

Public Document Pack



Minutes of the meeting of the **Cabinet** held in Committee Room 2 - East Pallant House on Tuesday 5 February 2019 at 9.30 am

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

Members Absent

In attendance by invitation

Officers Present Mrs H Belenger (Divisional Manager for Financial Services), Ms P Bushby (Divisional Manager for Communities), Mr M Catlow (Group Accountant (Technical and Exchequer)), Mr D Cooper (Group Accountant), Mr S Davies (Planning Obligations Monitoring and Implementation Officer), Mrs K Dower (Principal Planning Officer (Infrastructure Planning)), Mr D Henly (Senior Engineer (Coast and Water Management)), Miss L Higenbottam (Democratic Services), Mrs J Hotchkiss (Director of Growth and Place), Mrs V Owen (Principal Planning Policy Officer), Mr P E Over (Executive Director), Mrs S Peyman (Divisional Manager for Culture), Mrs D Shepherd (Chief Executive), Ms S Thorndyke (Museum and TIC Manager) and Mr J Ward (Director of Corporate Services)

645 **Chairman's Announcements**

Mr Dignum greeted members of the public and Chichester District Council (CDC) members and officers and the two press representatives who were present for this meeting.

The emergency evacuation procedure was read out.

There were no apologies for absence.

There were no late items for consideration.

Mr Dignum announced that agenda item 16 *Purchase of Land for Southern Gateway* had been deferred.

Mrs Lintill then announced that on 19 January 2019 CDC had signed an agreement with AXA for the sale of Careline with completion due to take place on 1 March

2019. She confirmed that staff and clients had been informed and the news had been well received. She explained that the service would be receiving considerable investment which would help to safeguard the most vulnerable residents into the future.

646 Approval of Minutes

The Cabinet received the minutes of the meeting on 8 January 2019 which had been circulated with the agenda.

There were no proposed changes to the minutes.

RESOLVED

That the minutes of the Cabinet's meeting on 8 January 2019 be approved.

647 Declarations of Interests

There were no declarations of interests made by members at this meeting.

648 Public Question Time

There were no public questions submitted for this meeting.

649 Budget Spending Plans 2019-2020

This item was presented by Mr Wilding (Cabinet Member for Corporate Services). Mrs Belenger (Divisional Manager for Financial Services) and Mr Cooper (Group Accountant) were also in attendance.

Mr Wilding explained that the report follows Full Council's approval of the Financial Strategy in January 2019. Full Council will set the Budget and Council Tax in March 2019. The budget process requires cooperation between individual budget managers and the council's finance team overseen by the Strategic Leadership Team. The task has been to ensure that service delivery priorities are met within the constraints on public sector financial resources.

Mr Wilding then confirmed that the 2019-20 budget marks the final year of the four year Government settlement. On 29 January 2019 the Government confirmed a draft settlement as final without amendment and as such recommendation 3.1 (d) is not required.

Mr Wilding advised that the council should take up central Government's offer of allowing a rise in Council Tax by £5 for Band D properties and equivalent increases for other property Bands. He explained that the extra £266,700 generated would help to offset the continued reduction of central Government funding and assist in closing the budget deficit that would otherwise emerge in the medium term. The increase was assumed in the 5 year financial strategy and not to approve it would leave the council with a deficit to address in later years. Continued work on the 2016

Deficit Reduction Plan aims to generate further income and savings amounting to £1.3m over the next five years.

Mr Wilding then explained that the overall 2019-20 budget shows a net revenue requirement of £13.830m (or £11.652m excluding the New Homes Bonus). The budget process identifies detailed variances by department and service areas between the 2018-19 budget and that for 2019-20. The major variances include the growth items amounting to £151,700 and service efficiency savings amounting to £334,700. With regard to the Capital Programme all the projects included have already had approval from the Cabinet and Full Council although some may be subject to a separate future report and Project Initiation Document before the funding is released. The Statement of Reserves remains robust and highlights the purpose of specific reserves and the respective authorisations for their use. It demonstrates that the Capital Programme and Asset Replacement Programmes are fully funded, as indicated by the prudential indicators set out on page 55 of the supplement pack along with the Council's Minimum Revenue Provision (MRP) Policy. The latter states the arrangements for the repayment of any debt which is a requirement of the Prudential Code even if the council is debt free.

