in clause 1.0, there should be inserted 'and the Council' after 'Cabinet' in the first line.

Secondly, the recommendations in section 2.1.2, 2.1.3 and 2.1.4 of the report should be amended as advised by Mr Over in a sheet circulated to the Cabinet by (a) referring to two (instead of only one) additional members in 2.1.2; (b) adding 'and terms of reference' after 'role' in 2.1.3; and (c) insert '(as amended)' in 2.1.4.

Decision

At the end of the debate the Cabinet voted unanimously on a show of hands to support the recommendations in their amended form to be made to the Council and in addition the resolution (which had not been amended).

RECOMMENDED TO THE COUNCIL

That the Council:

- (1) Approves the Growth Deal between West Sussex County Council and Chichester District Council as set out in appendix 1 to the agenda report, subject to the aforesaid amendments in appendix A to appendix 1 and in appendix 2.
- (2) Approves the appointment of the Leader of the Council, Susan Taylor and Simon Oakley recommended by the Cabinet to represent Chichester District Council on the Growth Board.

- (3) Dissolves the Infrastructure Joint Member Liaison Group and subsumes its role and terms of reference into the Growth Board.
- (4) Approves the terms of reference of the Growth Board (as amended) contained in appendix 2 to the agenda report subject to comments from West Sussex County Council

RESOLVED

That authority be delegated to the Head of Commercial Services to agree minor amendments to the final Growth Deal document, following consultation with the Leader of the Council.

445 Financial Strategy and Plan 2018-2019

The Cabinet received and considered the agenda report and its three appendices, the third of which had been omitted from the agenda papers and was circulated subsequently in the first agenda supplement.

The report was presented by Mrs Hardwick.

Mrs Belenger was in attendance for this item.

In commending the recommendations to the Cabinet, Mrs Hardwick said that the report updated the financial strategy and plan for 2018-2019 and created the framework within which the council tax base would be set (agenda item 9) and set the scene for the budget in February 2018.

The backdrop to the strategy was the uncertain geo-political climate and reducing central government funding for local government. CDC was two years into its four-year agreed settlement with central government, so there was a degree of certainty over some parts of the funding stream, although only until 2019-2020. Thereafter retained business rates would provide an increased proportion of funding but that source and much of CDC's other income eg from car parks and planning fees was fairly unpredictable, reflecting the state of the wider economy. Thus CDC would have to navigate through financial uncertainty into a new era outside the EU.

Appendix 2 showed the updated five-year model, reflecting the consolidated budget from the service areas, the four-year settlement and the most up-to-date estimates for the wider CDC activities including the Programme Boards and other planned savings.

Confirmation was awaited from the government as to whether CDC could raise council tax by 2% or the higher rise (for CDC) of £5 (for a so-called Band D property) without a referendum. This higher rise was applied in 2016 and the current model assumed the higher (£5) increase this year as the government's consultation proposed that option for at least one more year with increases of 2% thereafter.

The model reflected various uncertainties and risks set out in para 4.16, from which she drew particular attention to (a) income from fees and charges; (b) pay

settlements; (c) localisation of business rates; and (d) the new homes bonus (the parish allocation in respect of which was the subject of the next agenda item).

Appendix 1 set out the key financial principles behind the financial strategy and appendix 3 summarised the resources position, with the up-to-date position of CDC's reserves and assets, demonstrating that CDC remained in a sound and sustainable prospective financial state.

As previously notified to the Cabinet and circulated on a sheet immediately prior to the start of this meeting, the third recommendation in para 3.3 of the report had been amended twice so that it now read:

'That a minimum level of general fund reserves be set at £5m and to maintain the £1.3m provision for revenue support, having considered the recommendations from the Corporate Governance and Audit Committee.'

She expressed her own and the Cabinet's gratitude to Mrs Belenger and her team.

Mrs Belenger did not wish to add to Mrs Hardwick's introduction.

The Cabinet noted and agreed with the amended version of the third recommendation in para 3.3 of the report.

The Cabinet did not debate this agenda item.

