

Public Document Pack

JOHN WARD
Head of Finance and Governance Services

Contact: Graham Thrussell on 01243 534653
Email: gthrussell@chichester.gov.uk

East Pallant House
1 East Pallant
Chichester
West Sussex
PO19 1TY
Tel: 01243 785166
www.chichester.gov.uk



A meeting of the **Cabinet** will be held in Committee Room 1 at East Pallant House on **Tuesday 6 December 2016 at 09:30**

MEMBERS: Mr A Dignum (Chairman), Mrs E Lintill (Vice-Chairman), Mr R Barrow, Mrs P Hardwick, Mrs P Plant, Mrs G Keegan, Mrs C Purnell and Mrs S Taylor

AGENDA

1 **Chairman's Announcements**

The chairman will make any specific announcements for this meeting and advise of any late items which due to special circumstances will be given urgent consideration under agenda item 14 b).

2 **Approval of Minutes** (pages 1 to 14)

The Cabinet is requested to approve as a correct record the minutes of its meeting on Tuesday 1 November 2016.

3 **Declarations of Interests**

Members are requested to make any declarations of disclosable pecuniary, personal and/or prejudicial interests they might have in respect of matters on the agenda for this meeting.

4 **Public Question Time**

In accordance with Chichester District Council's scheme for public question time and with reference with to standing order 6 in Part 4 A and section 5.6 in Part 5 of the Chichester District Council *Constitution*, the Cabinet will receive any questions which have been submitted by members of the public in writing by noon on the previous working day. The total time allocated for public question time is 15 minutes subject to the chairman's discretion to extend that period.

RECOMMENDATIONS TO THE COUNCIL

5 **Financial Strategy and Plan 2017-2018** (pages 15 to 23)

The Cabinet is requested to consider the agenda report and its three appendices

and to make the following recommendations to the Council namely that it:

- (1) Approves the key financial principles and actions of the five-year financial strategy set out in Appendix 1.
- (2) Notes the current five-year Financial Model in Appendix 2.
- (3) Approves the setting of a minimum level of general fund reserves, having considered the recommendations from the Corporate Governance and Audit Committee.
- (4) Approves the continuing participation by Chichester District Council in a West Sussex NDR pool for 2017-2018.
- (5) Notes the current resources position as set out in Appendix 3.

KEY DECISIONS

6 Award of Contract for Beach Management Plan Works 2016-2017 (pages 24 to 28)

The Cabinet is requested to consider the agenda report and the confidential Part II appendix (the latter is printed on salmon paper and sent to members and relevant officers only)* and to make the following resolution:

That the contract for shingle recharge at Danefield Road Selsey be awarded to the contractor identified in the confidential appendix to the agenda report.

*[**Note** Exempt category Para 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information)]

7 Determination of the Council Tax Base for 2017-2018 (pages 29 to 33)

The Cabinet is requested to consider the agenda report and its four appendices and to make the following resolutions:

- (1) That the council tax discounts to apply for the 2017-2018 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)
- (2) That an Empty Home Premium of 50% be charged for the 2017-2018 financial year.
- (3) That no additional locally defined classes of discount should be determined

for the 2017-2018 financial year.

(4) In order to comply with section 35 of the *Local Government Finance Act 1992*, that the following resolutions are made:

- a. No item of expenditure shall be treated as “special expenses” for the purposes of section 35 of the Local Government Finance Act 1992;
- b. This resolution shall remain in force for the 2017-2018 financial year;
- c. The calculation of the Council’s taxbase for the year 2017-2018 is approved (appendices 1 and 2);
- d. The amounts calculated by the Council as its council taxbase for the year 2017-2018 for its area and each part of its area shall be those set out in appendices 1 and 2 to this report;
- e. 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 paragraphs 6.4 to 6.5 of the agenda report.

8 Introduction of Section 106 Monitoring Fee (pages 34 to 38)

The Cabinet is requested to consider the agenda report and its appendix and to make the following resolution:

That a section 106 monitoring fee as set out in the schedule in the appendix to the agenda report be introduced and the future annual review of those fees be delegated to the Head of Planning Services.

9 Off-Street Parking Charges (pages 39 to 40)

The Cabinet is requested to consider the agenda report and to make the following resolution:

That the consultation responses to the charges which it approved at its meeting on 1 November 2016 be brought back for consideration at its meeting on 10 January 2017.

OTHER DECISIONS

10 Authority’s Monitoring Report 2015-2016 (pages 41 to 46)

The Cabinet is requested to consider the agenda report and its appendix and to make the following resolutions:

- (1) That the Authority’s Monitoring Report 2015-2016 be published on Chichester District Council’s website.
- (2) That authority be delegated to the Head of Planning Services following

consultation with the Cabinet Member for Planning Services to enable minor amendments to be made to the document prior to and following publication.

11 Report of the Planning Task and Finish Group (pages 47 to 54)

The Cabinet is requested to consider the agenda report and its four appendices and to make the following resolutions:

- (1) That the adoption of the revised Pre Application Advice Charging Scheme with effect from 1 February 2017 be agreed.
- (2) That the recommendations of the Task and Finish Group on the use and enforcement of planning conditions be adopted be agreed including;
 - a) The full wording of conditions on Planning Committee agendas from 1 January 2017 and
 - b) All decisions on planning applications issued from 1 February 2017 adopt the revised format recommended by the Task and Finish Group.

12 Treasury Management 2016-2017 Mid-Year Progress Report (pages 55 to 62)

The Cabinet is requested to consider the agenda report and its appendix and to resolve to note Chichester District Council's Treasury Management 2016-2017 Mid-Year Progress Report for the six months to 30 September 2016.

13 Appointments to Panels and Forums (pages 63 to 64)

The Cabinet is requested to consider the agenda report and to make the following resolution:

That Mrs J E Duncton be appointed to serve on the Chichester District Parking Forum in the place of Mrs E P Lintill as Chichester District Council's representative from Petworth.

14 Late Items

- a) Items added to the agenda papers and made available for public inspection
- b) Items which the chairman has agreed should be taken as matters of urgency by reason of special circumstances to be reported at the meeting

15 Exclusion of the Press and Public

The Cabinet is asked to consider in respect of agenda item 16 (Cultural Grants Review) whether the public including the press should be excluded from the meeting on the following ground of exemption in Schedule 12A to the *Local Government Act 1972* namely Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) and because, in all the circumstances of the case, the public interest

in maintaining the exemption of that information outweighs the public interest in disclosing the information.

[**Note** The report and its appendices for agenda item are provided for members of Chichester Council and relevant officers only (printed on salmon paper)]

16 **Cultural Grants Review** (pages 65 to 69)

The Cabinet is requested to consider the confidential agenda report and its four appendices and to make the following recommendations to the Council:

That the Council:

- (1) Approves a grant as stated in para 6.1 (a) of the report be offered to the Chichester Festival Theatre for four years commencing April 2018, subject to a funding agreement and confirmation of continued Arts Council England funding over that period.
- (2) Approves a grant as stated in para 6.1 (b) of the report be offered to the Pallant House Gallery for four years commencing April 2018, subject to a funding agreement and confirmation of continued Arts Council England funding over that period.
- (3) Approves the Head of Community Services, following consultation with the Deputy Leader and Cabinet Holder for Community Services, being given delegated authority to agree the terms of the funding agreements including relevant break clauses.
- (4) Notes that the Overview and Scrutiny Committee continues to monitor performance of these two organisations.

NOTES

1. The press and public may be excluded from the meeting during any item of business wherever it is likely that there would be disclosure of “exempt information” as defined in section 100A of and Schedule 12A to the *Local Government Act 1972*.
2. The press and public may view the report appendices which are not included with their copy of the agenda on the Council’s website at [Chichester District Council - Minutes, agendas and reports](#). unless they contain exempt information.
3. Subject to the provisions allowing the exclusion of the press and public, the photographing, filming or recording of this meeting from the public seating area is permitted. To assist with the management of the meeting, anyone wishing to do this is asked to inform the chairman of the meeting of their intentions before the meeting starts. The use of mobile devices for access to social media is permitted, but these should be switched to silent for the duration of the meeting. Those undertaking such activities must do so discreetly and not disrupt the meeting, for example by oral commentary, excessive noise, distracting movement or flash photography. Filming of children, vulnerable adults or members of the audience who object should be avoided. [Standing Order 11.3 of Chichester District Council’s *Constitution*]
4. A key decision means an executive decision which is likely to:

- result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates or
- be significant in terms of its effect on communities living or working in an area comprising one or more wards in the Council's area or
- incur expenditure, generate income, or produce savings greater than £100,000.

NON-CABINET MEMBER COUNCILLORS SPEAKING AT THE CABINET

Standing Order 22.3 of the Chichester District Council *Constitution* provides that members of the Council may, with the chairman's consent, speak at a committee meeting of which they are not a member, or temporarily sit and speak at the committee table on a particular item but shall then return to the public seating area.

The Leader of the Council intends to apply this standing order at Cabinet meetings by requesting that members should *normally* seek his consent in writing by email in advance of the meeting. They should do this by noon on the day before the meeting, outlining the substance of the matter that they wish to raise. The word normally is emphasised because there may be unforeseen circumstances where a member can assist the conduct of business by his or her contribution and where he would therefore retain his discretion to allow the contribution without notice.



Minutes of the meeting of the **Cabinet** held in Committee Room 2 at East Pallant House Chichester on Tuesday 1 November 2016 at 09:30

Members Present Mr A Dignum (Chairman), Mrs E Lintill (Vice-Chairman), Mr R Barrow, Mrs P Hardwick, Mrs G Keegan, Mrs P Plant, Mrs C Purnell and Mrs S Taylor

Members Absent

Officers Present Mr M Allgrove (Planning Policy Conservation and Design Service Manager), Mr S Carvell (Executive Director), Mrs C Christie (Revenues and Performance Manager), Ms T Flitcroft (Principal Planning Officer (Local Planning)), Mr A Frost (Head of Planning Services), Mrs V McKay (Valuation and Estates Manager), Mrs T Murphy (Parking Services Manager), Mr S Oates (Economic Development Manager), Mr P E Over (Executive Director), Ms S Payne (Planning Policy Officer), Mrs R Rogers (Benefits Manager), Mrs D Shepherd (Chief Executive), Mr G Thrussell (Senior Member Services Officer) and Mr J Ward (Head of Finance and Governance Services)

273 **Chairman's Announcements**

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

He accorded a particular welcome to Mrs Plant and Mrs Purnell to their first meeting as members of the Cabinet. With their appointments following the resignation as a CDC member (and so from the Cabinet) of Mr B A Finch on Friday 7 October 2016 there were now eight instead of seven members of the Cabinet. Mrs Plant held the new portfolio for Business Improvement Services and Mrs Purnell that of Housing and Environment Services.

As had been published on the Cabinet committee papers page of the CDC website, item 10 (Petworth Skatepark Project) had been withdrawn from the agenda for this meeting and so would not be considered.

There were no late items which due to special circumstances required urgent consideration under agenda item 13.

No apologies for absence had been received and all members of the Cabinet were present.

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

274 **Approval of Minutes**

The Cabinet received the minutes of its meeting on Tuesday 4 October 2016, which had been circulated with the agenda (copy attached to the official minutes).

There were no proposed changes to the minutes.

RESOLVED

That the minutes of the meeting of the Cabinet held on Tuesday 4 October 2016 be signed and dated as a correct record without amendment.

Mr Dignum then duly signed and dated the final (fourteenth) page of the official version of the aforesaid minutes as a correct record.

275 **Declarations of Interests**

There were not any declarations of interests made at this meeting.

276 **Public Question Time**

There had been no public questions submitted for this meeting.

[**Note** Minute paras 277 to 287 below summarise the consideration of and conclusion to agenda items 5 to 15 inclusive but for full details (excluding exempt agenda item 15) please refer to the audio recording facility via this link:

<http://chichester.moderngov.co.uk/ieListDocuments.aspx?CId=135&MId=750&Ver=4>]

277 **Chichester Site Allocation Development Plan Document: Proposed Submission**

The Cabinet considered the following material which had been circulated either with or subsequent to the agenda and which was available as paper copies at this meeting (copies attached to the official minutes): (a) the agenda report; (b) the separate appendix bundle containing appendix 1 to the report (appendix 2 was published as an online version only due to its size); and (c) a revised update sheet (replacing the original version issued).

The aforementioned revised update sheet amended (i) the text of the first and third recommendations in section 3.1 of the report; (ii) para 6.26 of the report; (iii) various

paras, policy references and tables in the draft *Site Allocation: Proposed Submission Development Plan Document* (SAPS DPD) in appendix 1; (iv) clarified the final column in table 1.1 in the draft SAPS DPD in appendix; and (v) reported a late representation.

The report was presented by Mrs Taylor.

Ms Flitcroft, Mr Allgrove and Mr Frost were in attendance for this item.

Mrs Taylor (a) referred to the introduction section on pages 2 to 16 in the appendix bundle to explain the nature and purpose of the draft SAPS DPD; (b) summarised the chronology of the main stages in the preparation of the SAPS DPD (section 4 of the report); (c) alluded to the consultation responses and officer replies thereto (appendix 2), in particular the response by the Environment Agency with respect to the site at land to the rear of Sturt Avenue Lynchmere (paras 6.3 to 6.8 of the report); (d) the next consultation stage in December 2016 and January 2017 (on the issue of soundness) prior to submission for examination and eventual adoption in late 2017; (e) the amendments proposed by the Development Plan and Infrastructure Panel (DPIP) at its meeting on 20 October 2016. She concluded by pointing out that the development of a site included in the SAPS DPD would be subject to consideration during the planning application process against *inter alia* all the relevant planning policies in the *Chichester Local Plan: Key Policies 2014-2029* (CLP) such as Policy 42 (Flood Risk and Water Management).

At the end of Mrs Taylor's remarks Mr Dignum read out the text of the extra fourth recommendation.

Ms Flitcroft drew attention to para 8) on page 1 of the revised update sheet and advised that the proposed amendment in bold to the second sentence in para 1.42 should be disregarded and that para 1.42 (page 10 of the appendix bundle) would consist solely of the first sentence.