Mr Wilding confirmed that the Director of Corporate Services is obliged by statute to report on the robustness of the estimates and the adequacy of reserves. His advice being that the council's financial estimates are sound, the resultant estimates robust and reserves adequate.

Mrs Belenger wished to thank the officers who had worked on the Budget Spending Plans. Mr Dignum echoed the thanks from the Cabinet.

Decision

The Cabinet voted unanimously to make the recommendations and resolutions below.

RECOMMENDATION TO THE COUNCIL

- a) That a net budget requirement of £13,829,600 for 2019-20 be approved.
- b) That Council Tax be increased by £5 from £155.81 to £160.81 for a band D equivalent in 2019-20.
- c) That the Investment Opportunities Reserve be increased by £532,500.
- d) That the capital programme, including asset renewal programme as set out in appendix 1c and 1d be approved.

RESOLVED BY THE CABINET

- a) That the current resources position as set out in appendix 2 be noted.
- b) That the budget variances included in the Draft Budget Spending Plan including growth items as set out in appendix 1b be noted.

650 **City Centre Upgrade of CCTV**

This item was presented by Mrs Lintill (Deputy Leader and the Cabinet Member for Community Services). Mrs Hotchkiss (Director of Growth and Place) and Mrs Bushby (Divisional Manager for Communities) were also in attendance.

Mrs Lintill explained that a number of the CCTV cameras in the city centre date back to the original installation in 1996. There are a total of 63 CCTV cameras. The PID proposes 11 upgrades and replacement of two CCTV cameras previously removed from the Avenue Du Chartres car park. Location and public safety were considered before deciding which to replace. The new CCTV cameras will be maintained by the current contractors.

Mrs Bushby added that the CCTV cameras add value to Police operations and had recently helped the Police make an arrest.

With regard to the retention policy for the recordings made by the CCTV cameras, Mrs Bushby explained that unless a recording is used for evidence the retention period is 30 days. With regard to monitoring the CCTV Mrs Bushby confirmed that out of hours the cameras are monitored by Sussex Police in Lewes.

Mr Dignum then invited Mr Moss (CDC Ward Member for Fishbourne) to speak. Mr Moss wished to share his recent concern regarding activity at the Avenue Du Chartres car park and welcomed reinstating the two CCTV cameras. He then asked whether consideration had been given to using the city centre CCTV to supplement the footfall data collected by the BID. Mrs Hotchkiss explained that it would not be possible to use the CCTV to count footfall. She confirmed that the BID have a camera specifically designed to count footfall and have also started to use a mobile phone tracker to record the number of phones entering the city centre.

Mr Dignum then invited Mrs Apel (CDC Ward Member for Chichester West) to speak. Mrs Apel wished to share her experience of the city centre from the perspective of volunteering with the City Angels and sought reassurance that the CCTV cameras are monitored through the night. Mrs Bushby confirmed that the Police will respond to 999 and 101 calls and use any local CCTV cameras to help.

Decision

The Cabinet voted unanimously to make the resolution and recommendation below.

RESOLVED BY THE CABINET

That the PID to roll together six years (2017-2023) of the Asset Renewal Programme (ARP) funding for CCTV to enable upgrade of 11 city centre cameras and the reinstatement of two cameras in Avenue de Chartres be approved.

RECOMMENDATION TO THE COUNCIL

That the release of £165,000 from reserves be approved.

651 **Draft Treasury Management Strategy 2019-2020**

This item was presented by Mr Wilding. Mr Catlow (Group Accountant) was also in attendance.

Mr Wilding explained that the council is required to approve a Treasury Management Strategy. This year both the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing and Local Government (MHCLG) have updated the framework within which the council conducts treasury management and other investing activities. The subtext for these updates is to impose a greater focus on risk management and governance for non-treasury investments which are increasingly being made by some councils.

The key changes are:

- Treasury Management now covers investments made for service and/or commercial reasons.
- The council is now required to publish a capital strategy as an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local services and how associated risk is managed by the council.