Mr Dignum commented that it was proposed to continue the same strategy with its cautious approach and maintaining reserves in view of economic uncertainties. He highlighted the financial impact on CDC if there was a fall in planning and car parks income, which were especially vulnerable to the vicissitudes of the economy. If allowed to do so, the Cabinet would recommend to the Council in due course a £5 council tax rise, which whilst being a very modest increase for residents would nevertheless materially improve CDC's income stream.

Decision

At the end of the debate the Cabinet voted unanimously on a show of hands to support the recommendations, with the aforesaid agreed amendments to para 3.3 of the report, to be made to the Council.

RECOMMENDED TO THE COUNCIL

That the Council:

- (1) Approves the key financial principles and actions of the five-year financial strategy set out in appendix 1 to the agenda report.
- (2) Notes the current five-year Financial Model in appendix 2 to the agenda report.

- (3) Approves that a minimum level of general fund reserves be set at £5m and the £1.3m provision for revenue support be maintained, having considered the recommendations from the Corporate Governance and Audit Committee.
- (4) Approves that Chichester District Council participates in the West Sussex 100% Business Rates Pilot for 2018-2019 if the bid is accepted by the Department of Communities and Local Government or continues to participate in a West Sussex Business Rates pool for 2018-2019 if the pilot bid is unsuccessful.
- (5) Notes the current resources position as set out in appendix 3 to the agenda report.

446 **New Homes Bonus (Parish Allocations) Policy**

The Cabinet received and considered the agenda report and its two appendices.

The report was presented by Mrs Lintill.

Mr Hyland was in attendance for this item.

Mrs Lintill summarised the report with particular reference to section 3 and para 7.1. The New Homes Bonus (Parish Allocations) Policy was nearing the time for renewal and the Grants and Concessions Panel, which she chaired, strongly supported its continuation for a further four years from 2018. The benefits it brought to Chichester District's communities, as outlined in section 4 of the report, were self-evident and should continue to be made available.

Mr Hyland did not wish to add to Mrs Lintill's introduction.

In a short discussion Mr Dignum and Mrs Hardwick spoke in support of the Policy and the recommendation. The projects it had helped to deliver had been well received in the communities. It was essential to protect the funds from government frontline cuts so that they could be dedicated to projects envisaged by the Policy.

Decision

The Cabinet voted unanimously on a show of hands in favour of making the following recommendation to the Council.

RECOMMENDED TO THE COUNCIL

That the New Homes Bonus (Parish Allocations) Policy and the delegations therein be approved.

447 **Chichester Vision - Approval of Action Plan and Delivery Governance Arrangements**

The Cabinet received and considered the agenda report and its appendix.

The report was presented by Mr Dignum.

Mr Oates was in attendance for this item.

In seeking the Cabinet's approval of the Delivery Action Plan and oversight of its implementation by the Chichester Vision Steering Group, Mr Dignum said that the final text for the *Vision* document had been approved by the Vision Steering Group members in June 2017 and then formally approved by the Council on 25 July 2017. With document design completed, the *Vision* was now ready for publication. It would be a principal guide for all three local authorities and the key organisations in Chichester when setting resource plans and considering significant issues and proposals affecting the city centre. To provide the leadership and governance, it was proposed that the existing Steering Group would fulfil the role of Chichester City Vision Delivery Steering Group.

Key projects within the *Vision* that would require close partnership working with WSCC had been identified in the Chichester Growth Deal and would be monitored by the proposed Growth Board. Other actions to deliver the *Vision* would be prioritized in the delivery action plan (appendix 1) with a schedule of the proposed initial projects and activities. The Cabinet's approval of the plan was sought but it might well be subject to change after discussion with CDC's partners on the Steering Group. At its next meeting the Steering Group would agree the priorities for the coming year having regard to the available resources and the costs of the proposed projects.

With the Growth Deal's four large projects each contributing to the realisation of the *Vision*, the Vision Steering Group's focus would be on much smaller projects which shared the objective of making the city more attractive to users of all ages, namely residents, visitors, workers and students. Those projects included improved wayfinding, more cycle racks and benches, refurbishment of the Priory Park buildings and an improved tourism offer.

Mr Dignum said that as part of the 2018-2019 budget preparation he would propose that a sum should be allocated for use by all of Chichester District's Visions, including Selsey, Midhurst and Petworth, as well as Chichester. The Chichester *Vision* projects might also benefit from Chichester City Council's share of the Community Infrastructure Levy.