During the debate Mrs Hardwick said that whilst she supported the inclusion of the fourth recommendation given the disquiet being felt by residents in that area, she had a residual concern regarding the Environment Agency's (EA) comments in para 6.7 of the report that there were (which she contested) suitable alternative locations on the site for houses to be constructed. She contended for the new fourth recommendation being amended so that it contained an express statement that CDC would review the inclusion of this site after the remodelling by the EA had taken place and the result known. The gardens of the houses to the south of this site were all subject to flooding.

In reply to Mrs Hardwick, Mr Frost emphasised that the density for this site (15 dph for ten dwellings) was significantly lower than the indicative requirements in the *Chichester Local Plan: Key Policies 2014-2029* (CLP) and so there was flexibility to accommodate this amount of development. He pointed out that the development management process would apply to a planning application made in respect of this site if it was part of the SAPS DPD and said that the site should be retained unless and until the EA entered an objection.

Mr Allgrove said that if this site were to be removed from the SAPS DPD as a result of an objection made by the EA a modification would be required; in the meantime the site should remain in the SAPS DPD. Officers were liaising with the EA in order that the outstanding information would be available in time for submission of the SAPS DPD.

Mrs Hardwick pursued her point by saying that the issue of flooding concerns ought not to be left to be addressed by the local planning authority at the planning application stage. If the EA failed to give a clearly satisfactory assessment about flood risk CDC should make its own decision on whether or not the site should be included in the SAPS DPD. She was in favour of the new fourth recommendation being revised to make it incontrovertibly plain that CDC would reconsider the point after the consultation had ended.

Mr Dignum suggested that the consultation should be allowed to take place and the Cabinet and the Council consider the point thereafter. Mrs Keegan wondered if the correct approach was in fact to consider the suitability of the site for inclusion after the EA had completed and reported on the modelling work.

In reply to members Mr Allgrove advised, however, that the DPIP had agreed at its recent meeting that the SAPS DPD would not return to the Cabinet for further consideration unless a modification was required as a result of the examination. All consultation responses would be submitted as evidence to the planning inspector for the examination of the SAPS DPD. The SAPS DPD had already been subject to substantial delay and to increase that by several months in order to review the document after the Environment Agency had responded was undesirable; it would conflict with the timetable for the review of the CLP and place an extra demand on staff resources. On the balance of probabilities based on known facts this site could be developed and so officers advised against withdrawing it now from the SAPS DPD. There would be an opportunity for third parties to object to its inclusion at the examination itself.

Decision

At the conclusion of the debate the Cabinet voted on a show of hands by seven votes in favour of the four recommendations and none against. Mrs Hardwick abstained.

RECOMMENDED TO THE COUNCIL

That the Council:

- (1) Approves the *Site Allocation Development Plan Document: Proposed Submission* (as set out in appendix 1 to the agenda report and amended by (a) the revised update sheet and (b) at the meeting) for an eight-week consultation from 1 December 2016 to 26 January 2017 following which it shall be submitted to the Secretary of State for examination.
- (2) Approves the proposed responses to the representations received (as set out in appendix 2 to the agenda report).

- (3) Delegates authority to the Head of Planning Services after consultation with the Cabinet Member for Planning Services to enable minor amendments to be made to the *Site Allocation Development Plan Document: Proposed Submission* prior to and following public consultation.
- (4) Approves the retention of the site to the rear of Sturt Avenue Camelsdale within the *Site Allocation Development Plan Document: Proposed Submission* for examination subject to confirmation from the Environment Agency that there is no objection once the flood zone modelling has been completed.

278 **Determination of the Council Tax Reduction Scheme for 2017-2018**

The Cabinet considered the agenda report and its two appendices in the separate appendix bundle (copies attached to the official minutes).

The report was presented by Mrs Hardwick.

Mrs Christie and Mrs Rogers were in attendance for this item.

Mrs Hardwick said that in July 2016 the Cabinet had approved a consultation on the Council Tax Reduction Scheme (CTRS) for 2017-2018. A localised rather than a national CTRS for working age people had been in force since 1 April 2013 (pensioners continued to receive support in accordance with national rules). CDC's CTRS had remained unchanged since then and in 2016-2017 it cost £6.6m. Although initially funded out of the central government grant, the CTRS was now funded by the overall government revenue support. CDC was required to undertake an annual consultation on CTR. The outcome of the 2016 consultation with stakeholders and the public was set out in section 8 of and appendix 2 to the report. The consultation covered adjusting either the qualifying property bands or the percentage reduction across all recipients. The table on page 24 of the report showed the effects of (a) restricting entitlement to bands C or D (individuals making up the shortfall on higher value properties themselves) and (b) on overall tax revenue by limiting the reductions across all recipients by either 5% or 10% (each claimant would be required to make up the shortfall). The CTRS provided a very important safety net for those on low incomes but it needed to remain well targeted, minimise disincentives to work and provide the best value for money for the benefit of all council tax payers. The details of the CTRS appeared in pages 69 to 115 of the appendix bundle; they included protections for war widow and widower pensions, war disablement pensions and maintaining work incentives in the form of earned income disregards and a taper for removing support. Para 3.5 of the report explained how the cost of the CTRS was shared (CDC's share was about 9% of the total cost). As a result of the review and consultation it was proposed to base the 2017-2018 scheme on the current one and make no restrictions given the relatively modest savings and potential hardship to individuals the changes might cause. The proposal required the approval of the Council meeting before 31 January 2017.

Mrs Christie did not wish to add to Mrs Hardwick's presentation. She answered questions by Mrs Keegan with regard to the CTRS cap for anyone with capital of more than £16,000 and the national scheme for those for pensionable age.

Mr Dignum concluded the debate by emphasising the imperative of protecting the most vulnerable in society (no major changes were proposed to the CTRS for 2017-2018) and that CDC was the only local authority in West Sussex which had not made cuts thereto. He commended it to the Cabinet.

Decision

The Cabinet voted unanimously by a show of hands in favour of the recommendation in para 2.1 of the report.

RECOMMENDED TO THE COUNCIL

That the Council approves the Council Tax Reduction Scheme for 2017-2018.

279 Council Tax Review of Locally Defined Discounts and Premia

The Cabinet considered the agenda report and its two appendices (the second of which was the same as appendix 2 in the previous agenda item and which was in the separate appendix bundle) (copies attached to the official minutes).

The report was presented by Mrs Hardwick.

Mrs Christie was in attendance for this item.

Mrs Hardwick said that a consultation on the locally defined discounts, in particular Prescribed Class D, was carried out simultaneously as that for the Council Tax Reduction Scheme in agenda item 6 (minute 278). The details of the consultation on the discounts and premia scheme were set out in section 8 of the report and pages 108 to 115 of the appendix bundle. In the light of the responses received no variation was being proposed to most of the proposals, in particular the premium imposed on empty homes which was an important incentive for bringing such properties back into use. The proposed change applied to properties which were in need of major repair works to render them habitable or undergoing structural repair ie Prescribed Class D properties. Such properties were currently eligible to obtain a 100% council tax discount, at a cost to CDC and the other authorities for which it collected of just under £200,000 per annum. The estimated savings were set out in section 7 of the report on page 28. The focus of the proposals was not so much the sums which would be saved thereby as the need to remove the lack of incentives implicit in the discount towards making repairs and major alterations to get housing stock back into use. The outcome of the consultation had not persuaded officers that there was any sound justification for retaining the class D discount, the abolition of which was likely to improve the supply of housing stock.

Mrs Christie did not wish to add to Mrs Hardwick's presentation.

Mrs Taylor expressed her full support for the recommendations.

Decision

The Cabinet voted unanimously by a show of hands in favour of the recommendation in paras 2.1 and 2.2 of the report.

RESOLVED

- (1) That the Prescribed Class D locally defined discount be set at zero % for the 2017-2018 financial year.
- (2) That the council tax discounts proposed in appendix 1 to the agenda report be applied for the 2017-2018 financial year.

280 **Joint Chichester Harbour Area of Outstanding Natural Beauty Supplementary Planning Document**

The Cabinet considered the agenda report and its appendix in the separate appendix bundle (copies attached to the official minutes).

The report was presented by Mrs Taylor.

Ms Payne, Mr Allgrove and Mr Frost were in attendance for this item.

Mrs Taylor summarised section 2 of the appended draft *Joint Chichester Harbour Area of Outstanding Natural Beauty Supplementary Document* (SPD) and referred to the four principles set out in section 3.2 (page 122) of the draft SPD. Since the extant *Design Guidelines for new dwellings and extensions (Chichester Harbour Area of Outstanding Natural Beauty)* had not been subjected to a statutory public consultation, it possessed limited weight as a material planning consideration. The objective of the draft SPD was to remedy this and to achieve the purposes in paras 3.2 to 3.4 and section 4 of the report. At its meeting on 20 October 2016 the Development Plan and Infrastructure Panel had considered the draft SPD and recommended that the links in section 44 on page 171 should be made more useful.

The officers present did not wish to add to Mrs Taylor's introduction.

Mr Dignum drew attention to para 3.2 of the report.

Mrs Plant and Mrs Purnell commended the draft SPD.

In reply to a question by Mrs Purnell, Mr Frost advised that he did not think that the draft SPD would specifically apply to the wider zone of influence, which was relevant to considering the impact of recreational disturbance.

Decision

At the conclusion of the debate the Cabinet voted on a show of hands unanimously in favour of the recommendations in paras 2.1 and 2.2 of the report.

RESOLVED

- (1) That the draft *Joint Chichester Harbour Area of Outstanding Natural Beauty Supplementary Planning Document* (as set out in the appendix to the agenda report) be approved for public consultation between 10 November and 22 December 2016.
- (2) That authority be delegated to the Head of Planning Services to enable minor editorial and typographical amendments to be made to the draft *Joint Chichester Harbour Area of Outstanding Natural Beauty Supplementary Planning Document* prior to public consultation.

281 **Off-Street Parking Charges**

The Cabinet considered the agenda report and its appendix (copies attached to the official minutes).

The report was presented by Mrs Keegan.

Mrs Murphy was in attendance for this item.

Mrs Keegan referred to sections 4 and 5 of the report for the background context and the approach to setting car park charges. The Cabinet's decision in October 2015 (not 2016 as stated in para 4.2 of the report) to impose a two-year freeze on car parking charges reflected increases previously agreed and the work involved in consulting on price increases. CDC's Chichester District Parking Forum (CDPF), which was a suitably representative body, supported the proposals set out in the appendix to the report for implementation in April 2017 if approved by the Cabinet. She summarised each of the six proposals in the appendix, commenting in particular on the fourth proposal for evening charges. The introduction of new charges was always cautiously contemplated and the proposal for evening charges was more controversial than the others in the report; objections could always be anticipated. The proposal was for a trial or pilot introduction of evening charges. Many other local authorities had evening or 24-hour charges (CDC was rather unusual in not doing so) and the practice of other authorities had been researched. The details for the two chosen car parks, Northgate (long stay) and New Park Road (short stay) were set out in paras 4.2 and 4.3 of the appendix (page 41) together with important mitigation measures that were designed to minimise or remove any adverse impacts of the proposals. The charges were considered modest for an asset which was costly to maintain.

Mrs Murphy advised that West Sussex County Council, a consultee, had considered the potential for street deflection and supported the trial project. Mr Over highlighted the mitigation measures in para 4.2 of the appendix. Mrs Murphy summarised the concerns of the New Park Cinema (NPC) and Chichester Festival Theatre (CFT) about the impact of evening charges on their audiences or patrons; they feared a drop in bookings and charges being an obstacle to those who were on low incomes. She emphasised that this was a trial in two car parks only with sufficiently accessible alternative free car parks in close proximity. Chichester city was unusual compared

with many town/city centres regionally (Hampshire and East Sussex) as well as nationally where charges had been introduced in response to the evening economy.

During the debate various points were made, which included the following.

Evening Charges

Mr Barrow supported the introduction of evening charges. Car parks were on CDC's land and were a very valuable asset and charges helped to maintain them. Modest charges were being proposed and would compare favourably with other councils' charges. The consultation would afford the opportunity for views to be expressed. He doubted that the CFT (in view of the price of a theatre ticket) and NPC would lose audiences because of evening charges. He noted the support expressed by the CDPF.

Mrs Lintill noted the views of the CFT and NPC but in her experience changes to charges tended to be accepted after a year-long trial.

Mrs Hardwick supported the proposals. Evening charges represented a significant revenue stream and most drivers expected from experience to pay for a car park at night. The current absence of charges was a luxury the continuation of which could not be justified.

Mrs Plant supported the introduction of evening charges. She wondered whether since the NPC was a community asset it might have a greater case than did the CFT for not having evening charges.

Mrs Purnell was supportive of the proposals and suspected that CFT and NPC audiences would not decline if charges were introduced. She queried the length of the trial period, feeling it should be shorter and suggested that during it CDC work with CFT and NPC to ensure that audience levels were sustained.

Mrs Murphy explained that a 12-month trial would enable officers to assess the seasonality factor and understand better the impact of introducing or changing charges.

Motorhomes Charges

As to motorhomes, Mr Barrow said that he would be concerned if they were allowed to stay in the coastal car parks (some of which currently had height restrictions in place) and that these must not be allowed to become caravan parks.

Mrs Murphy advised that the Bosham, Bracklesham Bay, East Beach Selsey and Marine Drive West Wittering car parks were the ones likely to be opened to motorhomes. The tariff boards made it clear that overnight parking by motorhomes and caravans was not permitted.

Mrs Purnell asked if a motorhome would be charged for the number of bays it occupied and expressed the hope that motorhomes would not be allowed to park overnight and that height restrictions should be utilised.

Mrs Murphy advised that practice across the country showed that motorhomes paid for the spaces they actually used thereby maintaining income levels.

Mrs Hardwick supported the need to regularise and make clear the use of car parks by motorhomes. She also agreed with charging for electric vehicles because the current free use was a strong disincentive for the efficient turnover and management of spaces. She requested details of the cost to CDC of subsidising the electric car parking spaces.