Mr Wilding outlined the main focus of the council's Treasury Operation over the next year which will be to evaluate and seek to make further prudent investments in external pooled funds. To facilitate this the ceiling for external pooled funds which the council can invest in has been increased from £20 million to £35 million. The council has already invested approximately £18 million which means a further £17 million could be invested. Mr Wilding explained that this could potentially generate a further £500,000 of revenue income per year.

Mr Wilding explained that, whilst the Treasury Management Strategy confirms the intention for the council to remain debt free, it proposes an increase in the operational and authorised limits for external debt. These are to ensure that sufficient liquidity is available given the possibility of unexpected events occurring (for example taxation receipts not being received on time). These limits for external debt are being raised to £10 million and £20 million respectively. The Strategy also states who the council can borrow from, although in practice should the need arise the council would most likely borrow from another Local Authority or the PWLB which is in effect part of the UK Government. Mr Wilding reassured members that there are pre-arranged dealer instructions in place before a lender can release funds to the council. These specify who can request the loan, who can authorise the loan and to which bank account the funds can be transferred. Counterparty limits have been increased from £5 million to £6 million each to reflect the expectation that the council will manage an average fund balance of £60 million during 2019-20.

Mr Wilding confirmed that the Treasury Management Strategy was reviewed by the Corporate Governance and Audit Committee on 10 January 2019. The Committee made a recommendation relating to the setting of a target level of commercial income that cannot be exceeded by the council. This is a recommendation included in the informal commentary supporting the MHCLG's statutory guidance. The

Committee have recommended that further work is carried out this year to determine if such a limit is desirable and if so how it can be set and monitored. Since the meeting the council's treasury advisors (Arlingclose) have explained the potential impact of the EU Withdrawal Bill which is outlined on page 126 of Appendix 6 of the agenda supplement. The proposed mitigation has also been included.

Decision

The Cabinet voted unanimously to make the recommendations below.

RECOMMENDATION TO THE COUNCIL

- a) That the Treasury Management Policy Statement, the Treasury Management Strategy Statement and Investment Strategy for 2019-20, incorporating the temporary limits established in appendix 6 be approved.
- b) That the Chichester District Council Capital Strategy for 2019-20 to 2023-24 be approved.
- c) That the prudential indicators and limits for 2019-20 included in appendix 2 be approved.
- d) That the investigation by officers whether to set an indicator to measure the proportionality of commercial income generated by Chichester District Council, and if so, to recommend a suitable indicator for inclusion in the Chichester District Council's 2020-21 Treasury Strategy be approved.

652 Authority's Monitoring Report 2017-2018

This item was presented by Mrs Taylor (Cabinet Member for Planning Services). Mrs Owen (Principle Planning Policy Officer) and Mr Guymer (Principle Planning Officer) were also in attendance.

Mrs Taylor explained that the annual report assesses the implementation and performance of the Local Plan from April 2017 until March 2018 but does not include the South Downs National Park. The exceptions to this being Policies EN1 and EN6 in the environment section, which relate to the whole of the district and Policy EN3 which relates to a section of the Solent shoreline as it includes data from Warblington.

Mrs Taylor wished to highlight that 557 new dwellings had been completed in the year to March 2018 which exceeds the Local Plan requirement of 435 net dwellings per year. There is now a shortfall of 247 net dwellings since the base date of the Local Plan (1 April 2012). Exceeding the requirement has reduced the shortfall and the Government buffer requirement has therefore been reduced from 20% to 5%.

Mrs Taylor confirmed that good progress has been made on the Strategic Sites allocated in the Local Plan with 294 dwellings completed since 2012. With regard to CIL receipts for financial year 2017/18 they totalled over £2.85 million of which £563,588.71 was passed to the parish council's. With regard to employment floor space completions there was a total of 29,416.3 square metres progress towards the Local Plan target of 25 hectares of additional employment land in 2017/18. In

addition phase 2 of Glenmore Business Park is under construction and the Chichester Enterprise Centre is complete.

Mrs Taylor confirmed that minor amendments to the report had been made as set out in supplements three and four to the agenda pack and an additional recommendation had been added.

Decision

The Cabinet voted unanimously to make the recommendations and resolutions below.

RESOLVED BY THE CABINET

1. That the publication of the Authority's Monitoring Report 2017-2018 on Chichester District Council's website be approved as amended.
2. That the Director of Planning and Environment be authorised following consultation with the Cabinet Member for Planning Services to make any minor editorial amendments to the document prior to its publication.