Mr Oates did not wish to add to Mr Dignum's introduction.

During the discussion members expressed their satisfaction with Mr Dignum's proposal that there should be a fund available for the use by all of Chichester District's other visions. It was important to avoid or address any perception of a solely Chichester-centric *Vision*.

In reply to Mr Connor who queried having a vision for the southern peninsula rather than just Selsey, Mrs Shepherd explained that visions were suited and designed for major towns and there were limited resources available. It was for parishes to lead the way with these visions and CDC was keen to work with parish councils, as it was

doing with Chichester City Council (CCC) on the Chichester *Vision*. She was arranging meetings with parish councils to facilitate this process.

Mr Dignum added that in the case of the Chichester *Vision*, the major funder was CCC, which had 15% of the Community Infrastructure Levy receipts (these were now being collected at an appreciable rate).

Decision

The Cabinet voted on a show of hands unanimously in favour of the making the resolution set out below.

RESOLVED

- (1) That the Delivery Action Plan for the Chichester City Centre Vision as set out in appendix 1 to the agenda report be approved.
- (2) That the continuation of the Chichester Vision Steering Group in overseeing the implementation of the Delivery Action Plan be approved.

448 Determination of the Council Tax Base for 2018-2019

The Cabinet received and considered the agenda report and its four appendices.

The report was presented by Mrs Hardwick.

Mr Jobson was in attendance for this item.

Mrs Hardwick said that this item related to setting the council tax base for the next financial year. It was effectively an estimate of the number of council tax dwellings in Chichester District, ie current plus estimation for new dwellings likely to enter the valuation list, which was then adjusted for the effect of discounts and exemptions (appendix 4) and for properties being in different bands. The final total was expressed as the number of Band D equivalent dwellings and then adjusted for an estimated collection rate. That figure would be used by the relevant authorities to set their council tax/precepts.

The calculations were detailed in appendix 1. Calculating the tax base as an equivalent number of Band D properties, there were 50,225 chargeable properties estimated for 2018-2019. These were then weighted to convert them to a Band D equivalent, producing 55,688 Band D equivalent properties. Net of additional charges for second and empty homes, making allowance for both eligible claimants under CDC's Council Tax Reduction Scheme (CTRS) and estimating losses on collection, the net tax base was 52,804. This was broken down by parish as shown in Appendix 2.

Since 2013 CDC had received funds from the government in order to assist parishes which would receive less precept due to residents in their parishes receiving relief under the CTRS. From 2014-2015 CDC had continued to pay parishes out of the Revenue Support Grant (RSG) a grant to reflect that lost precept but at an ever

decreasing rate. After the 2017-2018 financial year the RSG would no longer exist. Parishes were given notice last year that the CTRS-related grant would be tapered down each year over three years and by the end of 2019-2020 will have been withdrawn altogether. Appendix 3 detailed the taper relief which had been applied in the previous year where the grant represented a material amount for that parish (defined as being in excess of 4% of the precept). In order to avoid administering relatively small grant payments CDC was continuing to apply a lower threshold of £1,000 so any computed grant still lower than that limit was removed totally.

Mr Jobson commented that the council tax base had experienced a healthy growth compared with the previous financial year, which was the result of housing developments in several areas in and around the city. The estimate presented to the Cabinet was a fairly accurate one based *inter alia* on CDC inspectors going into the community and talking with developers about their expectations and taking into account the build-out rates of previous developments.

During the discussion Mr Jobson answered members' questions on points of detail (a) relating to the calculation of the 99% collection rate and what was factored into it; (b) with respect to students; (c) the reduction for occupiers with disabilities, which was taken into account in the calculation without resorting to section 13A (1) of the *Local Government Act 1992* as amended; (d) the comparative numbers of properties below and above Band D and how the number of higher band homes was taken into account in calculating the number of Band D equivalent properties.

The Cabinet noted and agreed with Mr Dignum that 'for 2018-2019' should be added to the end of the recommendation in para 3.4 (v) of the report.

Decision

The Cabinet voted unanimously on a show of hands to make the resolution set out below with the aforesaid amendment to the recommendation in para 3.4 (v) in the report.