Mrs Murphy confirmed that charging for electric vehicle spaces was required to manage spaces far more efficiently by encouraging turnover and ensure the bays were cost-neutral. The subsidy information would be supplied by Mrs Murphy to Mrs Hardwick.

Use of Avenue de Chartres Car Park

Mrs Purnell asked how well pay on foot was working at the Avenue de Chartres (AdC) car park.

Mrs Murphy said foot, there had been a slight increase in the duration of stay at AdC. Customer feedback showed that the greater flexibility afforded by pay-on-foot was appreciated. However, technology had developed and the Cabinet had already approved plans for payment by mobile phones which provided the flexibility demanded by users but without the large up-front investment that pay-on-foot required.

Mrs Taylor referred to the under-use of AdC car park and queried how competitive it was with the railway station car park.

Mrs Murphy replied that season tickets at the AdC car park were significantly cheaper than railway station.

Mr Dignum summarised the debate by saying that he had heard no objection to the proposals for season ticket increases; there was a consensus in favour of a trial project for evening charges in two car parks; charges for motorhomes should be introduced but vigilance was required regarding the risk of parking abuses; and it was time to introduce charging and extend the number of charging points for electric vehicles.

Decision

At the conclusion of the debate the Cabinet voted on a show of hands unanimously in favour of the recommendations in paras 3.1 and 3.2 of the report.

RESOLVED

- (1) That the charges set out in the appendix to the agenda report be approved and, subject to consultation responses, be implemented from 1 April 2017.

- (2) That the Head of Commercial Services be authorised to give appropriate notice of any revised charges pursuant to the *Off-street Parking Places (Consolidation) Order 2015* and the *Road Traffic Act 1984*.

282 Petworth Skatepark Project

As announced by Mr Dignum at the start of this meeting (minute 273) this item had been withdrawn from the agenda and so was not considered by the Cabinet.

Mrs Keegan remarked that the report would be deferred to the Cabinet's next meeting in order to carry out checks on the suitability of a potential site for this project.

283 Supporting Businesses through Enabling Grants for New and Existing Small Businesses

The Cabinet considered the agenda report (copy attached to the official minutes).

The report was presented by Mrs Keegan.

Mr Oates was in attendance for this item.

Mrs Keegan reviewed the forerunners to and explained the Enabling Grant Scheme (EGS), which was now being proposed as from December 2016 as a result of the approved funding from the Pooled Business Rates Fund for the county's district and borough councils. The details of how the EGS would operate were set out in section 4 of the report. It was important to publicise the scheme as widely and inventively as possible.

Mr Oates said that there was clear evidence from the 2005-2009 and the 2013 schemes to show how small grants made an appreciable economic difference to new and existing small businesses in terms of increased turnover, job opportunities and general hope and optimism. A similar success story was sought by virtue of this new scheme.

Mr Over advised that in the second sentence of para 4.2 of the report the sum of £2,500 should be substituted for that of £2,000 so that it read: 'Capital projects will be funded to a maximum of £2,500.' This amendment would replicate the £2,500 ceiling for consideration by the Grants and Concessions Panel (GCP) of applications for such grants and thereby avoid the need to have to refer applications for funding over £2,000 and under £2,500 to the GCP. As stated in para 4.3 of the report, the GCP would be kept informed of all grants allocated by the Economic Development Service (EDS) under the EGS.

The Cabinet members commended the scheme.

In reply to members' questions on points of detail, Mr Oates and Mr Over explained (a) why (to avoid delay) applicants might prefer to seek funding directly from the EGS rather than submit an application to the GCP; (b) the EGS would be more

focussed than those grants considered by the GCP eg apprenticeships and capital grants and would be limited to smaller businesses; (c) how the EDS would process grant applications; (d) that the GCP might benefit thereby from a reduction in the volume of business it had to consider; (e) the definition of a small business (number of employees); (f) the Cabinet could be kept informed as to how the EGS was working; and (g) the EGS would run until September 2017.

It was agreed by the Cabinet that the text of the first recommendation (para 2.2 of the report) should be amended to reflect the aforementioned advice given by Mr Over that in the second sentence of para 4.2 of the report the sum of £2,500 should be substituted for that of £2,000 so that it read: 'Capital projects will be funded to a maximum of £2,500.'

Decision

At the conclusion of the debate the Cabinet voted on a show of hands unanimously in favour of the recommendations in paras 2.1 (as amended) and 2.2 of the report.

RESOLVED

- (1) That the Enabling Grant Scheme for new and existing small businesses as set out in section 4 of the agenda report (amended to allow a maximum grant for capital grants to be £2,500) be approved, to be supported by £83,333 allocated from the Pooled Business Rate Fund and that the Head of Commercial Services be authorised to approve grants under the Scheme.
- (2) That a record of all grants allocated under the Scheme be reported to the Grants and Concessions Panel to ensure co-ordination of the two processes be approved.

284 **Appointments to Panels and Forums**

The Cabinet considered the agenda report (copy attached to the official minutes).

This item was introduced briefly by Mr Dignum with reference to section 4 of the report.

This item was not discussed.

Decision

On a vote by a show of hands the recommendation in para 2.1 of the report was unanimously approved.

RESOLVED

That the appointment of the members to serve on the panels and forums as detailed in section 4 of the agenda report be approved, namely (a) Mrs P C Plant be replaced by Mr M A Cullen on the Grants and Concessions Panel and (2) Mr B A Finch be replaced by Mrs P C Plant as the Cabinet Member for Business Improvement Services on the Joint Employee Consultative Panel.

285 **Late Items**

As stated by Mr Dignum in his announcements at the start of this meeting, there were no late items for urgent consideration by the Cabinet.

286 **Exclusion of the Press and Public**

Decision

The Cabinet voted unanimously on a show of hands to exclude the public and press from the meeting in order to consider agenda item 15 as a Part II matter.

RESOLVED

That the public and press be excluded from the consideration of the agenda report and its appendices for agenda item 15 on the grounds that it is likely that there would be a disclosure to the public of 'exempt information' of the description specified in Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A to the *Local Government Act 1972* and because in all the circumstances of the case the public interest in maintaining the exemption of that information outweighs the public interest in disclosing that information.

[**Note** After the making of the aforementioned resolution and before the consideration of agenda item 15 there was a short adjournment between 11:10 and 11:17]

287 **Development Site The Grange Midhurst**

The Cabinet considered the confidential report and its three appendices circulated with the agenda to CDC members and relevant officers only.

The report was introduced by Mrs Keegan.

Mrs McKay was in attendance.

Mrs McKay answered members' questions and comments on points of detail.

Mr Dignum allowed Mr A M Shaxson, the CDC ward member for Harting and the leader of CDC's Independent party group, to address the meeting briefly; he received a response from Mrs McKay.

It was agreed by the Cabinet and with the advice of the senior officers present to include an additional recommendation for the Cabinet's approval, which would be a new third recommendation and so the original third recommendation would now be the fourth one.

Decision

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

RESOLVED

- (1) That the bids received as set out in appendix 2 to the agenda report be noted.
- (2) That further negotiations with bidder E be authorised as set out in para 5.1 of the agenda report.
- (3) That the Head of Commercial Services be authorised to enter into a conditional exchange with bidder E after consultation with the Cabinet Member for Commercial Services.
- (4) That in the event that conditional exchange of contracts does not take place by the given deadline the site is to return to the market on the basis set out in para 5.2 of the agenda report.

[Note The meeting ended at 11:34]

CHAIRMAN

DATE

Chichester District Council

THE CABINET

6 December 2016

Financial Strategy and Plan 2017-2018

1. Contacts

Report Author:

John Ward, Head of Finance and Governance,
Tel: 01243 534805 E-mail: jward@chichester.gov.uk

Cabinet Member:

Philippa Hardwick, Cabinet Member for Finance and Governance,
Tel: 01428 642464 E-mail: phardwick@chichester.gov.uk

2. Executive Summary

The purpose of this report is to update the Council's financial strategy and action plan to help guide the management of the Council's finances during a period of diminishing resources, and to build upon the work already achieved in this area in previous years.

The Council currently anticipates further government funding reductions over the course of the rest of this parliament which, without intervention, would create a deficit in our revenue position that must be addressed if we are to comply with the legal requirement of setting a balanced budget each year. This report sets out the key financial principles and actions that will assist in this process.

The challenge facing the Council remains being able to provide services that meet community needs with a significantly reduced overall level of government resource.

The key recommendations from this report will help to formulate the 2017-18 budget, and level of Council Tax which will be considered by Cabinet and Council in February and March 2017 respectively.

3. Recommendation

That the Cabinet considers and recommends to the Council:

- 3.1. The key financial principles and actions of the five-year financial strategy set out in Appendix 1.**
- 3.2. That the current five-year Financial Model in Appendix 2 is noted.**

- 3.3. **That a minimum level of general fund reserves be set, having considered the recommendations from the Corporate Governance and Audit Committee.**
- 3.4. **That this authority continues to participate in a West Sussex NDR pool for 2017-2018.**
- 3.5. **That the current resources position as set out in Appendix 3 is noted.**

4. Background

- 4.1. The Council's five-year Financial Strategy and the principles contained within it underpin the forthcoming budget cycle. Earlier this year cabinet approved a deficit reduction plan and gave delegated authority to the Head of Finance and Governance to take up the government's four year funding offer. That four year settlement will help to provide a degree of certainty. However, with much of our income being related to the state of the economy in the form of retained business rates and fees and charges a great degree of uncertainty regarding the financial position still remains. The Council, therefore, has to maintain a prudent and robust approach to medium term financial planning, in order to manage service delivery with increasing costs, whilst also addressing continuing reductions in available government resource.

4.2. *The 2017/18 Settlement*

The 2016 Autumn Statement was made by the Chancellor on 23 November. This confirms that the budget deficit will be higher than predicted in the 2016 budget statement, with growth projections having slowed, and the Office for Budget Responsibility (OBR) now forecasting that borrowing will still be at £20.7bn by the end of this parliament. Under the previous Chancellor this may well have led to further fiscal tightening, including further funding cuts for local government. However the new Chancellor has committed to keeping previous spending plans almost unchanged. For local government this is good news, and means that the four year settlement, which 97% of councils including this council have taken up, will be honoured. Departmental spending plans remain unchanged for the remainder of this parliament as set out in the previous autumn statement, and spending in 2020 – 22 set to rise in line with inflation.

In terms of business rates, the government have announced plans to extend rural rate relief from 50% to 100% with effect from April 2017. This is to be funded by a section 31 grant for next year, but it is not clear how it will be funded beyond that.

100% relief has also been announced for new fibre broadband from April 2017 for 5 years. No mention has been made as to how any impact on local authority finances may be compensated for this initiative.

No further welfare reform savings are being proposed beyond those already announced.

- 4.3 It is also possible, although unlikely, that there may be another Council Tax freeze grant on offer for 2017/18. The government has however, confirmed that the referenda principles for excessive council tax increases for shire authorities will again be 2% or £5 whichever is greater. This helps low taxing authorities such as Chichester, as a small percentage uplift would benefit us much less than some other authorities that have higher council tax levels. This means that this authority will be able to increase council tax in 2017/18 by £5, generating approximately £250,000 of additional income. This has been assumed in the 5 year model for 2017/18, however, the government set these referenda thresholds annually, and so the five year model assumes just 2% per annum thereafter.

4.4 *Beyond 2017/18*

The previous coalition Government pursued a very clear fiscal policy which has resulted in significant funding reductions for local government. It seems that this trend will continue for the foreseeable future, but the 2016 autumn statement indicates a slight shift in policy, and a firm commitment to the previously announced spending plans.

- 4.5 The government has announced full localisation of business rates (Non-Domestic rates or NDR) by 2020, and a complete review of the operation of the New Homes Bonus scheme (NHB). Consultations have commenced but full details as to how these schemes will operate in the future are still unknown. We do however know that the government's objective with the NHB scheme is to reduce the overall cost by two thirds. We also know that full localisation of business rates will still have tariff and top-up payments. This will redistribute NDR income away from authorities such as Chichester where the income would be in excess of our perceived need for funding, to other areas where need exceeds NDR income. Neither of these scheme changes is expected to be implemented for the 2017/18 financial year.
- 4.6 The 5 year financial model (Appendix 2) has been updated to reflect the officers' best estimates of what may occur in 2017/18 and beyond. The model assumes the deficit reduction plan will be delivered on schedule, together with further savings and investment returns managed by the Commercial and Business Improvement Programme Boards. The current model also assumes the balance of savings from the leisure outsourcing project, and savings anticipated from the potential shared service project. This model will of course be kept under review so that the Council has time to respond should the situation, and government funding, deteriorate faster than currently predicted.
- 4.7 The four year funding offer that the government announced alongside the 2016/17 settlement has been built into the 5 year model. This covers

the period 2016/17 to 2019/20. Officers have therefore had to make assumptions beyond that period.

- 4.8 This council, along with Arun, Adur, Worthing and West Sussex County councils operates a business rate pooling arrangement. This enables the authorities to divert some business rate growth that would otherwise have been paid to the government into the local pool. The operation of the pool in 2016/17 is forecast to retain £2.7m. This is then available to fund growth related projects that benefit the whole county area. It is therefore recommended we continue to participate in the West Sussex business rates pool.
- 4.9 As reported last year, the Council's Estates Service has been pursuing a number of investment and asset realisation opportunities. In addition to the economic and community benefits that such investment brings to the district, they also help to reduce our dependence on central government funding. To supplement this, the council has also pursued investment in the Local Authority Property fund. These are pooled investments in property, and as such offer greater diversity and are backed by assets providing security over the longer term. Although offering slightly lower income returns than our own in house property investments (circa 5% versus 8 – 9%) they do offer an alternative source of relatively good returns for long term balances, with only modest capital risk, as opposed to traditional Treasury Management deposits which currently generate just 1%. The Council has invested £10m in the property fund which should return between £400,000 and £500,000 per annum to assist the deficit reduction plan.
- 4.10 Appendix 3 sets out our current level of reserves, the commitments against those reserves, and therefore the potential funds available for the Council to invest in new schemes.
- 4.11 **In addition to government funding, other uncertainties and risks still remain which will impact on the Council's financial position, and make forecasting budgets more difficult.** These include:
- **Income from Fees and Charges.** The Council currently relies on £16m pa of income from its fees and charges to balance its budget. Much of this income is discretionary spending, or linked to the economy.
 - **The effects of inflation.** Inflation remains extremely low at present, however, some commentators have suggested increases to around 4% during 2017, although the bank of England have indicated a less dramatic increase to 2% is likely. The overall effect of inflation on the Council's budgets is fairly neutral as expenditure inflation is largely offset by income inflation. However, some services have struggled in recent years to pass on the effects of inflation in setting their fees as customers are unable or unwilling to bear the increased cost. Fee levels have not kept pace with inflation in all services.