653 Award of Coastal Maintenance Contract 2019-2020

Mr Connor (Cabinet Member for Environment Services) introduced the item. Mr Henly (Senior Engineer) was also present.

Mr Connor explained that under the Coast Protection Act 1949 the council is the Coast Protection Authority for Pagham Harbour to East Head. As such the council has powers relating to coastal erosion and flooding. An approach of early and timely maintenance intervention prevents long term costs and helps to achieve a level of community wellbeing across the coastline. The council has used a maintenance contract for the last 10 years and this continues to be the favoured approach as it reduces response time by removing the need to go out to tender each time works are required and includes an emergency call out function. The new contract will replace the existing contract which expires on 31 March 2019. Mr Connor confirmed that an approved framework of contractors was used and two tenders were completed and assessed.

With regard to the difference in price between the two tender bids Mr Henly clarified that the quality of the cheaper quote had scored higher and the contractor had previously carried out a high standard of work for the council.

Decision

The Cabinet voted unanimously to make the resolutions below.

RESOLVED BY THE CABINET

- a) That the contract for the maintenance and enhancement of coast protection assets for the period 1 April 2019 to 31 March 2022 be awarded to Contractor A.

- b) That authority be delegated to the Director of Planning and Environment following consultation with the Cabinet Member for Environment Services to extend the contract by mutual agreement for a further two years should the contractor performance meet Chichester District Council requirements.

654 **Novium Business Plan Update**

Mrs Lintill (Cabinet Member for Community Services and Deputy Leader) introduced the item. Mrs Peyman (Divisional Manager for Culture) and Ms Thorndyke (Museum and TIC Manager) were also present.

Mrs Lintill explained that after the initial PID had been agreed in February 2016 an options appraisal was carried out following some concerns regarding the level of subsidy required to support the Novium. Additional work was also carried out by Henry Adams. It was agreed by the Cabinet in July 2018 not to pursue the outsourcing of the Novium. Work then began with an external facilitator in July 2018 and it was agreed that savings would be difficult to achieve as the majority of costs are due to staffing and the building. Given the amount of work carried out the staffing levels are already at the minimum level required. A task and finish group (TFG) was then established to review the Business Plan.

Mrs Lintill confirmed that when comparing the cost of the Novium with the final year costs of the old museum if business rates are excluded and inflation added it is cheaper to run the Novium.

Mrs Lintill clarified that Full Council had approved £30,000 to cover the cost of a feasibility study to consider the options for increasing income.

Mrs Lintill wished to acknowledge the work of the Museum Manager and her team over the last year.

Mrs Peyman then confirmed that the brief for the feasibility study had been completed with responses due back end by the end of February 2019.

With regard to visitor donations Mrs Thorndyke confirmed that donation boxes are located at the key entry and exit points and all the Novium marketing material references donations. A trial of contactless donations has also taken place on the top floor and it is hoped this can be extended in the near future. Ms Thorndyke explained that the Novium is performing well on donations with an average visitor donation of 24 pence which is above the national average of between 5 pence and 15 pence. The total estimated income from donations this year is £11,000 with an anticipated rise to £12,000 next year.

Decision

The Cabinet voted unanimously to make the resolution below.

RESOLVED BY THE CABINET

That the Business Plan for the Novium Museum and Tourist Information Services as set out in the appendix to the agenda report be approved.

655 Revisions to the Section 106 and CIL Protocol

Mrs Taylor introduced the item. Mrs Dower (Principal Planning Officer) and Mr Davies (Planning Obligations Monitoring and Implementation Officer) were also present.

Mrs Taylor explained that the reason for the revisions to the protocols is to provide clarity on the use of interest associated with S106 contributions to ensure that such agreements are used to benefit the communities that benefitted from the original S106. As such any interest earned on payments not spent will be ring-fenced to benefit the project that the S106 payment relates to. Any future interest earned on a project where funds have already been spent will be retained in a separate reserve and used each year to supplement the New Homes Bonus Scheme. The proposed amendments will not apply to CIL receipts as they are held in a different fund.

Decision

The Cabinet voted unanimously to make the resolutions below.

RESOLVED BY THE CABINET

- a) That the revisions to the Section 106 and CIL Protocol as set out in the appendix to the agenda report be approved.
- b) That authority be delegated to the Grants and Concessions Panel to decide how to distribute the existing and any future 'orphaned' Section 106 interest by adding it to the New Homes Bonus (Parish Allocations) Scheme.

656 Section 106 Sport and Leisure Facilities - Chichester Bowmen

Mrs Lintill introduced the item. Mrs Peyman was also present.

Mrs Lintill explained the history of the Chichester Bowmen's Club. She confirmed that following planning permission being granted in August 2009 for the development of Graylingwell hospital a sport and leisure donation of £234,015 had been received. In February 2018 a further £28,890 was received following the development of the Heritage at Winden Avenue in Chichester.

Mrs Lintill outlined the need for Chichester Bowmen to build a new club house and confirmed that planning permission had been granted. She explained that the base for the new building had been built and work should complete quickly as a pre-fab unit had been ordered.

Mrs Peyman added that following the publication of the report members from Chichester North and Chichester South had given their support to the project.

Decision

The Cabinet voted unanimously to make the resolution below.

RESOLVED BY THE CABINET

That the release of up to £65,897 of Section 106 sport and leisure monies plus interest accrued to the date of release to Chichester Bowmen for the construction of a new clubhouse be approved.

657 2018-19 Treasury Management Half-Year Report

This item was presented by Mr Wilding. Mr Catlow was also in attendance.

Mr Wilding explained that the report presents a summary of the council's Treasury activity for the six months to September 2018. The summary of the investment portfolio as at 28 September 2018 is detailed in table 1 on page 65 of the agenda pack. It details the split between short term and long term investments and the increase in treasury funds under management over the first half of the year to nearly £70 million. Mr Wilding clarified that the reason the position reverses from December onwards is due to local taxation receipts which fall in February and March. The council has a significant amount of funds in short term investments which are yielding a low rate of interest.

Mr Wilding then explained that a summary of the investment portfolio performance is detailed in tables 2 and 3 on page 67 of the agenda pack. Table 2 shows the percentage return across the entire portfolio over the last four quarters and table 3 shows the investment performance of the council's external pooled funds since they were purchased. The fair value of investments had fallen £400,800 at the end of September partly due to the transaction costs associated with the Local Authority Property Fund and also due to wider economic factors such as interest rate expectations and concerns over global trade and tariffs. Over the same period the investments yielded an income of £1,340,425 which outweighs the loss of fair value.

Mr Wilding confirmed the latest position of the Local Authority Property Fund. The capital loss has reduced to £73,000 from £229,100 in September. He explained that the council had invested in the pooled funds in the knowledge that economic cycles can affect fair values and the council's projected cash flows do not indicate there will be any need for a forced disposal of these investments over the next four to five years. Following the announcement by MHCLG in November 2018 that a statutory accounting override to IFRS9 would be approved until 2023 any losses on the funds are deferred until they are sold.

Mr Wilding then confirmed that the performance of the council's portfolio of External Pooled Funds was discussed at the Corporate Governance and Audit Committee in January 2019. As set out in paragraph 4.2 of the report the Committee suggested initial scope for a review. It is proposed that John Ward, Helen Belenger and Mark Catlow with support from Arlingclose should carry out the following by the end of July 2019:

- Review the objectives for investing in external pooled funds.
- Evaluate whether the existing investments have met these objectives.
- Investigate whether other investment options might better meet the objectives in the future.
- If appropriate, consider how the council would extend its investment in External Pooled Funds in terms of the type of funds and the timing of the investments.

Mr Wilding explained that as per section 7 of the report all Treasury activity was conducted within the approved limits set out in the Council's Treasury Management Strategy.

Decision

The Cabinet voted unanimously to make the resolution below.

RESOLVED BY THE CABINET

That the Treasury Management activity and performance for 2018-19 to date and the comments made by the Corporate Governance and Audit Committee be considered and noted.

658 **Late Items**

There were no late items.

659 **Exclusion of the Press and Public**

There was no requirement to exclude the press and public from this meeting.

660 **Purchase of Land for Southern Gateway**

This item was withdrawn from the agenda.

The meeting ended at 10.37 am

CHAIRMAN

Date:

This page is intentionally left blank