RESOLVED

- (1) That the council tax discounts to apply for the 2018-2019 financial year are:
 - (a) Nil discount for second homes (to include those with planning restrictions – (Prescribed classes A & B))
 - (b) Nil discount for vacant, unoccupied and substantially unfurnished properties to include those properties which would previously have qualified for Class C exemption (Prescribed class C)
 - (c) Nil discount for unoccupied properties which would previously have qualified for Class A exemption (properties in need of or undergoing major repair - (Prescribed Class D))
- (2) That an Empty Home Premium of 50% be charged for the 2018-2019 financial year.

- (3) That no additional locally defined classes of discount should be determined for the 2018-2019 financial year.
- (4) In order to comply with section 35 of the *Local Government Finance Act 1992*, that the following resolutions are made:
- (i) No item of expenditure shall be treated as “special expenses” for the purposes of section 35 of the *Local Government Finance Act 1992*;
 - (ii) This resolution shall remain in force for the 2018-2019 financial year;
 - (iii) The calculation of Chichester District Council’s taxbase for the year 2018-2019 is approved;
 - (iv) The amounts calculated by the Chichester District Council as its council tax base for the year 2018-2019 for its area and each part of its area shall be those set out in appendices 1 and 2 to this report;
 - (v) In order to offset some or all of the costs of Council Tax Reduction to local precepting authorities (parish councils), a grant is distributed as outlined in appendix 3 and described in paragraph 5.4 of the agenda report for 2018-2019.

449 **Parking Payment Machines**

The Cabinet received and considered the agenda report.

The report was presented by Mr Dignum.

Mrs Murphy was in attendance for this item.

Mr Dignum summarised the report with reference to sections 3, 4 and 5.

Mrs Murphy pointed out that all of the machines would be solar-powered and those already deployed in the city centre had resulted in significant savings. The extension of these machines to all the rural car parks was in recognition of the very positive customer feedback received. Machines located in coastal areas were designed with protective material to prevent erosion.

Mrs Murphy answered members’ questions and comments on points of detail with respect to (a) cleaning maintenance of the machines; (b) seasonal non-tariff periods and options for decommissioning the machines during those months; and (c) how the bringing forward of the £97,000 asset replacement budget allocation would be balanced by various savings which would be made.

Decision

The Cabinet voted unanimously on a show of hands to make the resolution below.

RESOLVED

That it be approved that the existing asset replacement budget allocation of £97,000 be brought forward from 2021-2022 to be used in 2017-2018 for the replacement of parking payment machines in the rural car parks, to enable coin, card and contactless payment.

450 Appointments to Outside Organisations - West Sussex Joint Leaders Group

The Cabinet received and considered the agenda report.

The report was briefly explained by Mr Dignum.

There was no officer in attendance for this item.

The Cabinet did not discuss this matter.

Decision

The Cabinet voted unanimously on a show of hands to make the resolution below.

RESOLVED

That with effect from 1 January 2018 Tony Dignum be reappointed as Chichester District Council's representative on the West Sussex Joint Leaders Group.

451 Review of the Rural Settlement List

The Cabinet received and considered the agenda report and its appendix.

The report was presented by Mrs Hardwick.

Mr Jobson was in attendance for this item.

In commending the Rural Settlement List (RSL) to be approved for publication, Mrs Hardwick explained that it identified rural settlements in Chichester District for the purposes of allocating Rural Rate Relief. The relief was funded by the government to assist rural communities by allowing small rural businesses such as village shops, post offices, pubs and petrol stations to receive business rate relief.

One of the proposed changes was to recognise that Hampers Green was a rural settlement in its own right as distinct from Petworth town. The existing wider defined area within Petworth parish, which was currently known as Petworth for the purposes of the list and contained Petworth town and Hampers Green, was likely to exceed the population limit of 3,000. Although no businesses currently were in receipt of such relief, it was proposed to recognise the Hampers Green settlement as a distinct rural settlement so that the potential for rural rate relief continued to be available for both these areas as in other parishes across Chichester District.

Mr Jobson commented that the RSL was only for non-domestic rates and that CDC was able to draw and amend the settlement boundaries.