- **Pay settlements.** Following repeated pay freezes, local government has returned to limited increases. While the current Government is still advocating pay restraint there is a risk over the longer term of increased pressure on national pay negotiations, especially if private sector pay increases outstrip the public sector. The current 5 year model assumes a further 1% increase in 2017/18, and 2% thereafter. Some services have already struggled to recruit staff, especially where we are competing with the private sector, and some limited use of market supplements has had to be offered to fill vacancies. A separate report has already been presented to Cabinet on addressing the pay structure at the Council. £300,000 has been built into the 5 year model to address this.
- **The localisation of Business Rates.** This brought both opportunity and risk, as a change in the business rate base locally will directly impact our funding. Localisation brings with it volatility as losses on collection will largely fall on local councils in future rather than on the national pool. The government's announcement to fully localise NDR by 2020 may present an opportunity to retain more growth, but all of the other associated risks are likely to remain. Consultation has commenced, but still no details are available as to how this will be implemented, or the impact it will have. However, in the interim it is proposed that we should continue to pool business rates with other authorities in West Sussex to maximise the amount of funding that can be retained.
- **The localisation of Council Tax Reduction (CTR).** Currently, expenditure on this has fallen since the 2016/17 budget was set. However, localisation means that any increase in demand for support will have to be met locally in full in future.
- **Council Tax increase.** Last year full Council took advantage to secure recurring income by option to take up the new freedom to low taxing authorities to increase their council tax by £5 rather than 2%. The government set the increase "limits" annually i.e. the limits above which a referendum must be held. It has been confirmed that for 2017/18 the £5 option will again apply, and this has been assumed in the 5 year model. Beyond that officers have assumed 2% per annum.
- **Welfare reform,** including changes to Housing Benefit cap and the phased introduction of Universal Credit, which will impact on certain services such as Benefits and Housing. A review of the Council's discretionary housing payments policy is currently being carried out and Officers in the Benefits and Housing services are working together to ensure our resources are used to best effect and to assist those most affected by the changes.

- **The New Homes Bonus** where funding is linked to growth in domestic properties, but is funded nationally by reducing the amount of government grant. This effectively, is a distribution of local government funding via a different mechanism, and is not new funding. The future of this source of funding is very uncertain, and is subject to a government review. In the current 5 year model officers have assumed reductions beyond 2017/18. Again this may become clearer after the CSR announcements on 23 November.
- **Amended Waste Regulations and increased recycling targets.** New and tougher recycling targets and the need to separate out types of recycle may drive substantially increased waste costs. An indicative estimate of £0.8m per year has been included in the 5 year model based on officer's current projections.
- **Cultural grants to the Chichester Festival Theatre and Pallant House Gallery.** These are currently funded from earmarked reserves which will be exhausted in 2017/18. These are the subject of a separate report on this agenda.
- **Political environment.** The EU referendum outcome and subsequent developments including the recent legal challenge, and possibility of a parliamentary election have added greater uncertainty. It is too early to determine exactly how a withdrawal from the EU will impact on the council, and this will have to be continually reviewed and any impacts reflected in the financial model as and when they are known.

4.12 The Council took early action as the 2008 financial crisis started to emerge and has, from 2010/11 to 2015/16, achieved in excess of £8.6m of savings and increased income. In May 2013, members approved a £2.4m deficit reduction programme. This was exceeded and delivered £3.6m. In September of this year members received a further savings plan based on the latest five year financial plan. This sets out targets to deliver further savings / additional income of £3.8m. It has been via this medium term modelling that the Council has been able to plan ahead, and implement sensible and considered efficiencies in a timely fashion. This planning has helped to avoid making severe service cuts, yet thus far enabled us to balance our budgets, and invest in new priorities. Additionally it has enabled us to preserve the NHB funding for community benefit. A further benefit of careful planning has been that we have been able to implement localised CTR in a way that has protected claimants.

4.13 The current 5 year financial model (Appendix 2) has been updated to reflect current assumptions including government funding reductions and a council tax projections, as well as projected costs and planned efficiencies. This demonstrates a balanced budget over the next 5 years subject to delivery of the deficit reduction plan agreed in September and all of the other uncertainties set out above.

5 Outcomes to be Achieved

- 5.1 The purpose of this report is to set out the key financial principles that should be applied over the short to medium term to help maintain a robust and balanced financial position for the Council, and which will be used to underpin the annual spending report in February 2017 to set the 2017-18 budget and Council Tax requirement.
- 5.2 This will help the Council to deliver its Corporate Plan objectives by having a sound financial position that is balanced over the medium term and enable investment in priority services.

6 Key Financial Principles

- 6.1 The financial principles that are used to underpin the Council's financial strategy and ensure a robust budget process are set out in Appendix 1. These are well established now, and have served us well in ensuring a sustainable balanced financial position over the medium term.

6.2 Treasury Management

- 6.2.1 The Council is required to agree its treasury management policy annually, and has made further changes during the year, following a task and finish group review. Performance reports are also received during the year. The key objectives are security of the principal sums invested, and liquidity. Maximisation of investment return is a secondary objective. As such, removing revenue reliance on investment income not only strengthens the Council's financial position, but also reinforces the primary objective of the treasury management policy. However the use of a property fund would enable the council to invest balances in a long term fund which would provide a predictable return that could be used to assist in closing the projected budget deficit.
- 6.2.2 The Treasury Management Policy, together with the Minimum Revenue Provision policy and Prudential Indicators are an integral part of the Financial Planning process, but they will be reported separately to Cabinet early in the New Year.

7 Alternatives Considered

- 7.1 The Financial Strategy is key to ensuring the Council continues to set a balanced budget even with all of the uncertainty and pressure faced by the Council in the current economic climate.
- 7.2 Various alternatives exist within the strategy and the 5 year plan. The NHB could for example be used to support revenue budgets, but this would be contrary to the financial principle of not using non-recurring income to fund recurring expenditure.

- 7.3 Although the financial model assumes certain levels of Council Tax increases, it will be for the Council to determine the appropriate level annually. For 2017/18 the Council Tax levels will be recommended by Cabinet at their February 2017 meeting for Council to consider at the March 2017 meeting.

8 Resource and Legal Implications

- 8.1 The financial principles will help to guide the management of the Council's finances over the short to medium term, and will underpin the budget process that will be reported back to Cabinet in February.

9 Consultation

- 9.1 The Corporate Governance and Audit Committee considered this report at its meeting on 24 November, and have recommended to cabinet:
- In the short to medium term the Council maintains a minimum level of reserves of £5m for general purposes.
 - To maintain the current provision of £1.3m of revenue support to smooth the impact of funding reductions, and volatility associated with localisation of Business Rates.
 - The Council should continue to aim to set balanced budgets without the use of reserves, although some use of reserves in the short term may be necessary.
 - That in order to achieve a balanced budget over the medium term, officers should monitor delivery of the agreed deficit reduction plan.

10 Community Impact and Corporate Risks

- 10.1 The Council has taken action over the last five years to achieve a relatively strong financial position. However, there remains a great deal of uncertainty over the future with many different factors that may impact on the Council and change the financial forecast. The financial principles contained within this report will help the Council maintain its financial standing and protect valuable services to the community, whilst giving flexibility to respond to changes in the future.

11 Other Implications

Crime and Disorder		None
Climate Change		None
Human Rights and Equality Impact		None
Safeguarding		None

12 Appendices

- 12.1 Appendix 1 – Financial Principles
- 12.2 Appendix 2 - Five Year Financial Model.
- 12.3 Appendix 3 – Statement of Resources.

13 Background Papers

- 13.1 None

Chichester District Council

THE CABINET

6 December 2016

Award of Contract for Beach Management Plan Works 2016-2017

1. Contacts

Report Author:

Dominic Henly - Senior Engineer

Telephone: 01243 534689 E-mail: dhenly@chichester.gov.uk

Cabinet Member:

Carol Purnell - Cabinet Member for Housing and the Environment,

Telephone: 01243 605927 E-mail: cpurnell@chichester.gov.uk

2. Recommendation

- 2.1. That the contract for shingle recharge at Danefield Road Selsey is awarded to the contractor identified in the confidential appendix to this report.**

3. Background

- 3.1. Chichester District Council (CDC) was successful in securing £1.25m of Flood Defence Grant in Aid (FDGIA) in July 2016 for phase two of the Selsey and Wittering Beach Management Plan (BMP). The plan covers the period from 2016-2021.
- 3.2. The schedule of works was approved by Cabinet on 8 February 2016.
- 3.3. Items 1 and 4 of the schedule of works have been combined to provide economy of scale and competitive tenders invited using an approved framework for coastal works. This is for the delivery and placement of 11,000 tonnes of coarse shingle in the Danefield Road area of Selsey beach.
- 3.4. Details of all tenders received are included in the Part II appendix to this report.
- 3.5. The price of the awarded tender is comparable to previous and similar contracts for shingle recharge.
- 3.6. Award of the contract must be determined by the Cabinet because the contract value exceeds £175,000.

4. Outcomes to be Achieved

- 4.1. A substantial improvement to the standard of protection offered to the coastal community of Selsey will be achieved by the works. The Pagham to East Head Coastal Defence Strategy of 2008 clearly identifies the frontage policy as Hold the Line for the next 100 years, as does the North Solent Shoreline Management Plan of 2010. In order to achieve this aim CDC must invest in defences throughout that period and an important part of that is to maintain beach levels.

5. Proposal

5.1. That the contract for shingle recharge at Danefield Road, Selsey in 2017 is awarded to the Contractor identified in the Part II appendix to this report, Contractor Details and Submitted Tender Price

5.2. That works shall start on 3 January 2017 and be completed by 31 March 2017.

6. Resource and Legal Implications

6.1. The FDGIA grant from the Environment Agency (EA) will cover the full expenditure

6.2. Suitably qualified staff from CDC will supervise the works, the costs of which are recoverable from the grant.

6.3. There are no direct property implications but the project will help maintain CDC assets by reducing erosion and flooding risk.

7. Consultation

7.1. In preparing the BMP, officers liaised closely with the EA and Natural England who are supportive of the approach. Legal and Procurement Services have also been materially involved in the award of the contract.

8. Community Impact and Corporate Risks

8.1. Delivery of the scheme will help sustain the standard of defence on our open coast frontages that are seen as being most at risk. The improved defences will give greater security to coastal communities and enable them to face the future with greater confidence.

8.2. The risk that the proposal will not deliver the desired outcomes as set out in paragraph 4 is significant given that we are dealing with the unpredictable forces of nature. There can be no guarantee of erosion prevention but the beach management approach offers the best opportunity to improve coastal defences within resources.

9. Other Implications

	Yes	No
Crime and Disorder		X
Climate Change The proposed works will provide improved protection from the anticipated increases in sea level predicted from climate change.	X	
Human Rights and Equality Impact		X
Safeguarding		X

10. Appendix

10.1. Contractor Details and Submitted Tender Price – Part II and so exempt from the public domain

11. Background Papers

11.1. None

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

Chichester District Council

THE CABINET

6 December 2016

Determination of the Council Tax Base for 2017-2018

1. Contacts

Report Authors:

Paul Jobson Taxation Manager

Tel 01243 785166 ext. 3145. Email: pjobson@chichester.gov.uk

Christine Christie Revenues Manager

Tel 01243 785166 ext. 3349. Email: cchristie@chichester.gov.uk

Cabinet Member:

Philippa Hardwick, Cabinet Member for Finance and Governance Services

Tel: 01428 642464 E-mail: phardwick@chichester.gov.uk

2. Executive Summary

The purpose of this report is to set the taxbase for the 2017/18 financial year. The taxbase is effectively an estimate of the number of council tax dwellings in the district. This is adjusted for the effect of the discounts and exemptions, properties being in different valuation bands expressed as the number of band D equivalent dwellings in the district. This figure is then adjusted for the assumed collection rate.

Appendices 1 and 2 to this report show details of the taxbase for the district and the taxbase relevant to each parish.

At its meeting on 12 July 2016 Cabinet resolved that the principle of making a grant to parish councils in relation to the Council Tax Reduction scheme should continue for the 2017/18 financial year. The figures are shown in appendix 3 to this report.

3. Recommendation

3.1. That the council tax discounts to apply for the 2017-2018 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)

3.2. That an Empty Home Premium of 50% be charged for the 2017-2018 financial year.

- 3.3. That no additional locally defined classes of discount should be determined for the 2017-2018 financial year**
- 3.4. 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 2017-2018 financial year;**
 - (iii) The calculation of the Council’s taxbase for the year 2017-2018 is approved (Appendices 1 and 2);**
 - (iv) The amounts calculated by the Council as its council taxbase for the year 2017-2018 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 paragraphs 6.4 to 6.5 of this report.**

4. Background

- 4.1.** The taxbase is a measure of the taxable capacity of the district and is set during the period 1 December to 31 January. Parish councils, West Sussex County Council and the police are then notified of the proposed taxbase for the area relevant to them. As the billing authority, the District Council is then responsible for the payment of precepts from the collection fund or general fund for levies and parish precepts.
- 4.2.** The council taxbase represents the estimated full year number of chargeable dwellings in the area expressed as the equivalent number of band D dwellings. The taxbase calculations are based upon the numbers by council tax band in the Valuation List, plus the estimated new dwellings likely to enter the Valuation List during 2017/18. The result is adjusted for applicable discounts, exemption and reductions. The figure of chargeable dwellings is further adjusted by an estimated collection rate of 99% (see paragraph 6.2 below).
- 4.3.** Since 1 April 2013 the taxbase calculation for the District also takes account of our Council Tax Reduction scheme. Properties where the resident will be in receipt of 100% Council Tax Reduction are fully disregarded in this calculation and pro rata for those on lower amounts.
- 4.4.** A summary of the taxbase of each parish is shown in Appendix 2.

5. Proposal

- 5.1. Local discounts** summary of the agreed locally defined discounts are shown in Appendix 4.

Locally defined discounts and premia	2016/17	2017/18
Prescribed Class A and B second homes to include those with planning restrictions	Nil discount	Nil discount
Prescribed Class C vacant, unoccupied and substantially unfurnished properties to include properties that would previously have qualified for Class C exemption (vacant, unoccupied and substantially unfurnished properties up to a maximum of 6 months).	Nil discount	Nil discount
Prescribed Class D properties that would previously have qualified for Class A exemption (properties in need of or undergoing major repair or undergoing structural alterations).	100% discount	Nil discount
Empty Homes premium (properties that have been vacant for more than 2 years).	50%	50%
Locally defined Class of person as defined in Section 13A (1) of the Local Government Finance Act 1992 as amended.	No class set	No class set

5.2. Collection Rate An assumed 'collection rate' is used when calculating the tax base. In determining the rate a number of factors are taken into consideration including losses in income through council tax banding reductions, absconds and backdated awards of discounts and exemptions. In view of the changes to both council tax discounts and exemptions, and the introduction of localised Council Tax Reduction schemes, the assumed collection rate since 2013/14 has been set at 99%. It is proposed to continue with a 99% collection rate for 2017/18 calculations.

5.3. Special Items Special expense items are those that relate to a part only of the District Council's area. The determination of such special expenses would necessitate the creation of a special expense area, which could be the whole of a parish, within a parish or across parish boundaries. No such areas have been determined previously and it is recommended that the Council resolve that any special expenses should be treated as general expenses for tax setting purposes.

5.4. Allocation of Grant to Parish Councils At its meeting on 12 July 2016 Cabinet resolved that the principle of making a grant to parish councils in relation to the Council Tax Reduction scheme be continued in 2017/18. The grant to parishes was a specific amount for 2013/14 (£194,000). However, from 2014/15 the amount has been subsumed into our overall grant. Since then the payment of the grant to parishes has continued but is reduced each year by the same percentage as the reduction in general grant funding for the Council. In previous years the autumn budget has provided an indication of the likely reduction in funding for the District Council for the forthcoming year, but we will not know final allocations until around December 2016 or January 2017. However we do know that the Revenue Support Grant to this Council will go altogether after 2017/18. Following the withdrawal of Government funding the parishes have been given notice that the grant will be tapered down in each year and withdrawn altogether by the end of 2019/20.

- 5.5. The residual grant has been focused on those parishes whose 2016-17 grant was higher than 4% of their 2016-17 precept or £1,000 threshold whichever was lower. Each subsequent year the same calculation and threshold will be applied and the grants will be reduced by one third of the 2017/18 grant with the final grants being paid in 2019/20. The figures are shown in appendix 3.

6. Alternatives Considered

- 6.1. Cabinet considered all locally defined discounts at its meeting of 1 November 2016 and resolved that the Prescribed Class D discount be set at zero % for the 2017-18 financial year. The alternative was to do nothing or set the discount at some other percentage between 0% and 100% . The discount was set at 0% on the basis that a number of recipients benefit from this discount because they are undertaking structural alterations to their property, therefore only assisting a minority of taxpayers but the financial burden remains on the Council and the precepting authorities. The remainder of the discounts are awarded where the property is undergoing major repair to render it habitable. Whilst a discount would be a financial incentive to this group of owners, awarding a discount would not encourage them to bring their properties back into the available housing stock as quickly as possible.

7. Resource and Legal Implications

- 7.1 The Local Authorities (Calculation of Tax Base) Regulations 1992 (as amended) requires the billing authority to calculate the taxbase for its area and notify the figure the precepting authorities in the period 1 December to 31 January in the preceding financial year. A delay in notifying the taxbase to precepting authorities could impact on their ability to set their budgets in time for setting council tax which must be set before 11 March in the financial year preceding that for which it is set.

8. Consultation

- 8.1. A consultation on the changes to Council Tax discounts and exemptions for second and empty homes was carried out during August and September 2013/14 and the results of this were reported to members through the then Members Bulletin Board.
- 8.2. A consultation on the proposal to charge an Empty Homes Premium for properties that had been unoccupied and unfurnished for two years or more was carried out between August and September 2014 and the results were reported to Cabinet in December 2014.
- 8.3. A consultation on the proposal to change the Prescribed Class D discount (properties in need of or undergoing major repair to render them habitable or which were undergoing structural alterations, or less than six months has elapsed since the completion of such works) was carried out in August and September of 2016 and the results were reported to Cabinet in November 2016.

9. Community Impact and Corporate Risks

- 9.1. The corporate risk of an inaccurate tax base is that there is potential for the collection fund to be in deficit or surplus.

- 9.2. Since April 2013 we and the precepting authorities have seen a reduction in tax base resulting from the implementation of the council tax reduction scheme. The income generated from reducing locally defined discounts has helped to off-set this loss.

10. Other Implications

	Yes	No
Crime & Disorder		x
Climate Change		x
Human Rights and Equality Impact		x
Safeguarding and Early Help		x

11. Appendices

- Appendix 1 - Taxbase for the District of Chichester 2017-2018
- Appendix 2 - Taxbase for each parish within the District 2017-2018
- Appendix 3 - Proposed allocation of grant to parish councils
- Appendix 4 - Taxbase summary of agreed local discounts

12. Background Papers

- 12.1. None

Chichester District Council

THE CABINET

6 December 2016

Introduction of Section 106 Monitoring Fee

1. Contacts

Report Author:

Karen Dower, Principal Planning Officer (Infrastructure Planning)
Tel: 01243 521049 E-mail: kdower@chichester.gov.uk

Cabinet Member:

Susan Taylor, Cabinet Member for Planning,
Tel: 01243 514034 E-mail: staylor@chichester.gov.uk

2. Recommendation

- 2.1. That the Cabinet agrees to introduce a section 106 monitoring fee as set out in the schedule in the appendix to this report and delegates the future annual review of these fees to the Head of Planning Services.**

3. Background

- 3.1. Until recently the charging of monitoring/admin fees by local planning authorities in relation to section 106 agreements was widespread due to the administrative burden that this activity generates. However, following a legal challenge on 3 February 2015 (*Oxfordshire County Council v Secretary of State for Communities and Local Government and Others* <http://www.bailii.org/ew/cases/EWHC/Admin/2015/186.html>) the High Court held that administration fees and monitoring fees imposed as planning obligations under section 106 (s 106) of the *Town and Country Planning Act 1990* were not necessary to make the development acceptable in planning terms and thus failed the tests in regulation 122 of the *Community Infrastructure Regulations 2010* (as amended). As a result of this judgment many local authorities including Chichester District Council (CDC) ceased charging for s 106 monitoring.

4. Outcomes to be Achieved

- 4.1. The outcome is efficient and effective s 106 monitoring by a dedicated officer to ensure contributions are received and to support delivery of infrastructure to mitigate the impacts of development.

5. Proposal

- 5.1. CDC wishes to reintroduce a fee in order to recover its costs in monitoring future s 106 agreements. It intends to do this not through a s 106 obligation but rather under s 111 of the *Local Government Act 1972* and s 1 of the *Localism Act 2011* (although the agreement to pay the monitoring fee will be within the same deed as the s 106 planning obligations).

- 5.2. In order to levy a fee, it is important that the charge for monitoring s 106 agreements reflects the actual cost (or as close as can be reasonably calculated) in order to justify the fee as a legitimate cost as opposed to a 'universal charge', irrespective of the monitoring and administrative burden. In the Oxfordshire County Council case the monitoring sum was calculated as a percentage of the total contributions payable under the agreement and did not, in the view of the judge, reflect an accurate assessment of the true costs involved in the monitoring of the obligations in the s 106 agreement.
- 5.3. Legal advice in the light of this judgment stresses the need to avoid standardised fees and establish the level of monitoring for each agreement ie are there multiple trigger points, is there an ongoing need for monitoring, how complex/large is the development site?
- 5.4. In Chichester the s 106 monitoring activity is undertaken in the Planning Service by the Planning Obligations Monitoring and Implementation Officer working a 28-hour week, whose role is specifically to develop and manage effective and efficient administration of s 106 agreements (especially financial contributions). The overall cost of this post including NI and Pension and standard corporate on-costs for heating, lighting, insurance, IT etc. is currently £29.57 per hour (£36,700 per annum).
- 5.5. Monitoring activity includes reviewing and recording each s 106 agreement and its obligations onto the software system. Site progress may need to be checked to assess whether triggers for paying contributions have been reached, records cross referenced with other data held by the council over commencement of development, invoicing for payment, chasing and enforcing payments (if required), distributing payments to services, auditing expenditure and compiling reports. Liaison also takes place with other bodies such as West Sussex County Council – for example in respect of monitoring education and highway related obligations.
- 5.6. As set out above, any fees need to be intrinsically linked to the costs associated with monitoring different types of s 106 agreement. The methodology set out in the appendix will ensure these costs are covered. In coming to conclusions about setting a reasonable fee, officers have benchmarked this against the fees that other local authorities are charging.
- 5.7. The approval of this fee schedule aims to enable CDC to recover its costs in monitoring future s 106 agreements and so support the effective monitoring of s 106 contributions by CDC. The appendix to this report sets out the proposed monitoring charges and has been formulated to recover the cost to CDC in full of monitoring each agreement based upon an estimation of officer time. Thresholds have been created based on dwelling numbers in order to create a sliding scale which relates to an estimation of officer time spent on monitoring each obligation.
- 5.8. The fee schedule will be monitored on an annual basis as part of the s 106 monitoring process to ensure that the fees collected reflect the true costs of monitoring s 106 agreements.

6. Alternatives Considered

- (i) Not to charge a monitoring fee

(ii) Partial cost recovery.

These options are not favoured because the planning service (and ultimately the local council tax payer) would have to subsidise the monitoring function.

7. Resource and Legal Implications

7.1. The charging of s 106 monitoring fees can be justified under section 111 of the *Local Government Act 1972* and s 1 of the *Localism Act 2011*.

8. Consultation

8.1. Legal Services and Finance services have been consulted.

9. Community Impact and Corporate Risks

9.1. There are no community impacts associated with this proposal.

9.2. If the proposed fee schedule does not cover the cost of monitoring future s 106 agreements, the fee schedule will be revised.

10. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		✓
Climate Change		✓
Human Rights and Equality Impact		✓
Safeguarding and Early Help		✓
Other (please specify)		✓

11. Appendices

11.1. Appendix 1: Recommended fee schedule for Chichester

12. Background Papers

12.1. None

Proposed Methodology

The proposed methodology is based on an analysis of the s 106 Agreements signed since the introduction of CIL and during the period 1 February – 31 July 2016 (excluding Unilateral Undertakings signed involving just Recreational Disturbance Mitigation), as shown in Table A.

The analysis included:

- (a) Setting bands for type/size thresholds, based on the type and number of applications that Chichester receives which tend to be subject to S106 agreements; and
- (b) An estimate of the number of hours for each type/size threshold, based on practical experience and from recording the time taken to monitor the last six months applications (shown in Table A).

The number of hours estimated has been multiplied by the hourly salary rate of £29.57 in order to establish the suggested monitoring fee (This information is shown in Table B below).

The number of hours estimated to monitor each type/size threshold includes the following tasks:

- Agreeing with the case officer which items are to be monitored within the s 106
- Time taken to load the agreement onto the database, and diarise each trigger.
- At each trigger point, the time taken to liaise with the case officer/and or developer as to whether the obligation has been met. This may require a site visit.
- For a financial obligation, time taken to liaise with developer to agree amounts, subsequently raising and issuing an invoice, checking Civica to see if invoice has been paid. When paid, issuing of commuted sum forms and acknowledging receipt of payments.
- Sending notification to developer as to discharge of obligations when appropriate.
- When money has been received, following up on a quarterly basis with spending officers to ensure monies spent within the deadline.
- Attendance at monitoring meetings
- Drafting monitoring reports for committee
- Attendance at committee meetings
- Preparing report for the s 106 element of the AMR

If the suggested monitoring fees had been applied to the six month sample in Table A, it would have generated £18,956 in monitoring fees. Multiplied by 2, to give a twelve month period it could potentially generate £37,912.00.

The Planning Obligations Monitoring and Implementation Officer's salary including on-costs is £36,700 for a 28-hour week. Therefore the suggested monitoring fee based on the thresholds in the table above should cover the costs of providing this post.

These charges will be reviewed periodically to ensure that the threshold fee will continue to cover the costs of providing this post. The Head of Planning Services will determine any changes to the charges which will be enacted at the start of each new financial year (from 2018 onwards).

Table A

Planning Reference	Site	No. of Dwellings
CC/15/00891/FUL	Roussillon Barracks	1
EWB/16/01020/FUL	148 Stocks Lane	26
D/15/01583/OUT	St Wilfred's Hospice, Grosvenor Road	21
SB/15/02505/OUT	Land to the North of Alfrey Close (West of Garsons Road)	125
CH/15/02436/FUL	Wakeford's Field	30
WR/15/03366/OUT	Land East of Winterfold, Durbans Road, Wisborough Green	22
BX/14/03827/OUT	Land West of Abbots Close, Priors Acre, Boxgrove	22
LV/15/03524/OUTEIA	Land between Stane Street & Madgwick Lane, Westhampnett	300
LX/15/02012/OUT	Loxwood Nurseries	43
CH/15/01444/FUL	Garage Compound, Southeast of 21-25 Flatt Road	3

Table B

Type/Size threshold	No. of applications falling within these thresholds taken from table A above	Estimated hours taken from start to finish rounded to nearest hour	Suggested Monitoring fee (hourly rate of £29.57 multiplied by no. of hours)	Potential fee generated if it had been applied to table A above
Single dwelling/annexe	1	5	£148	£148
2-9 dwellings	1	10	£296	£296
10-20 dwellings	0	26	£769	£0
21-50 dwellings	6	52	£1,538	£9,228
50+ dwellings	2	157	£4,642	£9,284
Commercial	0	26	£769	£0
Other non-residential	0	26	£769	£0
Total	10			£18,956

Chichester District Council

THE CABINET

6 December 2016

Off-Street Parking Charges

1. Contacts

Cabinet Member:

Gillian Keegan, Cabinet Member for Commercial Services,
Tel: 01798 344084 E-mail: gkeegan@chichester.gov.uk

Report Author:

Tania Murphy, Parking Services Manager,
Tel: 01243 534701 E-mail: tmurphy@chichester.gov.uk

2. Recommendation

2.1. That the Cabinet agrees that the consultation responses to the charges which it approved at its meeting on 1 November 2016 be brought back for consideration at its meeting on 10 January 2017.