Mr Jobson responded to questions on points of detail with regard to (a) the correct parish for Maudlin; (b) how for RSL purposes the boundary was redrawn for Hampers Green in accordance with the regulations; and (c) the boundaries for other areas within Chichester District such as East Wittering and Bracklesham would be reviewed during the next 12 months and if members had points or concern they were welcome to notify Mr Jobson.

Mr Dignum proposed with the Cabinet's agreement that the following words should be added to the end of the recommendation in para 2.1 of the report: 'subject to a further check of the boundaries by the Head of Finance and Governance Services'.

Decision

The Cabinet voted unanimously on a show of hands to make the resolution below.

RESOLVED

That the amended Rural Settlement List be approved for publication as set out in the appendix to the agenda report subject to a further check of the boundaries by the Head of Finance and Governance Services.

452 Treasury Management 2017-2018 Half-Yearly Update Report

The Cabinet received and considered the agenda report and its three appendices.

Mrs Hardwick presented the report.

Mr Catlow was in attendance for this item.

Mr Dignum first of all began by reminding the Cabinet and other CDC members who were present as observers about the treasury management training session on 8 December 2017. He, and later Mrs Hardwick, strongly encouraged members (particularly those who sat on the Cabinet and the Corporate Governance and Audit Committee (CGAC)) to attend this very valuable workshop.

Mrs Hardwick said that the report presented a summary of CDC's treasury activity for the first half of 2017-2018. A slightly fuller version of this report had been presented to the CGAC on 23 November 2017, which had noted the direction taken so far, the challenges faced for the future and their impact on a future strategy. Those challenges were summarised in para 3.3 with further details in appendix 2. The greatest challenge was to respond to the new Prudential Code and the Regulatory Guidance that were expected to be issued early in 2018. The aforementioned forthcoming treasury management training session would cover those regulatory changes together with the wider environment within which treasury decisions were made.

As to 2017-2018, treasury funds had risen to around £60m and CDC had continued to use money market deposits for short term liquidity while reducing the level of lending to other local authorities due to the poor returns offered. The current quarterly return for internal investments of 0.52% in para 5.2 was in line with the return received by other district and borough councils in the benchmarking data.

Longer term investments had increased following a further investment in external pooled funds (similar to unit trusts) early in the financial year. The return to date for investment in the Local Authority Property Fund and the new external pooled funds was set out in paras 5.4 and 5.5 respectively.

The return on CDC's property portfolio was estimated at 7.82%. However, this did not take into account any income and expenditure for 2017-2018 and Estates officers were developing a system to monitor and report the performance of CDC's investment properties going forward.

Two tables in section 5 of the report set out CDC's performance against Security and Liquidity benchmarking. Overall there were no exceptions to note although the Treasury team was not seeking to increase CDC's use of bank deposits over the short term to ensure that the proportion of funds exposed to bail-in remained below the average of other district/borough councils.

Three exceptions to Treasury guidelines during the first half year were listed in section 6 of the report. These had been reviewed for learning points and procedures had been reviewed to ensure that required improvements were made.

Appendix 1 contained a summary of CDC's external advisor's latest economic commentary, which dealt with the present economic and credit outlook.

She thanked Mr Catlow and his colleagues for their hard work in treasury management.

Mr Catlow did not wish to add to Mrs Hardwick's introduction.

Mr Catlow responded to members' comments and questions on points of detail with respect to (1) the first report from M and G which had been received the previous day and had yet to be fully considered but (a) it was noted that the rate of return for the six-month period was lower than anticipated and this would be clarified and (b) the capital growth statement had not yet been provided; (2) the reason for exceeding the unsecured building society deposit limit with the national Counties Building Society in July 2017 (page 77) was due to human error and steps had been taken to ensure it would not be repeated; and (3) the reason for the external funds capital losses recorded in the Return table in section 5 of the report (page 77).

Decision

The Cabinet voted on a show of hands unanimously in favour of making the resolution below.

RESOLVED

That the Treasury Management activity and performance for 2017-2018 to date and the comments made by the Corporate Governance and Audit Committee be noted.

453 **Late Items**

There were no late items for consideration at this meeting.

454 **Exclusion of the Press and Public**

There were no restricted items for consideration at this meeting and so no Part II resolution was required to be made.

[Note The meeting ended at 10:53]

CHAIRMAN

DATE