3. Background

3.1. At its meeting on 1 November 2016 the Cabinet resolved:

- (a) That the charges set out within the appendix to the report be approved and, subject to consultation responses, be implemented from 1 April 2017.
- (b) That the Head of Commercial Services be authorised to give appropriate notice of any revised charges pursuant to the *Off-Street Parking Places (Consolidation) Order 2015* and the *Road Traffic Act 1984*.

4. Outcomes to be Achieved

4.1. As previously report to the Cabinet in November 2016.

5. Proposal

5.1. That the consultation responses are reported back to the Cabinet prior to implementation. Provided that the responses are reported back to the Cabinet at its meeting in January 2017 there will be no impact on the commencement date for any revised charges approved.

6. Alternatives Considered

6.1 The alternative is that the charges are implemented, subject to consultation, without further reference to the Cabinet as previously resolved.

7. Resource and Legal Implications

- 7.1. There is no constitutional reason why the Cabinet cannot reconsider a previous decision taken.
- 7.2. The Parking Order will require amendment once the charges are agreed.

8. Consultation

- 8.1. The proposed changes to parking charges are supported by the Chichester District Parking Forum meeting on 6 September 2016 and were considered by the Commercial Board on 13 June 2016.
- 8.2. Amendments to the Parking Order are currently the subject of consultation which closes on 12 December 2016.

9. Community Impact and Corporate Risks

- 9.1. As previously reported in the 1 November 2016 report to the Cabinet.

10. Other Implications

Crime and Disorder	None
Climate Change	None
Human Rights and Equality Impact Whilst there is no legislative requirement to provide designated disabled bays free of charge, this has been the case within the District for a number of years.	None
Safeguarding and Early Help	None
Other Such investments as may be made shall be done so ethically in a manner that is consistent with other Council policies, values and practices, and does not inadvertently result in promoting, supporting or delivering outcomes that the Council would not wish to occur.	None

11. Appendices

- 11.1 None

12. Background Papers

- 12.1 None

Chichester District Council

THE CABINET

6 December 2016

Authority's Monitoring Report 2015-2016

1. Contacts

Report Author

Anna Miller, Planning Policy Officer

Telephone: 01243 521013

Email: amiller@chichester.gov.uk

Cabinet Member

Susan Taylor – Cabinet Member for Planning

Telephone: 01243 514034

E-mail: sttaylor@chichester.gov.uk

2. Recommendation

2.1 That the Cabinet approves the publication of the Authority's Monitoring Report 2015-2016 on Chichester District Council's website.

2.2 That authority be delegated to the Head of Planning Services, following consultation with the Cabinet Member for Planning Services, to enable minor amendments to be made to the document prior to and following publication.

3. Background

3.1 The Authority's Monitoring Report (AMR) is published annually by the Council and is the main mechanism for assessing the performance, implementation and outcomes of the Local Plan. A copy of the AMR for 2015-16 is appended to this report.

3.2 The AMR covers the period 1 April 2015 to 31 March 2016, although significant events occurring since 31 March 2016 are also noted. The AMR presents an update on progress on preparation of the Local Plan and other related documents and an assessment of planning policy performance based on key and local indicators. In addition the AMR provides an update on the progress of neighbourhood plans and actions undertaken to meet the statutory Duty to Cooperate. The number and amount of community infrastructure contributions received through the Community Infrastructure Levy (CIL) receipts and Section 106 agreements are also presented.

3.3 This report uses the monitoring framework of the *Chichester Local Plan: Key Policies 2014-2029* (Chichester Local Plan) and those indicators in the Local Plan 1999 which were not included in the monitoring framework of the Chichester Local Plan. This is because the Chichester Local Plan was adopted in July 2015 and therefore the indicators within the monitoring framework of the Chichester Local Plan and Local Plan 1999 both apply to this monitoring period.

- 3.4 The AMR covers the Chichester Local Plan area only, so excludes the part of the District within the National Park. However, the data for three policy indicators (EN1, EN6 and L7) in the 'Policy Indicators - Environment' section of the AMR relate to the whole of Chichester District (including the National Park). In addition one of the policy indicators (EN3) in the 'Policy Indicators - Environment section' covers the Solent shoreline, including the north shore of the Isle of Wight, Portsmouth, and Chichester and Langstone Harbours. This is highlighted in the relevant text.

4. Outcomes to be Achieved

- 4.1 The AMR has been prepared to comply with a statutory requirement that is set out in the *Localism Act 2011*. Local planning authorities must publish information at least annually that shows progress with Local Plan preparation, details of any neighbourhood development order or neighbourhood development plan within the Plan area and details on all CIL receipts or expenditure. It also needs to report activity relating to the duty to cooperate and show how the implementation of policies in the Local Plan is progressing. Regulation 34 of the *Town and Country Planning (Local Planning) (England) Regulations 2012* sets out the basic information the reports must contain, although local authorities have discretion to include any other useful information relating to the planning policy preparation and performance. The AMR should report on actions necessary as a result of monitoring of policies.

5. Proposal

- 5.1 This report seeks Member approval to publish the AMR 2015-16 on the Council's website. More generally, it updates members on the performance against key and local planning policy indicators over this period. Some key highlights from the AMR are summarised below.

Local Plan Progress

- The Council approved an updated Local Development Scheme (LDS) in May 2016, covering the Chichester Local Plan area. However, the LDS relevant to this AMR was published in July 2015.
- In May 2015 the inspector's report was published and found the *Chichester Local Plan: Key Policies 2014-2029* (Chichester Local Plan) 'sound' subject to a number of modifications. The Chichester Local Plan was formally adopted by the Council on 14 July 2015 and now forms part of the statutory development plan for the District outside the National Park.
- The Council is currently preparing a Site Allocation Development Plan Document (DPD) which will identify non-strategic sites for housing and employment in those parts of the Plan area where sites are not being identified through neighbourhood plans. The consultation on the Site Allocation Preferred Approach DPD was undertaken in January - February 2016. A further consultation on the preferred approach and additional sites was carried out in July – September 2016.
- The Council has been working to prepare two Supplementary Planning Documents (SPDs). The Water Resources and Water Management SPD (now

known as the Surface Water and Foul Drainage SPD), and the Joint Chichester Harbour AONB SPD. To date (31 October 2016) the former SPD was adopted by the Council in September 2016.

- The CIL Charging Schedule and the Planning Obligations and Affordable Housing SPD were adopted by the Council on 26 January 2016 and took effect from 1 February 2016.

Neighbourhood Plans

- A total of 21 parishes within, or partly within, the Chichester Local Plan area are subject to Neighbourhood Plan Area Designations. No further areas were designated during the year 2015/16.
- Three neighbourhood plans were 'made' (Loxwood, Southbourne and Fishbourne) in the monitoring period. Since then a further four neighbourhood plans (Birdham, Tangmere, Wisborough Green and Chidham and Hambrook have been 'made'. To date (31 October) a total of 8 neighbourhood plans have been 'made' in addition to Kirdford which was made in the last monitoring period.

Community Infrastructure Contributions

- For the purposes of this AMR, the CIL Charging Schedule applied from 1 February 2016 (the date CIL came into effect in the Plan area) to 31 March 2016. During this period no CIL receipts were received and there is no CIL expenditure to note.
- 62 separate s 106 agreements were signed related to planning permissions granted in the Chichester Local Plan area, setting out District Council contributions totalling £2.613 million. In addition, contributions were also agreed towards West Sussex County Council services such as education and transport.

Infrastructure planning

- The Council undertook work with Highways England and West Sussex County Council to develop a methodology for using s 106 and s 278 agreements to secure financial contributions from the planned strategic housing developments to mitigate their traffic impacts on the A27 Chichester Bypass. Following public consultation earlier this year, the Council formally adopted this approach in July 2016 as an amendment to the Planning Obligations and Affordable Housing SPD.
- The Council is continuing to work with its partners in the Chichester Water Quality Group to address the constraints on development caused by wastewater treatment capacity issues (physical and environmental). The Council has prepared a Surface Water and Foul Drainage SPD, which was formally adopted in September 2016. The SPD provides additional guidance on water management and infrastructure requirements to support planning applications and development proposals, including practical advice for applicants to assist coordination between regulatory authorities and enable the timely delivery of any necessary drainage-related infrastructure.

Economy

- Employment floorspace completions in 2015-16 (Use Classes B1-B8) totalled 12,413 sqm (gross), or 8,096 sqm (net). The annual completions figure showed an increase compared to the 2014-2015 figure. Overall a total of 32,178 sqm gross (24,341 sqm net) has been completed in the Local Plan area over the period 2012-2016.
- During the year, progress has been made towards meeting the Local Plan target to provide 25 hectares of additional employment land, through planning permissions granted for a new managed workspace business centre at Terminus Road, Chichester and new industrial and warehousing floorspace at the Former Fuel Depot, Bognor Road, Chichester; and further employment sites proposed for allocation in the Site Allocation DPD.
- A substantial quantity of new retail floorspace was under construction on a 5.09 ha site at Barnfield Drive, Chichester. Phase 1A of the development consisting of 5,390 sqm retail space comprising 3 individual units and a garden centre was well underway at the monitoring date and was completed in Autumn 2016 (now occupied by Wickes, Halfords and Iceland). Phase 1B comprising a 1,729 sqm discount retail store (to be occupied by Aldi) was also under construction.

Housing and Neighbourhoods

- A total of 507 net dwellings were completed in the year to 31 March 2016, which exceeds the Local Plan housing requirement of 435 net dwellings per year. There remains a cumulative shortfall of 373 net dwellings since the Plan monitoring base date of 1 April 2012, but this is expected to be addressed through projected housing delivery from outstanding planning permissions and allocated sites over the next two to three years.
- The updated Local Plan housing trajectory identifies the potential delivery of a total of 8,152 net dwellings over the period 2012-2029, which comfortably exceeds the Local Plan requirement of 7,388 dwellings.
- The National Planning Policy Framework (NPPF) sets a requirement to maintain a five year supply of deliverable housing sites. Over the period 2017-2022 there is a requirement to deliver 3,023 net dwellings (taking account of the shortfall from previous years and the addition of a 20% buffer as required in the NPPF). At 1 November 2016, there was an identified supply of 3,503 net dwellings expected to come forward during the five-year period, giving a potential surplus of 480 net dwellings (equivalent to 5.8 years housing supply).
- Considerable progress is being made towards future housing delivery at the Strategic Development Locations (SDLs) allocated in the Local Plan. Development of the first phase of 398 dwellings has commenced at Shopwyke Lakes, with a further 187 dwellings having outline permission (including 85 dwellings agreed at Planning Committee subject to a S106 agreement). Outline permission has also been granted for up to 300 dwellings on land between Stane Street and Madgwick Lane, Westhampnett comprising the first phase of development at the Westhampnett/ North East Chichester SDL.

- All of the outstanding Local Plan housing requirement at the Settlement Hubs of East Wittering/Bracklesham, Selsey and Southbourne now has planning permission. The majority of the remaining parish housing requirement also has planning permission, with further sites allocated in neighbourhood plans. The Council's Site Allocation DPD identifies sites to meet the outstanding requirement in Bosham, Hunston, Lynchmere and Plaistow and Ifold parishes.
- Data provided by the Council's Housing Delivery team shows a total of 184 affordable homes were completed in the Local Plan area over the year 2015-16. In the period since 1 April 2012, affordable housing has provided around 26% (361) of all net dwellings completed.

Environment

- In Chichester District (including the National Park), 51.6% of Sites of Special Scientific Interest (SSSI) units are considered to be in a favourable condition, which is similar to the overall County figure of 51.4%. Of the SSSI units in the District assessed as being in unfavourable condition, 100 are categorised as recovering against only four assessed to be declining, with a further 1 unit showing no change. These figures meet Natural England's target that 95% of the SSSI area should be in favourable or recovering condition.
- The Green Infrastructure Delivery Document was published in January 2016. The document brings together all the mechanisms and documents which provide guidance for planning applications for the delivery of Green Infrastructure as part of new development in the Local Plan area.
- Data and information relating to recreational disturbance within the Chichester Harbour and Pagham Harbour Special Protection Areas, nitrogen levels in the three Air Quality Management Areas, Conservation Area Character Appraisals, carbon dioxide emissions and changes in areas of biodiversity importance are also presented in the Policy Indicator-Environment section of the AMR.

Strategic Infrastructure

- Over the year to 31 March 2016, no planning applications were granted contrary to the advice of the Environment Agency on flooding or water quality grounds.

6. Alternatives Considered

- 6.1 No alternative has been considered since preparation of the AMR is a statutory requirement for all local planning authorities.

7. Resource and Legal Implications

- 7.1 None.

8. Consultation

- 8.1 No consultation is required as the AMR is intended purely for monitoring purposes and is not a policy document.

9. Community Impact and Corporate Risks

9.1 One of the main purposes for preparing AMRs is to provide updated information for communities and interested parties on planning policy performance.

10. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		✓
Climate Change		✓
Human Rights and Equality Impact		✓
Safeguarding		✓
Other (please specify)		✓

11. Appendices

11.1 Chichester District Council Authority's Monitoring Report 2015-2016

12. Background Papers

12.1 None

Chichester District Council

THE CABINET

6 December 2016

Report of the Planning Task and Finish Group

1. Contacts

Cabinet Member:

Susan Taylor, Cabinet Member for Planning Services,
Tel: 01243 514034 E-mail: staylor@chichester.gov.uk

Report Author:

Tony Whitty, Development Management Service Manager,
Tel: 01243 534875 E-mail: twhitty@chichester.gov.uk

2. Executive Summary

The Task and Finish Group (TFG) has reviewed the current pre-application services provided by the Council and also the way in which conditions are used, discharged and enforced. It recommends a revised pre-application advice charging scheme incorporating a number of new services and a review of fees across all application types is approved by the Cabinet, to be implemented on 1 February 2017.

The TFG also recommends changes to the way conditions are used, discharged and monitored including:

- a change to the way conditions are presented on Planning Committee agendas
- a new format for decision notices, and
- a review of the standard conditions used by officers.

3. Recommendation

3.1. That the Cabinet agrees the adoption of the revised Pre Application Advice Charging Scheme with effect from 1 February 2017.

3.2. That the Cabinet agrees that the recommendations of the Task and Finish Group on the use and enforcement of planning conditions be adopted, including;

- a) The full wording of conditions on Planning Committee agendas from 1 January 2017; and**
- b) That all decisions on planning applications issued from 1 February 2017 adopt the revised format recommended by the Task and Finish Group.**

4. Background

- 4.1. On 31 March 2016 the Business Routing Panel resolved that a Task and Finish Group (TFG) should be set up to look at three areas within the Planning Services Service Plan; a review of the pre-application advice charging scheme, a review of planning conditions and their enforcement and the proposed Historic Environment Strategy and Action Plan (reported to Cabinet separately on 4 October 2016).
- 4.2. Accordingly the then Cabinet Member for Housing and Planning convened a members Task and Finish Group (TFG) in June 2016. The members of the TFG were: Susan Taylor (Chairman), Robert Hayes, Simon Oakley, Carol Purnell and Andrew Shaxon.

5. Outcomes to be Achieved

- 5.1. To review the existing Pre Application Advice Charging Scheme in order to;
 - Provide greater choice in the level of advice available
 - Ensure a faster turnaround of service
 - Manage expectations by applicants and agents in accordance with the service offered
 - Achieve a greater transparency of service
 - Take advantage of opportunities for greater cost recovery
 - Increase attractiveness of the service to applicants and agents of certain application types by rebalancing fees
- 5.2. To review the use and discharge of conditions in order that;
 - Conditions applied to planning permissions are clear, precise and enforceable
 - The procedure for the discharge of conditions is consistent
 - Effective monitoring can take place

6. Proposals

Pre Application Advice Charging Scheme

- 6.1. The TFG has considered the options for revising the Pre Application Service and recommends the revised Pre Application Advice Charging Scheme (appendix 1), the key changes to which are detailed in the following paragraphs.

Increased choice in advice offered & opportunities for greater cost recovery

- 6.2. The TFG considered the potential for introducing a charge for the existing Duty Planning Officer service. However there were concerns that this would leave no 'free' routes with which the public could engage with the Planning Service. The Duty Planning Officer offers a signposting service which is

valuable to the public in steering them through what can be a complex process. The TFG therefore concluded that the Duty Planning Officer should remain free of charge. It was also recognised however that on occasion, individuals had difficulty accessing the service as it operates only on a weekday morning. It was recognised that general enquiries can be submitted by e-mail, however this was not always a suitable substitute. The TFG therefore proposed that the service be expanded to include operation across one afternoon per week. This would allow for greater access by members of the public who are unable to visit the Council Offices on a weekday morning. Whilst this will require staffing by an officer within planning services it is unlikely to significantly impact on demands of officer time.

- 6.3. Amalgamation of the current Historic Environment Preliminary Enquiry (HEPE) scheme within the wider Development Management (DM) Pre Application Scheme was considered by the TFG. It was felt that having two related schemes (in addition to the SDNPA pre application advice scheme was confusing to use and that agents and applicants were not as aware of the existence of the CDC HEPE scheme. Recent engagement with agents through the Architects Forum had highlighted the desire by agents for greater on-site engagement with staff of the Council's Conservation and Design Team and their willingness to pay in order to resource such a service. The revised Pre Application Advice Scheme proposed by the TFG includes a Listed Building pre-application specific service centred around a site visit at a cost more reflective of the officer time required to fulfil those requests and the introduction of a formal minor works to listed buildings advice service, including a new fee to cover the work required by officers.
- 6.4. Also previously highlighted by agents has been the absence within the existing DM Pre Application Service Charging Scheme of an option to discuss sites at an early stage, to establish principles and options for development or to have access to a planning officer at short notice. The TFG discussed how this might best be achieved and recommends the introduction of a bookable 'surgery' style pre-application service two mornings a week – organised in 30 minute 'slots'. This new element of the service would be aimed at those prospective applicants who have not developed advanced proposals but want to discuss the general issues and opportunities around developing a site. It would provide advice in person within a short timescale; 48 hours' notice.
- 6.5. Within the existing Pre Application Advice Charging Scheme, permitted development queries (those enquiries as to whether planning permission is required for a proposal) are currently dealt with without charge but are limited to very minor works. More significant proposals such as rear extensions to dwellings are required to be the subject of an application for a lawful development certificate. Whilst this process has the benefit of a formal decision of the Council, the process is subject to an 8 week timescale and goes beyond what many customers require. Often customers are under pressure for a faster decision, even if this is limited to informal advice. The TFG has therefore concluded that there should be an expansion of permitted development enquiries available within the Pre Application Advice scheme to include greater works (in-line with the service provided by the South Downs National Park Authority (SDNPA) with a charge for this service. This will allow for a choice between a faster but informal opinion as to whether a proposal is

permitted development. The alternative of applying for a formal proposed lawful development certificate (a statutory application type) would remain as an option for those cases where added certainty is required or where the proposal is particularly complex.

- 6.6. The TFG also considered the introduction of chargeable pre-application advice for adverts and greater subdivision of the existing categories for written replies to requests for pre application advice, enabling fees to be more proportionate to the scale of the proposal. As part of the existing Pre Application Advice Charging Scheme some proposals are disproportionately expensive in comparison to the planning application fee. For example the fee for pre application advice for a single dwelling is £480, whereas the fee for the planning application for the same development would be £385. This encourages applicants to bypass the pre application advice service and to directly submit a planning application. The Council then does not benefit from a fee for a pre application service or the opportunity to influence the proposal prior to submission. A comparison of income generated by the existing and proposed Pre Application Advice Scheme based upon applications received for 2014/15 and 2015/16 is included as appendix 2.
- 6.7. In addition to proposing sub division of the existing categories of written advice offered by the Pre Application Advice Scheme, a full review of fees across all categories has been undertaken to ensure the Council is achieving the best possible cost recovery. With the introduction of additional areas for charging as outlined above, anticipated income is likely to be higher than existing and will further contribute toward cost recovery of the pre-application service as a whole.
- 6.8. A further analysis of the required resource for each category is provided in appendix 3.

A responsive service and expedient turnaround of advice

- 6.9. In addition to the introduction of the Pre Application Advice Surgery (see para 6.4 above), which will allow for a more responsive form of engagement with the public, the revised scheme proposes a reduction in response time to pre-application advice from 25 working days to 20 working days in most cases. As built into the current pre application advice scheme, the revised scheme would allow for an alternative bespoke timetable or extension of time to be agreed with the applicant where further time would be appropriate to assess complex cases or where further information is submitted by the applicant.

Transparency of service

- 6.10. Within the area for which CDC is the local planning authority, pre-application advice is treated confidentially outside of the Council, although in some circumstances the information may be released under the Freedom of Information Act. This is the way in which many Councils operate their pre application advice service, however within the SDNPA pre application information is available to view by the public, although no formal notification is issued as to the availability of this information

- 6.11. Councils have historically resisted making pre application information available to the public as it may be commercially sensitive or unnecessarily raise concerns from the public where proposals do not materialise as part of a subsequent planning application. However there is an increasing interest in the content of pre-application advice that has been imparted by the Council, particularly following the receipt of a planning application.
- 6.12. The TFG recommends that pre-application advice and associated documentation should be published but only once the resultant formal planning application has been submitted to the Council. This approach follows that taken by the Royal Borough of Kensington and Chelsea and deals with issues of commercial sensitivity as once the planning application is made, the public would be aware of the interest in the land for whatever purpose set out in the application. It also prevents premature concerns being raised with neighbouring property occupiers whilst providing transparency in the decision making process.

Managing expectations

- 6.13. The wording within the Pre Application Advice Scheme has been adjusted to clarify the advantages and limitations of each service. In addition the TFG proposed that an advice note is included as part of any application form in relation to the Pre Application Advice Service similarly setting out not only the benefits of each type of pre-app advice, but also the limitations.

Review of the Use and Discharge of Conditions

- 6.14. The TFG reviewed the three main functions in the use and enforcement of planning conditions (a) the use of conditions in the decision making process (i.e. to the granting of planning permission) (b) the discharge by the Council of details submitted pursuant to conditions and (c) the adherence to and enforcement of conditions during the construction process and beyond. Potential weaknesses in current procedures and opportunities for best practice were identified with regard to guidance, the use of standard conditions, the order and prominence of conditions on the decision notice, how conditions were discharged, and the information available to the Planning Committee when considering proposed conditions.

Guidance and Principles

- 6.15. Whilst the Planning Service currently utilise a set of standard conditions to achieve high quality development the TFG considered that the absence of any overarching guidance was found to have an adverse impact on the LPAs approach to the use and enforcement of conditions. Therefore 10 Principles relating to their use and enforcement are proposed by the TFG (appendix 4). The principles follow government guidance in the use of planning conditions but in a local context to take account of the particular challenges faced by Chichester District Council. The principles encourage open discussion with applicants/agents about the use of conditions to make a proposal acceptable and to discourage the use of conditions to impose control where the plans to be approved are clearly annotated in the same respect e.g. the use of materials or levels. The engagement of planning enforcement in the use of

phasing conditions on Major schemes is encouraged to identify any shortcomings or obstacles which may prevent a development being delivered in a timely and efficient manner.

Review of Standard Conditions

- 6.16. The TFG recommend that the standard conditions used in the drafting of decision notices be reviewed to reduce the number of conditions by removing duplication and the refinement of those that remain to ensure that their meaning is clear and precise. It is recognised that standard wording is not always appropriate and that some editing of condition(s) will continue to be required. However, the opportunity for 'free text' should, where possible, be minimised. It is proposed that the principles set out in the preceding paragraph are included within the revised Standard Conditions 'booklet' (to be issued to all members of the Planning Committee so that regard is had to them when drafting decision notices and conditions may be edited where necessary. This includes a revision to the standard condition relating to foul water drainage, which was raised by the Overview and Scrutiny Committee and commented upon by the TFG.

Revision of planning application decision notices

- 6.17. Currently, the setting out of conditions in planning decision notices does not distinguish between different types of conditions and so there is a risk that a pre commencement condition could be overlooked i.e. a condition that requires an action to be taken or further permission to be sought before development commences. In light of this, the TFG recommend that a revised decision notice template is introduced which includes headings beneath which conditions are imposed having regard to the timing and phasing of the development. It is considered that this reordering of planning conditions will make it clear on first reading of the LPA decision notice as to what actions are needed and when. In addition, the importance of discharging pre-commencement conditions will be set out in an emboldened informative at the end of the decision notice to underpin the objective of securing conditions compliance at an earlier stage and so reduce the need for formal enforcement action.

How conditions are discharged

- 6.18. Linked to the improved wording and use of conditions is the need to structure the process of discharging conditions. It was reported to the TFG that current practice lacked a robust link between applications to discharge conditions (which can be numerous) and the original planning permission to which the conditions relate. In addition, the recording of the information agreed and the decisions made in relation to discharging conditions was not readily identifiable within the Council's document management system. This situation is further compounded by multiple decisions being conveyed to the applicant via email during the Discharge of Condition (DOC) process and the omission of a single DOC decision notice being issued on completion of the process. The TFG recommended that in addition to discharging individual conditions within a DOC application at different times throughout the process, on

completion of the application (when all details are either approved or refused) that a single decision should be issued. This would then be registered against the full planning permission to which the conditions are attached and the data management system [UNIFORM] would be updated by officers to assist planning enforcement in assessing compliance with conditions and for greater accessibility by members of the public.

Condition monitoring and engagement with developers

- 6.19. It was considered by the TFG that the importance of discharging conditions was not sufficiently acknowledged in the decision making process or adhered to by applicants; and that condition monitoring was not sufficiently embedded into the enforcement process. For this reason it was agreed that planning enforcement will use the bespoke area of the UNIFORM data base to track compliance with controlling conditions.
- 6.20. In support of a renewed focus on the DOC process and procedures the TFG recommended that a notification slip be included in the decision notice template which applicants/agents are requested to return to planning enforcement. This alerts the service to the commencement of a development and prompts a desk top 'investigation' of related planning permissions to ascertain whether the requirements of pre commencement conditions have been adhered to..
- 6.21. The TFG accepted that planning enforcement cannot resource the monitoring of all decisions and conditions and considered that the team's efforts should be directed towards Major Development sites and those sites which attract complaints. The TFG group supported the principle that all interested parties be informed of matters arising from these investigations.

The reporting of proposed conditions to Planning Committee

- 6.22. The TFG considered that the Planning Committee decision making process would be strengthened if Members had the full wording of planning conditions when they considered development proposals at Committee meetings. The TFG group looked at the implications of using the full wording of a condition and thought that the increased text and expansion of the agenda as a whole was offset by Members having full knowledge of what was being agreed. It was therefore agreed that conditions would be set out in full within future Planning Committee agendas.
- 6.23. The TFG recommends that the new working practices and business improvements in Development Management procedures set out above are agreed.

7. Alternatives Considered

- 7.1. The TFG considered alternative options which included retaining current working practices. Various options have been set out in the paragraphs above.

8. Resource and Legal Implications

- 8.1. The TFG's proposals have no significant financial or staffing impacts and accord with legal requirements.

9. Consultation

- 9.1. Given that the majority of proposals had been formed as a result of feedback from customers; the TFG concluded that a short consultation with regular agents and architects was necessary. This will have been completed before the Cabinet meeting and summarised feedback will be provided.

10. Community Impact and Corporate Risks

- 10.1. The TFG believes its proposals maintain and enhance the existing opportunities for community participation in the work of the Planning Service and, therefore, should have a positive impact on people and places.

11. Other Implications

Crime and Disorder	None
Climate Change	None
Human Rights and Equality Impact	None
Safeguarding	None

12. Appendices

Appendix 1: Revised Pre Application Advice Charging Scheme

Appendix 2: Comparison of current scheme and proposed scheme based upon pre-apps received 2014/15 & 2015/16

Appendix 3: Analysis of resource implications of Pre Application Advice Scheme

Appendix 4: Principles of the LPA's approach to the use and enforcement of conditions

13. Background Papers

None

Chichester District Council

THE CABINET

6 December 2016

**Treasury Management
2016-2017 Mid-Year Progress Report**

1. Contacts

Report Author:

Mark Catlow - Group Accountant

Tel: 01243 521076 E-mail: mcatlow@chichester.gov.uk

Cabinet Member:

Mrs. P Hardwick - Cabinet Member for Finance

Tel: 01428 661866 E-mail: phardwick@chichester.gov.uk

2. Executive Summary

The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that Authorities report on the performance of the treasury management function at least twice yearly (mid-year and at year end). This report summarises performance for the six months to 30 September 2016.

Treasury management activities in the first half of 2016-17 were conducted in accordance with the Council's Treasury Management Strategy and achieved an overall return of 1.38% against a benchmark for other District Councils of 1.10%.

The largest contribution to this return was made by the Council's investment in the Local Authorities Property fund, and a further £5m investment was made on 29 September taking the Council's investment to the planned target of £10m.

3. Recommendation

- 3.1 **That the Cabinet considers and notes Chichester District Council's Treasury Management Mid-Year Progress Report for the six months to 30 September 2016.**

4. Background

- 4.1. The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that Authorities report on the performance of the treasury management function at least twice yearly (mid-year and at year end). This report provides a summary of the Council's Treasury Management Activities for the half year to 31 September 2016.
- 4.2. The Authority's Treasury Management Strategy for 2016/17 was approved by full Council on 26 January 2016 and updated on 19 July. The Strategy is

available on the Council's internet site.

- 4.3. The Authority has continued to invest substantial sums of money and manage financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk
- 4.4. A copy of this report was considered by the Corporate Governance & Audit Committee on 24 November 2016.

5. Outcomes to be Achieved

- 5.1. This report demonstrates treasury management activities in the first half of 2016-17 were conducted in accordance with the Council's Treasury Management Strategy and achieved an appropriate return given the Council's expressed risk appetite.
- 5.2. The Council continues to manage significant resources as part of its treasury management function. The funds managed increased in the first half of 2016-17 by £10.8m as shown in Exhibit 1, below.

Exhibit 1: Movement in treasury funds

Investments £000	Balance 01/04/2016	Movement	Balance 30/06/2016	Movement	Balance 30/09/16
Short term Investments (cash, call accounts, deposits)	29,465	3,450	32,915	(8,530)	24,385
Money Market Funds	4,420	(1,610)	2,810	7,690	10,500
Corporate Bonds	0	-	0	4,879	4,879
Total liquid investments	33,885	1,840	↑ 35,725	4,039	↑ 39,764
Long term Investments	10,000	-	10,000	-	10,000
Pooled funds – Local Authority Property fund	5,000	-	5,000	5,000	10,000
TOTAL INVESTMENTS	48,885	1,840	↑ 50,725	9,039	↑ 59,764

Short term investments include any investments that had an original period over greater than 1 year, but which will mature during 2016-17.

- 5.3. Reflecting the Council's Treasury Management Strategy, officers have continued to diversify into other forms of investment and/or higher yielding asset classes and the movement in investment balances reflects the following trends:
 - returns on Money Markets have proved more resilient to the August interest rate cut than those for new short term cash deposits

- short-term corporate bonds have been purchased where returns have exceeded available money market rates and where they meet our counterparty lending criteria
- a second investment of £5m was made in the local authority property fund in September 2016.

6. Externally Managed Funds

- 5.4. Following the Council's purchase of 1.6m units in the Local Authority' Property Fund (LAPF) in February 2016, a further 1,659,035 units were purchased on 29 September 2016, bringing the Council's total investment in this fund to £10m.

7. Borrowing Strategy During the Quarter

- 5.5. The Authority does not expect to borrow in 2016/17.

8. Investment Activity Benchmarking

- 5.6. The data below is presented in terms of the key objectives of public sector treasury management, Security, Liquidity and Yield for the previous four quarters.

Security

Measure	CDC Actuals				Non-met District average	Rating
	Qtr3 15-16	Qtr4 15.16	Qtr 1 16-17	Qtr 2 16-17		
Average Credit Score (time-weighted)	2.52	2.38	2.85	3.56	4.21	GREEN
Average Credit Rating (time weighted)	AA	AA+	AA	AA-	AA-	GREEN
Proportion Exposed to Bail-in (%)	29	18	19	41	66	GREEN

- 5.7. The Council's unsecured investments have been maintained above the target credit rating of A set out in Table 7 of its updated Treasury Management Strategy. The risk of bail-in continues to be managed by holding a relatively small proportion of investments with Banks and Building societies. The increase in holdings in the second quarter of 2016/17 is attributable to increased investments with Lloyds and Bank of Scotland (both with a minimum credit rating of 'A') to secure above market rate returns.

Liquidity

Measure	CDC Actuals				Non-met districts (average)	Rating
	Qtr3 15-16	Qtr4 15-16	Qtr 1 16-17	Qtr 2 16-17		

Proportion available within 7 days (%)	15	16	7	18	36	GREEN
Proportion available within 100 days (%)	53	39	49	44	61	GREEN
Average days to maturity	273	288	246	213	124	AMBER

- 5.8. The Council has a voluntary liquidity measure to maintain a minimum of £10m available within 3 months and this has been complied with throughout the period in question.
- 5.9. The relatively low proportion of funds available within 7 days continues to reflect the Council's active management of its investments to limit its exposure to bank bail-in, the majority of short term deposits being for periods of 1 to 6 months with Local Authorities or Bonds issued by large corporates.
- 5.10. The relatively high average days to maturity figure continues to reflect a number of longer term investments which generate additional returns for the Council's general fund.

Return

Measure	CDC Actuals				Non-met districts (average)	Rating
	Qtr3 15-16	Qtr4 15-16	Qtr 1 16-17	Qtr2 16-17		
Internal investment return %	0.79	0.84	0.82	0.82	0.64	GREEN
External funds – income return %	-	4.63	4.55	4.42	3.47	GREEN
External funds – capital gains/losses %	-	(7.20)	(10.13)	(9.16)	(1.50)	RED
Total treasury Investments – income return %	0.79	1.20	1.16	1.38	1.10	GREEN
Property – income return (investment Purchases only) % ¹	9.09	9.09	9.09	9.09		GREEN

¹ Note: This relates to properties managed directly by the Council's Estates Service.

- 5.11. The overall internal investment return on treasury investments continues to slightly exceed the target return for the year (0.75%), although officers expect overall returns to fall below this in the next six months due to the August reduction in the bank base rate.
- 5.12. The capital loss of 9.16% is due to the purchase of additional units in the Local Authority property fund on 29 September and represents the difference between the acquisition and sale price of fund units. This loss will only be charged to the Council's General Fund if the asset becomes impaired, is sold or is derecognised. At present this is not expected to occur as, although money can

be redeemed from this fund at short notice, the Council's intention is to hold them over the medium to long term.

- 5.13. The return for 2016-17 on our investment in the Local Authority Property Fund is shown below

	Dividend £	Dividend % (p.a)
April - June 2016	55,587	4.4
July - September 2016	52,884	4.2
Total for 6 months to September	108,471	4.3

- 5.14. Officers anticipate an investment outturn of £318,000 (4.2%) from this investment in 2016-17 and £425,000 for future financial periods.

9. Treasury Management Activity

- 5.15. Alongside the investment on the Local Authority Property Fund, the Council has also made a number of investments in corporate bonds issued by large corporates. These have been reported to Members of the Corporate Governance and Audit Committee via a weekly summary of investment activity undertaken.

- 5.16. The commencement of these investments has resulted in a change in the definition of 'principal' being adopted by officers to ensure that a prudent approach to the application of limits in the Council's Treasury Management Strategy is maintained.

- 5.17. Following investments in:

- Centrica Plc £1,000,000
- Scotland Gas Networks Plc £1,000,000
- Scottish Power UK plc £1,000,000

- 5.18. The definition of principal invested was amended to include any premiums paid on initial purchase. These sums are paid in addition to the nominal value of the bond as a result of acquiring a higher rate of return on the bond compared to other available investments and have ranged from £3,600 to £37,000 to date. These costs are included in any calculation of yield to maturity on the bond and covered by the interest received on the investment. This amended definition has been agreed with the Council's Treasury Management advisors and will be reflected in the Council's Treasury Management Strategy presented to Council in March 2017.

- 5.19. One investment during the period was made for a period that exceeded the maximum allowable period by 1 day. The was approved by the Director of Finance and Governance as no other suitable investment opportunities existed and the Council's money market funds was at the maximum available balance.

- 5.20. The Council's change of banker on 1 April 2016 continues to require the attention of Treasury staff. On the 2nd September the agreed balance 'sweeping' arrangements between the Council's accounts did not operate,

leading to the Council's creditors account being overdrawn by £6.3m overnight. National Westminster have acknowledged this was due to a failure of their systems and have confirmed no interest or other charges will be made to the Council as a result of this.

10. Other Treasury Management Indicators

5.21. The Authority also measures and manages its exposures to treasury management risks using the following indicators.

5.22. **Interest Rate Exposure:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount and proportion] of net principal invested are:

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposure	£28m/40%	£24m/40%	£22m/40%
Actual (30 September 2016)	£10m/17%		
Upper limit on variable interest rate exposure	£70m/100%	£60m/100%	£55m/100%
Actual	£49.6m/83%		

5.23. Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. Instruments that mature during the financial year are classed as variable rate.

5.24. **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2016/17	2017/18	2018/19
Limit on principal invested beyond year end	£35m	£30m	£25m
Actual	£20m	£15m	£13m

5.25. **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

	Target	Actual 30/9/2016
Total cash available within three months (30 September 2016)	£10m	£20.7m

5.26. At present the Council is favouring shorter term investments due to flat interest yield curves for investments and also to maintain a potential for future investment in externally managed funds.

11. Investment Training

- 5.27. Training to help Members exercise proper oversight of Treasury Management activities is offered each year to all members. Members of the Corporate Governance and Audit Committee and the Cabinet are required to attend the next training session which is due to be held on 13 January 2017.

12. Resource and Legal Implications

- 5.28. Any investment interest received in the year is currently not used to help balance the revenue budget, but used to fund one off costs or towards funding capital projects. Any underperformance may therefore have an impact on the Council's overall funding position, but this is kept under review and reported to members as part of the budget process. Currently the approved capital programme remains fully funded.
- 5.29. The Council has complied with all the relevant statutory and regulatory requirements that limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management, means that, its capital expenditure is prudent, affordable and sustainable, and demonstrates a low risk approach

13. Other Implications

Crime and Disorder	None
Climate Change	None
Human Rights and Equality Impact	None
Safeguarding and Early Help	None

14. Appendix

- 5.30. Appendix - Benchmarking Definitions

15. Background Papers

- 5.31. Arlingclose Benchmarking Report for quarters 1 and 2 2016-17 (contains exempt information under Paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information) of Part I of Schedule 12A to the Local Government Act 1972.

Appendix – Benchmarking Definitions

The benchmarking compares various measures of risk and return, which are calculated as follows:

Investment Value

For internal investments, the value is the sum initially invested. For external funds, the value is the fund's bid price on the quarter end date multiplied by the number of units held.

Rate of Return

For internal investments, the return is the effective interest rate, which is also the yield to maturity for bonds. For external funds (LAPF) this is measured on an offer-bid basis less transaction fees. For external funds the income only return excludes capital gains and losses.

Average returns are calculated by weighting the return of each investment by its value. All interest rates are quoted per annum.

Duration

This measure applies to internal investments only. This is the number of days to final maturity. For instant access money market funds, the number of days to final maturity is one.

Average duration is calculated by weighting the duration of each investment by its value. Higher numbers indicate higher risk.

Credit Risk

Each investment is assigned a credit score, based where possible on its average long-term credit rating from Fitch, Moody's and Standard & Poor's. This is converted to a number, so that AAA=1, AA+=2, etc. Higher numbers therefore indicate higher risk. Unrated local authorities are assigned a score equal to the average score of all rated local authorities.

Average credit risk is measured in two ways. The value-weighted average is calculated by weighting the credit score of each investment by its value. The time-weighted average is calculated by weighting the credit score of each investment by both its value and its time to final maturity. Higher numbers indicate higher risk.

Chichester District Council

THE CABINET

6 December 2016

Appointments to Panels and Forums

1. Contacts

Bambi Jones – Principal Scrutiny Officer
Telephone: 01243 534685
E-mail: bjones@chichester.gov.uk

Tony Dignum - Leader of the Council
Telephone: 01243 538585
E-mail: tdignum@chichester.gov.uk

2. Recommendation

- 2.1. **That the Cabinet appoints Mrs J E Duncton to serve on the Chichester District Parking Forum in place of Mrs E P Lintill as Chichester District Council's representative from Petworth.**

3. Changes to Membership of the Council's Panels and Forums

- 3.1 The following change is requested to be made to the membership of the Chichester District Parking Forum:

Mrs E P Lintill is to be replaced by Mrs J E Duncton as the Petworth representative

4. Appendices

None

5. Background Papers

None

[THIS PAGE IS INTENTIONALLY BLANK]

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted