

Public Document Pack

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

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

AGENDA

1 **Chairman's Announcements**

The chairman will make any specific announcements for this meeting and advise of any late items which will be given consideration under agenda item 14 (a) or (b).

Apologies for absence will be taken at this point.

2 **Approval of Minutes**

The Cabinet is requested to approve as a correct record the minutes of its meeting on Tuesday 7 November 2017, a copy of which will be circulated subsequently in an agenda supplement.

3 **Declarations of Interests**

Members are requested to make any declarations of disclosable pecuniary, personal and/or prejudicial interests which 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 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 12:00 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 **Chichester Growth Deal 2017-2023** (pages 1 to 15)

The Cabinet is requested to consider the agenda report and its two appendices and to make the proposed recommendation to the Council and also the proposed resolution by the Cabinet set out below:

PROPOSED RECOMMENDATION BY THE CABINET TO THE COUNCIL

That the Cabinet recommends to the Council:

- (1) To approve the Growth Deal between West Sussex County Council and Chichester District Council as set out in appendix 1 to the agenda report.
- (2) To approve the appointment of the Leader of the Council and one additional member to be recommended by the Cabinet to represent Chichester District Council on the Growth Board.
- (3) To dissolve the Infrastructure Joint Member Liaison Group and subsume its role into the Growth Board.
- (4) To approve the terms of reference of the Growth Board contained in appendix 2 to the agenda report subject to comments from West Sussex County Council

PROPOSED RESOLUTION BY THE CABINET

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

6 **Financial Strategy and Plan 2018-2019** (pages 16 to 32)

The Cabinet is requested to consider the agenda report and its three appendices and to make the proposed recommendation to the Council set out below:

PROPOSED RECOMMENDATION BY THE CABINET TO THE COUNCIL

That the Cabinet recommends to the Council:

- (1) The key financial principles and actions of the five-year financial strategy set out in appendix 1 to the agenda report.
- (2) That the current five-year Financial Model in appendix 2 to the agenda report be noted.
- (3) That a minimum level of general fund reserves be set, having considered the recommendations from the Corporate Governance and Audit Committee.
- (4) That Chichester District Council participates in the West Sussex 100% Business Rates Pilot for 2018-2019 if the bid is accepted by the Department

of Communities and Local Government or continues to participate in a West Sussex Business Rates pool for 2018-2019 if the pilot bid is unsuccessful.

- (5) That the current resources position as set out in appendix 3 to the agenda report be noted.

7 New Homes Bonus (Parish Allocations) Policy (pages 33 to 40)

The Cabinet is requested to consider the agenda report and its two appendices and to make the proposed recommendation to the Council set out below:

PROPOSED RECOMMENDATION TO THE COUNCIL

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

KEY DECISIONS

8 Chichester Vision - Approval of Action Plan and Delivery Governance Arrangements (pages 41 to 51)

The Cabinet is requested to consider the agenda report and its appendix and to make the proposed resolutions set out below:

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

9 Determination of the Council Tax Base for 2018-2019 (pages 52 to 62)

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

- (1) That the council tax discounts to apply for the 2018-2019 financial year are:-
 - (a) Nil discount for second homes (to include those with planning restrictions – (Prescribed classes A & B))
 - (b) Nil discount for vacant, unoccupied and substantially unfurnished properties to include those properties which would previously have qualified for Class C exemption (Prescribed class C)
 - (c) Nil discount for unoccupied properties which would previously have qualified for Class A exemption (properties in need of or undergoing major repair - (Prescribed Class D))
- (2) That an Empty Home Premium of 50% be charged for the 2018-2019 financial year.
- (3) That no additional locally defined classes of discount should be determined

for the 2018-2019 financial year

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

- (i) No item of expenditure shall be treated as “special expenses” for the purposes of section 35 of the Local Government Finance Act 1992;
- (ii) This resolution shall remain in force for the 2018-2019 financial year;
- (iii) The calculation of the Council’s taxbase for the year 2018-2019 is approved;
- (iv) The amounts calculated by the Council as its council taxbase for the year 2018-2019 for its area and each part of its area shall be those set out in appendices 1 and 2 to this report;
- (v) In order to offset some or all of the costs of Council Tax Reduction to local precepting authorities (Parish Councils), a grant is distributed as outlined in appendix 3 and described in paragraphs 6.4 of the agenda report.

10 Parking Payment Machines (pages 63 to 65)

The Cabinet is requested to consider the agenda report and to make the proposed resolution set out below:

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

OTHER DECISIONS

11 Appointments to Outside Organisations - West Sussex Joint Leaders Group (page 66)

The Cabinet is requested to consider the agenda report and to make the proposed resolution set out below:

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

12 Review of the Rural Settlement List (pages 67 to 74)

The Cabinet is requested to consider the agenda report and its appendix and to make the proposed resolution set out below:

That the amended Rural Settlement List be approved for publication as set out in the appendix to the agenda report.

13 **Treasury Management 2017-2018 Half-Yearly Update Report** (pages 75 to 82)

The Cabinet is requested to consider the agenda report and its three appendices and to make the proposed resolution set out below:

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

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**

There are no restricted items for consideration at this meeting.

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 Chichester District Council's *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.

Chichester District Council

THE CABINET

5 December 2017

Chichester Growth Deal 2018 - 2023

1. Contacts

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Cabinet Member:

Tony Dignum - Leader of the Council

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2. Recommendation

2.1 That the Cabinet recommends to the Council:

2.1.1 To approve the Growth Deal between West Sussex County Council and Chichester District Council as set out in appendix 1 to the agenda report.

2.1.2 To approve the appointment of the Leader of the Council and one additional member to be recommended by the Cabinet to represent Chichester District Council on the Growth Board.

2.1.3 To dissolve the Infrastructure Joint Member Liaison Group and subsume its role into the Growth Board.

2.1.4 To approve the terms of reference of the Growth Board contained in appendix 2 to the agenda report subject to comments from West Sussex County Council

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

3. Background

3.1 Growth Deals are joint commitments between local government designed to align resources (both public and private sector) to deliver sustainable growth and unlock opportunities for new homes and new employment space, preserving existing and creating new jobs. This Growth Deal builds upon the priorities identified within the Chichester Place Plan (2016) which provided a joint growth narrative for Chichester District Council (CDC) and West Sussex County Council (WSCC).

3.2 The Growth Deal 2018-2023 supports the delivery of the growth aspirations identified in CDC Corporate Plan and the WSCC - Future West Sussex Plan. The aim of the

Growth Deal is to strengthen accountability and identify coherent ways of working together to improve communication, co-operation and efficiency.

- 3.3 The priorities and ways of working contained in this Growth Deal do not remove, or alter, the councils' statutory duties and do not suggest or represent any pre-determination with respect to planning issues – the statutory planning process will be progressed as required for all of the proposed priorities indicated above.
- 3.4 The councils as part of the growth deal will ensure appropriate project management and quality management systems are in place to support the delivery of the Growth Deal priorities. Appropriate officer support will be assigned to the overall management of the Growth Programme to ensure that the close working relationship is monitored and regular progress reports are provided to the Growth Board

4. Outcomes to be Achieved

- 4.1 To agree the priority projects for sustainable growth with WSCC as set out in section 5.1 of this report (detail contained within Appendix 1 to ensure that resources are aligned between the two authorities to deliver these projects.

5. Proposal

- 5.1 The proposed Growth Deal has been considered by relevant officers at CDC and WSCC. It is proposed that WSCC and CDC agree to work co-operatively and in partnership to deliver specific growth priorities as follows:

- Chichester City Vision – complete a transport feasibility study that supports the delivery of the Vision and Local Plan.
- Chichester Southern Gateway – enhance this key gateway to the City and deliver a mixed use development that includes office, retail, residential and leisure uses.
- Chichester Northern Gateway – enhance this key gateway to the City and deliver a mixed use development that includes office, retail, residential and leisure uses.
- Gigabit West Sussex Fibre Broadband – proposals to improve digital connectivity in Chichester.

Further details of these projects are set out in Appendix 1.

- 5.2 The delivery of the Growth Deal will be overseen by a Growth Board (see Appendix 2 for proposed terms of reference) which will comprise of senior elected members from the two councils to:
- To provide strategic leadership and direction
 - Ensure the alignment of the investment
 - Monitor the progress of the projects and agree any remedial action if required
 - Examine new opportunities to progress the projects, ensuring joint governance decisions
 - Be apprised of issues and obstacles
 - Support the development of project teams to ensure appropriate officer input

- 5.3 It is proposed that the Leader of the Council and one additional member is recommended by the Cabinet to the Council to represent CDC on the Growth Board.
- 5.4 It is also proposed that the current CDC and WSCC Infrastructure Joint Member Liaison Group (IJMLG) is dissolved and is subsumed into the Growth Board. Currently the IJMLG plans the infrastructure needed to support development in Chichester District. The group identifies funding sources, recommends spending priorities and endorses the Infrastructure Business Plan (IBP) on an annual basis.
- 5.5 Officers at WSCC and CDC will progress the projects and report to the Growth Board, individual teams will drive forward the delivery of the projects and will consist of lead officers, other officers and/or consultants providing technical input.
- 5.6 The Growth Board will liaise closely with the Chichester Vision Steering Group with member and officer representation between the two groups. Key projects identified in the Vision that require close partnership working have been identified in this Growth Deal and will be monitored by the Growth Board. The Chichester Vision Steering Group will provide leadership and governance for the remaining projects (not identified as growth projects) and aspirations identified in the Vision document. The projects within the growth deal will be prioritised in terms of allocation of resources and therefore support from WSCC for other projects in the vision or across the wider District will be limited.

6. Alternatives Considered

- 6.1 Not to engage with WSCC through the Growth Deal. This would not bring about the desired aspiration to work together in partnership to deliver the key growth projects identified for the district and may lead to duplication of work allocation and/or the resources not being available to develop and deliver the projects.

7. Resource and Legal Implications

- 7.1 Aligning resources and agreeing the priorities will assist both councils in efficiently delivering the key priority projects in the District.
- 7.2 The councils will agree opportunities for aligning and prioritising funding from all available funding streams eg Business Rates Retention Scheme, CIL, section 106 and Local Growth Fund to support the delivery of priorities identified within the Growth Deal. Any recommended funding allocations will be reported back to the Cabinet and/or the Council for approval.

8. Consultation

- 8.1 As individual projects are developed formal consultation with stakeholders will be conducted which is proportionate to the project.
- 8.2 The potential establishment of a Growth Board was reported to the Overview and Scrutiny Committee (OSC) in September 2017 as part of the Southern Gateway PID. The committee raised no concerns and selected a representative of OSC to be an observer on the Southern Gateway project.

9. Community Impact and Corporate Risks

- 9.1 An agreed Growth Deal helps to mitigate the risk of the resources from both the councils not being allocated in a timely manner or being spread too thinly across a large number of projects and will lead to a co-ordinated approach to enable the delivery of these major projects.

10. Other Implications

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

11. Appendices

- 11.1 Appendix 1 – Growth Deal 2018 - 2023
- 11.2 Appendix 2 – Growth Board Terms of Reference

12. Background Papers

- 12.1 None

Chichester Growth Deal

2018 to 2023



Agreed By

Tony Dignum (Leader of Chichester District Council)
Louise Goldsmith (Leader of West Sussex County Council)
Diane Shepherd (Chief Executive Officer of Chichester District Council)
Nathan Elvery (Chief Executive Officer of West Sussex Council Council)

Version Control: Draft at October 2017

[Completion Date: December 2017]

Chichester Growth Deal 2018 to 2023

Summary

This Growth Deal sets out a joint commitment between Chichester District Council (CDC) and West Sussex County Council (WSSC) to align resources (both public and private sector) to deliver sustainable growth and unlock opportunities for new homes and new commercial and retail floorspace, preserving existing and creating new jobs. The Growth Deal priorities are:

- **Chichester City Vision** – priority interventions that, through WSSC and CDC working together, can enable key projects identified in the Vision (2017) to progress
- **Chichester Southern Gateway** – enhance this key gateway to the City and deliver a mixed use development that includes office, retail, residential and leisure uses.
- **Chichester Northern Gateway** – enhance this key gateway to the City and deliver a mixed use development that includes office, retail, residential and leisure uses.
- **Gigabit West Sussex Fibre Broadband** – ambitious proposals to improve digital connectivity in Chichester

The Growth Deal Principles

This Growth Deal builds upon the priorities identified within the Chichester Place Plan (2016) which provides a joint growth narrative for Chichester District Council and West Sussex County Council.

More widely, the Growth Deal supports the delivery of the growth aspirations identified in the CDC Corporate Plan 2015 -2018, the Local Plan Key Policies 2014 – 2029 and the West Sussex Plan 2017 - 2022.

The Growth Deal strengthens accountability and identifies coherent ways of working together improving communication, co-operation and efficiency. The Councils have agreed to work cooperatively and in partnership to deliver specific growth priorities (set out in Appendix A).

The Councils will agree opportunities for aligning and prioritising funding from all available funding streams (e.g. Business Rates Retention Scheme, Local Growth Fund, CIL,S106 etc.) to support the delivery of priorities identified within the Growth Deal. The Growth Deal priorities will be delivered through a series of associated projects brought together and managed within an overall Growth Programme to be progressed over the next 5 years (2018 to 2023).

There will be other statutory processes, including Planning, programmes and projects, not covered by the Growth Deal, where the Councils will work together to achieve the most effective outcomes for communities. The principles established in this Growth Deal may be helpful in developing working practices in other such areas in the future. The priorities and ways of working highlighted in this Growth Deal do not remove, or

alter, the Councils statutory duties and do not suggest or represent any pre-determination with respect to planning issues – the statutory planning process will be progressed as required for all proposals identified.

The Councils will ensure appropriate project management and quality management systems are in place to support the delivery of the Growth Deal priorities. Appropriate officer support will be assigned to the overall management of the Growth Programme to ensure that the close working relationship is monitored and regular progress reports are provided. Some issues/items will be commercially and politically sensitive and in such instances, handled within each of the Councils established internal procedures.

The Councils will work together to horizon-scan and undertake pipe-line planning in relation to the development of business plans, programmes and projects to consider whether any exceptional issues should impact on the existing Growth Deal Programme commitments and consider longer term opportunities that may support the delivery of growth outcomes.

The Growth Deal will be reviewed initially after 6 months and then annually with any proposed amendments being agreed by the Leaders and Chief Executive Officers.

The Growth Deal Governance Framework

The Governance Framework will ensure that the Growth Deal principles are achieved and the Growth Deal priorities are effectively delivered.

The Chichester Growth Board

The Growth Board, comprising senior elected members, nominated by the Leaders of the Councils, and senior officers of the Councils will meet quarterly to:

- Provide strategic leadership and direction to the Growth Programme.
- Ensure the alignment of investment to support delivery the Growth Programme.
- Monitor growth projects, considering progress made and if required agreeing remedial action to enhance delivery.
- Examine new opportunities to progress strategic growth projects, ensuring joint governance decisions and project initiation are taken as appropriate where projects involve a clear partnership approach.
- Be appraised of issues and obstacles affecting project delivery, agreeing action to boost progress where appropriate.
- Support the development of project teams to ensure the appropriate combination of officer input and expertise in key disciplines is achieved.

WSSC Growth Programme Delivery Manager and CDC Director of Growth and Place or nominated deputy will:

- Consider the progress of projects across the Growth Programme to inform reporting to the Growth Board.
- Make recommendations to the Growth Board on investment options and also individual project teams in relation to proposals during the design and development stages to provide direction and extra impetus for individual projects.

Individual Project Teams

The individual project teams will drive forward the delivery of the projects within the Growth Programme. The arrangements of individual project teams and project management techniques used will be fit for purpose and proportionate to the scale and

complexity of the growth project. Project Teams will involve a lead officer and other officers and/or consultants providing technical input. Stakeholder engagement and communication, also proportionate to individual projects, will enable the effective communication, assist in timely decision making, support the Councils statutory, and input to other functions, where required.

Chichester Vision Delivery Steering Group

The Growth Board will liaise closely with the Chichester Vision Delivery Steering Group. Key projects identified in the Chichester Vision Delivery Plan that require close partnership working between WSCC, CDC and other partners are identified in the Growth Deal and will be monitored by the Chichester Growth Board . The projects identified in the Growth Deal are WSCC priorities in terms of the allocation of WSCC resources and therefore WSCC resources to support other projects identified in the Vision or across the wider District will be limited.

The Vision Delivery Steering Group will provide leadership and governance for the remaining diverse and numerous projects and aspirations identified in the Chichester Vision.

Chichester Local Committee

The Chichester South County Local Committee can play a key role in helping the delivery of projects. Elected-members and officers of the Councils will, have an opportunity to discuss the progress of Growth Deal projects in the CLC and to monitor progress, identify and resolve cross authority issues and ensure risks are minimised.

The Growth Deal Priorities

The Action Plan in Appendix A identifies key steps required to progress the priorities identified within this Growth Deal. The overall aims of each priority are outlined alongside the shared approach the Councils will take to manage and monitor the progression of associated projects. The 'Partnership Lead' identified in the action plan will ensure the timely progression of work and that the scope of projects support the delivery of identified outcomes with other teams/ individuals identified as providing 'Subject Matter Expertise' either leading project delivery and/ or providing specific technical input. The Councils Legal and Finance Services will also be required to provide support to the progression of projects. The Action Plan identifies key decision points – projects will only be progressed beyond key decision points when the appropriate governance processes have been completed within each authority.

The Growth Priorities are:

- Delivering the Chichester Vision
- Delivering Growth at Southern Gateway
- Delivering Growth at Northern Gateway
- Delivering Gigabit West Sussex Fibre Broadband.

Growth Deal Agreement

Tony Dignum *(Leader of Chichester District Council)*
Louise Goldsmith *(Leader of West Sussex County Council)*
Diane Shepherd *(Chief Executive Officer of Chichester District Council)*
Nathan Elvery *(Chief Executive Officer of West Sussex Council Council)*

Chichester District Council	West Sussex County Council
Signed by the Leader: and Chief Executive: 	Signed by the Leader: and Chief Executive:

APPENDIX A - Chichester Growth Deal Action Plan

	<p>Priority: Delivering the Chichester Vision – the Vision identifies three key themes:</p> <ul style="list-style-type: none"> • Theme one: An accessible and attractive City Centre supporting ambitions and initiatives - to be easily accessible with less traffic, less pollution, further pedestrianisation and good public transport. • Theme two: A vibrant and growing economy supporting ambitions and initiatives – to be a City that pursues opportunities and takes a coordinated approach to new development • Theme Three: A leading visitor destination supporting ambitions and initiatives – to be a vibrant city centre offering high quality arts, heritage, culture and leisure opportunities. <p>An extensive delivery plan has been agreed. Key thematic areas where WSCC and CDC will work closely together are identified in this Action Plan. It is these areas that will be the focus for WSCC resources when progressing the delivery of the Vision.</p> <p>CDC and other partners will take the lead in driving forward some of the delivery priorities and progress will be monitored by the Vision Delivery Steering Group (WSCC input and investment in these projects will be limited and they are therefore not identified in this Growth Deal Action Plan – WSCC will however be represented on the Vision Delivery Steering Group).</p>	
Key deliverables and activities:	Partnership Lead	Subject Matter Expertise
<p>1. Complete a transport feasibility study that supports the delivery of the of the Vision and Local Plan through:</p> <ul style="list-style-type: none"> - Enabling the impacts of development proposals, both individually and cumulatively, on Chichester City to be understood and planned for. - Ensuring that the impacts of potential alterations to the A27 are understood and planned for. - Ensuring that the impacts of development at Southern Gateway and Northern Gateway are understood and planned for. - Ensuring that the impacts of aspirations in the Vision to calm traffic and re-allocate road space (including at West Street and the Hornet / St Pancras / Market Avenue Car Park) are understood and planned for. - Taking account of the Road Space Audit and car parking strategy for Chichester to develop a Traffic and Parking Plan. - Considering, and developing where justified and agreed, the role of smarter travel initiatives as part of the package. - Considering, and developing where justified and agreed, the role for bus and rail partnership working in delivering the package. - 	<p>WSCC: Growth Programme Delivery Manager</p> <p>CDC: Head of Planning Services</p>	<p>WSCC: Transport Policy Team</p> <p>WSCC: Parking Team</p> <p>WSCC: Public Transport Team</p> <p>CDC: Parking Team</p> <p>CDC: Planning Policy Team</p>

2. Engage elected-members and key stakeholders to establish support for the proposed phasing of sustainable transport improvements and identify preferred scheme option proposals for short-term progression.		WSCC: Transport Policy Team CDC: Community Engagement team CDC : Public relations, Planning Policy and Environmental Policy
3. Develop an appropriate governance process to ensure that funding opportunities to support the delivery of the identified transport improvements are aligned – including CIL, CDC & WSCC Capital Programmes, LEP LGF.		WSCC: Transport Policy Team CDC: Planning Policy Team
Subject to governance decision to proceed		
4. Progress a detailed business case for investment for the improvements identified – including potentially investment from the WSCC Capital Programme.		WSCC: Transport Policy Team WSCC: Legal Services WSCC: Financial Services.
5. Ensure alignment with other Vision priorities led by partners – e.g. – review of public realm and street scene led by CDC and CCC; review of way finding led by the BID; improved cycle infrastructure led by CDC; review of short stay car parks led by CDC:		WSCC : Transport Policy Team
6. Undertake detailed design of agreed improvement proposals.		WSCC: Engineering Services (Major Projects Team).
7. On-site construction of improvement schemes.		WSCC: Engineering Services (Major Projects Team).
	Outcomes: Key projects identified in the Vision are progressed to support growth in economic value and output of the City	

Priority: Delivering Growth at Southern Gateway - work together to implement the proposals contained within the Southern Gateway Masterplan and Supplementary Planning Document in the most efficient, effective, economical and sustainable manner.			
Key deliverables and activities:	Partnership Lead	Subject Matter Expertise	
1. Formal adoption of SPD following consultation process	CDC: Executive Director WSCC: Growth Programme delivery Manager	CDC: Planning Team.	
2. Provide transport advice to support the development of projects required to deliver the masterplan and SPD		WSCC: Planning Services (Transport Policy).	
3. Liaise with key landowners to support the development of land assembly options and associated relocations		CDC & WSCC: Property Teams.	
4. Identify funding options and prepare funding bids		WSCC OPE Programme Manager	
5. Develop a business case to support land assembly and delivery of infrastructure improvements		CDC & WSCC Legal and Finance Teams	
Subject to governance decision to proceed			
6. Develop appropriate delivery arrangements			WSCC & CDC Legal
7. Site Assembly		WSCC & CDC Property Teams	

8. Deliver infrastructure improvements and any future investment in the development subject to formal approval.		WSCC: Planning Services (Highway Implementation: S.278/S.38 Agreements).
<p>Outcomes:</p> <ul style="list-style-type: none"> • value of development maximised • new jobs created; • existing jobs protected • new homes / student accommodation delivered; • business / retail floorspace created • delivery of new community health facility supported (subject to funding, specification and commitment from the appropriate NHS body/ies); • return on capital investment secured; • a sense of place created including improvements to the public realm, the transport system and the appearance of buildings in the area. 		

<p>Priority: Delivering Growth at Northern Gateway – work together to develop and implement proposals that support the efficient, effective, economical and sustainable development of the Northern Gateway site to maximise economic benefit to the City.</p>		
Key deliverables and activities:	Partnership Lead	Subject Matter Expertise
1. Feasibility study to identify fire station options.	WSCC: Growth Programme delivery Manager	CDC: Planning Team. WSCC : Property and Fire Teams
2. Opportunities to fully integrate the Chichester Festival Theatre and University with the City (North Street) are fully understood and planned for.	CDC: Executive Director	CDC : Planning Team WSCC: Planning Services (Transport Policy).
3. Impacts of strategic developments are understood and planned for.		CDC : Planning Team WSCC: Planning Services (Transport Policy).
4. Provide transport advice to support the development of a Masterplan		CDC : Planning Team WSCC: Planning Services (Transport Policy).
5. Liaison with landowners to support development land assembly and delivery of infrastructure improvements.		CDC & WSCC: Property Teams.
6. Development opportunities within the site are fully understood and planned for – a clear development Masterplan in place.		CDC : Planning Team WSCC: Planning Services (Transport Policy).
7. Identify funding options and prepare funding bids.		
<p>Subject to governance decision to proceed</p>		
8. Develop a business case to support the delivery of the Masterplan including associated infrastructure improvements.		CDC & WSCC Legal and Finance Teams
9. Develop fit for purpose delivery arrangements		WSCC & CDC Legal
10. Site Assembly		WSCC & CDC Property Teams
11. Deliver infrastructure improvements and any future investment in the development subject to formal approval.		WSCC: Planning Services (Highway Implementation: S.278/S.38 Agreements).

Outcomes:

- value of development maximised
- new jobs created;
- existing jobs protected
- new homes
- business / retail floorspace created
- return on capital investment secured
- a sense of place created including improvements to the public realm, the transport system and the appearance of buildings in the area.

Priority: Gigabit West Sussex Fibre Broadband – By partnering with delivery organisations barriers to high speed digital connectivity will be reduced. New companies will be attracted by the world-class connectivity offered and existing businesses will experience productivity gains and a boost to economic growth, delivering jobs, and driving up business rate income, with the network initially connecting local authority sites to provide benefit to all business in the area.

Key deliverables and activities:	Partnership Lead	Subject Matter Expertise
1. Undertake feasibility study in relation to digital infrastructure in the town centre (Wifi, Sensors and Software).	WSCC: Growth Programme Delivery Manager	
2. Progress business case to secure specialist support to develop scope of 'Gigabit West Sussex Fibre Broadband Project'.	CDC : Director of Corporate Resources	
Subject to governance decision to proceed		
3. Creation of a procurement framework to deliver end-to-end gigabit fibre network across West Sussex available to all Local Authorities.		
4. Implementation of the network in the Chichester - network initially anticipated to connect local authority sites.		
5. Development of schemes to enable businesses to enhance connectivity and growth.		

Outcomes:

- New companies are attracted by the world-class connectivity offered.
- Existing businesses experience productivity gains and a boost to economic growth, delivering jobs.
- Driving up business rate income and satisfaction with West Sussex as a place to start a business and get a job.
- Gigabit broadband will ensure that we attract and retain businesses within Adur & Worthing. As local authority funding moves towards full business rate retention the fibre broadband will contribute to a strong and stable council tax base for the Councils.
- The ultrafast broadband cable network will ensure that the Councils buildings and premises have access to ultrafast broadband at an equivalent cost to the existing Wide Area Network.
- The fibre network will be a strong value proposition for Councils as their relationship with businesses changes when business rates are fully retained by Local Authorities.

Growth Board
Terms of Reference (Draft)
November 2017

1.0 Purpose

The Growth Deal was approved by Cabinet on xxxxx. The Deal sets out the agreement between WSCC and CDC to work cooperatively and in partnership to deliver specific growth priorities as follows:

- Chichester City Vision – Complete a transport feasibility study that supports the delivery of the Vision and Local Plan.
- Chichester Southern Gateway – enhance this key gateway to the City and deliver a mixed use development that includes office, retail, residential and leisure uses.
- Northern Gateway – enhance this key gateway to the City and deliver a mixed use development that includes office, retail, residential and leisure uses.
- Gigabit West Sussex Fibre Broadband – ambitious proposals to improve digital connectivity in Chichester

The delivery of the Growth Deal will be overseen by a Growth Board which will:

- Provide strategic leadership and direction
- Ensure the alignment of the investment
- Monitor the progress of the projects and agree any remedial action if required
- Examine new opportunities to progress the projects, ensuring joint governance decisions
- Be appraised of issues and obstacles
- Support the development of project teams to ensure appropriate officer input

The Growth Board will liaise closely with the Chichester City Vision delivery Steering Group with member and officer representation between the two groups.

The Board will also plan the infrastructure needed to support development in Chichester District, identify funding sources, recommend spending priorities and endorse the Infrastructure Business Plan (IBP) on an annual basis

2.0 Membership

The membership of the board will consist of two elected members from WSCC and CDC.

The Leader of the Council and one other member nominated by the Council will represent CDC on the Growth Board.

The WSCC member representative will be nominated by the Leader at WSCC.

The Board will be supported by officers from WSCC and CDC who will progress the projects and report to the Growth Board.

3.0 Accountability

The Board will agree opportunities for aligning and prioritising funding from all available funding streams eg Business Rates Retention Scheme, CIL, section 106 and Local Growth Fund to support the delivery of priorities identified within the Growth Deal.

Any recommended CDC or WSCC funding allocations will be taken through the appropriate CDC/WSCC decision process for approval.

4.0 Review

The Terms of reference will be reviewed on an annual basis in line with the review of the Growth Deal.

5.0 Meetings

The Board will:

- Meet quarterly in CDC or WSCC Offices in Chichester depending on room availability
- A special meeting by agreement of both parties may be held if major in year changes are needed.
- The meetings will be arranged by CDC officers and the Chairman will be nominated by the group at its first meeting in 2018
- The draft agenda will be prepared by CDC officers and circulated by CDC member services
- CDC will provide the secretariat.

Agenda Item 6

Chichester District Council

THE CABINET

5 December 2017

Financial Strategy and Plan 2018-2019

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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 remainder 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 2018-19 budget, and level of Council Tax.

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 to the agenda report.**
- 3.2. **That the current five-year Financial Model in appendix 2 to the agenda report be 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 Chichester District Council participates in the West Sussex 100% Business Rates Pilot for 2018-2019 if the bid is accepted by the**

Department of Communities and Local Government or continues to participate in a West Sussex Business Rates pool for 2018-2019 if the pilot bid is unsuccessful.

- 3.5. **That the current resources position as set out in appendix 3 to the agenda report be noted.**

4. Background

- 4.1. The Council's five-year Financial Strategy and the principles contained within it underpin the forthcoming budget cycle. The Council has an approved deficit reduction plan and took up the government's four year funding offer in the 2017-18 budget cycle to help provide some degree of certainty. However, the outcome after the snap general election in 2017 and Parliament working towards the country's exit from the European Union in 2019 are events that are having a broad impact on the economic climate both nationally and locally. In addition with the recent Bank of England Base Rate rise to 0.50% in November and continued inflationary pressures in the economy this could affect consumer spending, which is a significant driver in the UK economy.
- 4.2. Since much of the Council's income is related to the state of the economy in the form of retained business rates, fees and charges, this raises some challenges when forward planning. The Council, therefore, has to maintain a prudent and robust approach to its medium term financial plan, in order to manage service delivery with increasing costs, whilst also addressing continuing reductions in available government resource.
- 4.3. **The 2018-2019 Settlement**
- The 2017 spending review is not expected until 22 November, after this report will have been published, and so officers will therefore provide any relevant update at the meeting. Due to the Council's acceptance of the multi-year settlement offer, the 2018-19 settlement in relation to those specific funding sources included in that arrangement are already known. Any changes in responsibilities or the government's need to take account of future events will be announced in the provisional settlement in late December.
- 4.4. One event of interest will be in relation to the announcement of the successful pilot scheme bidders for the 100% localisation of business rates for 2018-19. The Council were part of the West Sussex bid submitted to the Department of Communities and Local Government (DCLG) to participate in the pilot scheme, following the authority granted to officers by Cabinet at its October meeting. The outcome of the bidding process will be announced as part of the draft funding allocations in late December.
- 4.5. The government has yet to confirm the referenda principles for excessive council tax increases for shire authorities, but have consulted on the option of either a 2% increase 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. If confirmed, this means that this authority will be able to increase council tax in 2018-19 by either 2% (which will generate additional income of approximately £156,000), or take up the option of a implementing a £5 increase (which will

generate a further £104,000 of income). The higher increase of £5 has been assumed in the 5 year model for 2018-19, but the final decision will be made by the Council once the settlement has been confirmed. Also since the Government set these referenda thresholds annually, the five year model assumes a 2% per annum increase for 2019-20 and beyond.

4.6. **Beyond 2018-2019**

The government's fiscal policy after the 2017 general election has perhaps become less clear recently. However, it is still anticipated that the past significant funding reductions for local government is a trend that will continue for the foreseeable future, as the government tries to address particular pressures in other demand led services in both local government and the National Health Service. It should be noted that 2018-19 is the third year of the multi-year settlement arrangement.

4.7. Whilst it is still anticipated that the government will implement full localisation of business rates (Non-Domestic rates or NDR), there are some early indications that this might be later than the widely anticipated date of 2020, when the current funding settlements are due to end. Even with the full localisation of business rates, the scheme 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.

4.8. The 100% Business Rate Pilot for 2018-19 is only for one year, and it is unclear from the Government whether the new pilots agreed would continue after the pilot year, even if the full implementation of the localisation of business rates is delayed. However, it should be noted that if the West Sussex pilot bid is successful then the assumed additional income of £23m will be pooled, so there is no impact on the 5 year model.

4.9. If the bid is unsuccessful, the Council has indicated that its preference is that the existing pooling arrangement with the other councils; Arun, Adur, Worthing and West Sussex County Council should continue to be operated in 2018-19. 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 2017-18 is forecast to retain £3m. This is then available to fund growth related projects that benefit the whole county area. It is therefore recommended we continue to participate on the West Sussex business rates pool in the event that the pilot bid is unsuccessful.

4.10. The government continues to consult and refine the operation of the New Homes Bonus scheme (NHB). As part of the 2017-18 settlement announcement the Government decided to reduce the number of years for previous housing gains from 6 to 5 years in 2017-18, and then to 4 years from 2018-19, and set a national minimum baseline for housing growth at 0.4% as an incentive for councils to deliver more homes. Below this level no NHB is paid, and the government also retained the option to making adjustments in 2018-19 and future years if necessary. It would appear that the Government is considering the allocation mechanism and how to ensure that authorities are planning effectively for new homes from 2018-19. At present the Council, in

line with one of its key financial principles does not use NHB funding to balance its revenue budget.

- 4.11. The 5 year financial model (Appendix 2) has been updated to reflect the officers' best estimates of what may occur in 2018-19 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. This model will be kept under review so that the Council has time to respond should the situation, and government funding, deteriorate faster than currently predicted.
- 4.12. The four year funding offer that the government announced alongside the 2016-17 settlement has been built into the 5 year model, and covers the period 2016-17 to 2019-20. Officers have therefore had to make assumptions beyond that period.
- 4.13. The Council has completed a number of investment and asset realisation opportunities in 2017-18 using the specific reserve available and will continue to add to this reserve any expected surplus from budget forecasts, so new opportunities can be pursued by the Estates Service in the future. This helps reduce the Council's dependency on central government funding, benefits the economy and brings community benefits.
- 4.14. As part of the treasury management and investment strategies the council has invested £10m in the Local Authority Property fund and a further £8m in mixed asset bonds during 2017-18. These pooled investments in property and mixed asset bonds offer greater diversity and are backed by assets providing security over the longer term. Whilst they offer 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 compared to traditional Treasury Management cash deposits which currently generate less than 1%. The income received from these investments is reflected in the revenue budget to assist with the deficit reduction plan and are expected to realise over £660,000 per annum.
- 4.15. 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.
- 4.16. **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 £16.4m pa of income from its fees and charges to balance its budget. Much of this is discretionary spending, or linked to the economy.
 - **The effects of inflation.** Inflationary pressures are growing in the economy, as the current rate is above 3% such that the Bank of England raised the Base Rate by 0.25% in November 2017, the first rise for 10 years. 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 of 1% in the past few years. While the current Government has allowed for certain areas of the public sector to have slightly higher pay settlements, this is not across all sectors. 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 2% increase per annum. 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 pay review project is currently underway to address the pay structure at the Council, with £300,000 built into the 5 year model.
- **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 which will largely fall on local councils in future rather than on the national pool. Also in April 2017 a new valuation list came into effect, and so the extent of potential appeals and any provision required is an unquantifiable risk. Whilst the localisation of NDR may present an opportunity to retain more growth all of the other associated risks are likely to remain.
- **The localisation of Council Tax Reduction (CTR).** Currently, expenditure on this continues to fall since the original budget was set in 2016-17. 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 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. The criteria to apply for 2018-19 have yet to be confirmed, but as the £5 option is potentially available again for the coming year, paragraph 4.5 sets out the assumptions applied in the 5 year model.
- **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. The Council’s updated discretionary housing payments policy for 2018-19 was approved by Cabinet in October 2017, to enable officers in the Benefits and Housing services to work together to ensure council’s 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 2018-19, but due to this funding source not supporting the revenue budget its impact is more on the future resources available for investment in one off expenditure rather than ongoing costs. The situation may become clearer after the Chancellor's autumn statement on 22 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 grants are to be fully funded from council tax as the earmarked reserves were exhausted in 2017-18.
- **Political environment.** The ongoing negotiations about the country's exit from the EU and the impact on the Council remain unclear. It is therefore too early to determine exactly how the withdrawal from the EU will impact on the Council. This will have to be continually reviewed and any impacts reflected in the financial model as and when they are known.

- 4.17. 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 2016 the Council approved a further savings plan which sets out targets to deliver further savings/additional income of £3.8m. As savings are realised these are built in the Council's base budget and the 5 year financial model reflects the targets yet to be achieved as part of its plans. 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 a localised CTR in a way that has protected claimants.
- 4.18. The 5 year financial model (Appendix 2) has been updated to reflect current assumptions including government funding reductions and council tax projections, as well as projected costs and planned efficiencies. This includes provision for new cost pressures and bids for growth linked to the Council's corporate plan objectives; including tourism, planning and the environment, amounting to £360k in 2018-19. These bids will be firmed up during the budget process and reported as part of the budget report to Cabinet in February 2018. It was also considered prudent to build in a contingency of £250k against the planned savings.
- 4.19. The model demonstrates a balanced budget over the next 5 years subject to delivery of the deficit reduction plan agreed in September 2016 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 2018 to set the 2018-19 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, and are recommended for continued use.

6.2 Treasury Management

6.2.1 The Council is required to agree its treasury management policy annually, and 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 the property fund and the mixed asset bonds enables the council to invest balances in long term funds which provide a predictable return that is being 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 a vital tool for 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 2018-19 the Council Tax levels will be recommended by Cabinet at their February 2018 meeting for Council to consider at the March 2018 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 to Council in March.

9 Consultation

- 9.1 Corporate Governance and Audit Committee will consider the Financial Strategy report at their November meeting. Their recommendations will be made available at the Cabinet meeting.

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

	Yes	No
Crime & Disorder		None
Climate Change		None
Human Rights and Equality Impact		None
Safeguarding and Early Help		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

Principle	Narrative	Actions
Key Financial Principles		
<p>1. All key decisions of the Council should relate back to the Corporate Plan.</p>	<p>The Corporate Plan is the driver for our decision making, including the allocation of resources, and sets the Council’s work plan. Each year the Corporate Plan is reviewed. The affordability role of finance in the corporate planning process has evolved into an assessment of what resources are required to deliver the emerging Corporate Plan projects, whilst maintaining high quality provision of services wherever possible.</p> <p>So far, major service reductions have been largely avoided. However, with finite resources that are predicted to continue to reduce in the immediate future, the Council may not be able to deliver all of its aspirations whilst maintaining existing services to the current level provided. Members may have to make difficult decisions in the future about service provision and competing priorities.</p>	<p>Members and the Senior Leadership Team (SLT) have developed a strategy to eliminate the current projected budget deficit over the next 5 years. The “Deficit Reduction Strategy” was approved by full council September 2016. The challenge now is to see that plan delivered on time and achieving the level of savings required. Regular monitoring and reporting against the plan will be undertaken by officers & reported to members during the months ahead.</p>
<p>2. Ensure the revenue budget and capital programme remain balanced and sustainable over a rolling 5 year period.</p>	<p>There is a legal requirement to set a balanced revenue budget and ensure the capital programme is fully resourced. Over the last eight years 2010-11 to 2017-18 the Council took action to balance the revenue budget without drawing on general reserves.</p> <p>The Statement of Resource Allocation (Appendix 3) demonstrates that the capital programme remains affordable. Within this, £1.3m has been earmarked as available to support the revenue budget should conditions dictate. Whilst the intention is to set a balanced budget over the medium term, this finite resource remains available to smooth the impact should there be any unanticipated adverse changes to our funding, or where service savings have been unavoidably delayed.</p> <p>The 5 year financial risk model has been updated as our current best estimate of the budget for the next five years, and is attached as Appendix 2. This indicates that, subject to all the uncertainties set out in part 4 of the covering report, and assuming that the deficit reduction programme is delivered on schedule, the budget for 2018-19 and beyond should be balanced.</p> <p>The Resources Allocation statement has been updated to reflect the current capital</p>	<p>The five year financial model will continue to be monitored and updated, and Cabinet is given regular briefings on this throughout the year. Senior managers will monitor delivery of the approved deficit reduction plan.</p> <p>Budget monitoring for revenue and capital schemes is completed quarterly by budget managers, and reported to cabinet.</p>

	<p>programme and is attached as Appendix 3. The Corporate Governance and Audit Committee (CGAC) will be asked to consider the appropriateness of the minimum level of reserves at their meeting in November. Their recommendations will be made available to the Cabinet meeting.</p>	
<p>3. Over the next five years maintain a position of non-dependency on reserves.</p>	<p>Appropriate funding needs to be built into the revenue and capital budget, taking into account the whole life cost of the assets. With reserves being largely committed, the revenue budget will need to make an appropriate contribution to reserves to fund any future capital commitments.</p> <p>Base budgets incorporate repairs and maintenance to council buildings, thereby removing dependency on reserves for what is a recurring revenue cost. Similarly, other recurring items still funded from reserves must be built into future revenue budgets.</p> <p>Building Services have undertaken a full review of the existing asset base of the council and identified with service managers the need to reinvest in our existing essential assets. This is updated annually to ensure the current asset base remains affordable over the long term.</p> <p>Since 2010-11 the degree to which the revenue budget was supported by interest on investments was removed. This eliminated a key risk to the authority that large variances on interest receipts could have put immediate pressure on the revenue budget. Instead all interest receipts were recycled into funding the capital programme (interest receipts on S106 balances are ring-fenced to those funds). Any change in interest rates has still impacted the overall position of the Council, but has a less immediate impact than it has had for authorities that continue to rely on interest receipts to fund day to day activities. Following changes to the Treasury Management policy in 2017 which permitted long term investments to a property fund and other specific vehicles whose returns are less volatile; the Council currently has £10m invested in a Local Authority Property fund and a further £8m in mixed asset bonds generating returns of approximately 4.5% and 3% respectively. Both these investment vehicles provide a more predictable rate of return and so this investment income was identified as part of the deficit</p>	<p>To build future demands for recurring expenditure into the five year Financial Model, and thereby into any potential savings target.</p> <p>To avoid funding recurring expenditure from reserves as a key financial principle.</p> <p>To determine annually an amount of revenue income to set aside for property investment.</p>

	<p>reduction strategy to assist with funding the revenue budget without creating volatility and risk.</p> <p>Recent investment decisions in the Council's own property portfolio will also generate further revenue receipts for the Council. It is proposed that some of this additional income is recycled via council reserves to enable further investment going forward, rather than taking all of the income into the revenue budget. The precise amount to be recycled in this way will be determined as part of the detailed budget proposals brought to Cabinet in February 20187. The 5 year financial model takes into account income from historic investment decisions such as Barnfield Drive, Plot 21 Terminus Road and the Enterprise Hub as part of the Commercial Programme Board.</p>	
<p>4. In order to maintain a balanced budget in a climate of reduced funding, savings in the revenue budget or external funding will need to be identified before any new revenue expenditure, including capital expenditure that has revenue consequences, is approved.</p>	<p>The Council needs to have certainty about capital and revenue funding before entering into new commitments. This will require robust project management processes to ensure the full consequences; both revenue and capital, of embarking on particular projects are known and understood from the outset. The whole life costs of the project must be considered.</p> <p>Where projects are dependent on match funding, the funding partner may impose certain conditions. The Council needs to clearly understand what those conditions are and their possible financial consequences. Projects should only proceed once all funding has been secured, and the conditions have been assessed and evaluated. The relevant service should also consider, in advance, any costs that may arise at the end of the project and prepare an exit strategy so that the full consequences are known in advance. Whole life costing should be used. Copies of all funding agreements should be copied to financial services to ensure all possible future liabilities are considered and documentation retained.</p>	<p>All Project Initiation Documents (PIDs) are to be based on whole life costs, and include an exit strategy.</p>
<p>5. Review costs in response to changes in service demands.</p>	<p>The call upon council services is fluctuating more during a period of economic and financial uncertainty. Whilst short-term variances in demand can be accommodated, any longer term trends, i.e. beyond one year, will require the Council to respond by redirecting its resources in line with changes in demand. This is a key principle as future changes in demand on services are bound to occur.</p>	<p>Essential services that experience an increase in demand will be recognised and supported. However, where there is an on-going reduction in demand beyond one year they should be reviewed in order to realign resource</p>

	Prioritising the Council's services will enable scarce resources to be directed to areas of need and priority over the medium term.	allocation.
6. Where the Council has discretion over charging for services, consideration needs to be given as to the extent to which service users should bear the costs, and the proportion, if any, that should be met by Council Tax.	The Council has limited discretion to set fees and charges for some services. Clearly, the setting of charges should have regard to community needs for those services as well as affordability. Traditionally, many fees and charges have increased in line with inflation. The Council has a Fees & Charges Policy. This requires services that have discretion to charge, to attempt to at least break even, unless there is a clear approved policy reason for not doing so. The underlying principle is that the service user should pay the full cost of the services received.	Service managers need to consider their fees & charges in advance of the start of each financial year. Any individual services operating at a deficit should aim to break even unless there is an approved policy to support their on-going subsidy. This should be based on the whole cost of delivering the service, including use of assets.
7. Continue to review the Council's costs in order to find further savings.	<p>The Council has already achieved significant savings over recent years. However, the Council will continue to seek further efficiencies to help free up resources, ensure services are as efficient and effective as possible and support the community. The focus is to ensure services are delivered to an appropriate standard at a competitive unit cost.</p> <p>Three programme boards (Infrastructure, Business Improvement and Commercialisation) have been set up to co-ordinate the various projects that the council is engaged in. This enables the council to direct resources to higher priority projects, and enables senior management to intervene to assist projects to remain on track to deliver their planned objectives. The programme boards also track efficiencies as part of their process which aids corporate financial planning. These boards are incorporated in the 5 year financial model.</p> <p>Future service reviews will consider the most efficient ways of working, including working with partners, channel shift, sharing assets, shared services and outsourcing to deliver the best and most effective solutions for services and the community.</p> <p>Aside from formal service reviews, service managers should normally be considering the best, most cost effective procurement methods in their service areas.</p>	In order to assist the budget process for future periods, further efficiencies should be identified. Officers will need to review service costs to determine whether unit costs are appropriate and report back to members where service reviews are deemed necessary to reduce unit costs to an acceptable level.

<p>8. Match Council Tax increases to a realistic and affordable base budget.</p>	<p>The objective is to limit increases in Council Tax to modest and affordable levels over the next 5 years, whilst accepting that such an objective may be impacted by national government policy.</p> <p>For 2017-18 the requirement to hold a referendum for council tax increases over 2% was relaxed again so that the referendum was only required if the proposed increase was both in excess of 2% and £5. In effect that rule change permitted this council, since it has one of the lowest Council Tax levels, to increase its Council Tax by £5. The Government have yet to confirm that the same rules will apply for 2018-19 but a £5 increase is assumed in the 5 year financial model for next year only. As the decision regarding the referendum limits is taken annually, and so the model assumes just 2% each year from 2019-20 onwards.</p>	
<p>9. Budgets should be pooled with other service providers to achieve more effective and cost efficient outcomes for the community.</p>	<p>It is likely that in future the Council will become more involved in new ways of working, including greater partnership working, devolved budgets and pooling resources with other agencies. It is important that the Local Strategic Partnership strategic objectives and community outcomes are agreed from the outset when partnerships are formed so that the achievement of results can be measured and reported to members to ensure public funds are being used in the most efficient way to achieve greatest impact for the community.</p>	<p>Where appropriate we should commission services with other service providers and pool our budgets to provide more effective and efficient outcomes for the customer.</p>
<p>10. New Homes Bonus (NHB) This should be allocated annually, and only committed once received.</p>	<p>The NHB is not new funding. This is paid from local government funding that would otherwise have been distributed to councils. The grant is not ring-fenced, and as such the Council can choose how it wants to use this source of funding, although the previous coalition Government pointed out that it expected it to be used to help “reward” communities that have taken housing growth. Further, the Government also stated that it expects councils to consult their communities on its use, and in areas where there is a national park as the planning authority, to also consult with the park authority.</p> <p>The funding is paid as a grant in respect of each new domestic dwelling coming into the tax base (net of any long term empty properties) of the whole District, including the area within the National Park. The amount paid is based on the</p>	<p>The NHB to be reserved for community and other uses after it has been received. It remains important, however, to allocate this funding taking into account the legal requirement to set a balanced budget for the council. As such this will be reviewed annually.</p>

	<p>national average council tax, and is paid for the following four years from 2018-19, split 20% to the County Council and 80% to the Housing authority, i.e. CDC. The payment term has reduced from 6 years to 5 years in in 2017-18</p> <p>It was flagged in previous years that there is a risk that NHB will be amended further, as the Government has indicated that it is reviewing the scheme to try to increase the number of houses that are built. The view that NHB should not, therefore, be relied upon long term to resolve our budget position, and should only be committed after it is received, so the decision not to rely upon it to fund core services has proven to be prudent.</p> <p>In previous years we have not used the NHB to assist in balancing our revenue budget, and have instead used this source of funding to help reward communities by funding one off projects. With the introduction of CIL, and given the uncertainty surrounding the future of NHB as we await the detail of the 2017 spending review. The grants and concessions panel review the use of NHB, along with other grant funding that the council makes available to individuals and groups.</p>	
<p>11. Localisation of Business Rates. We should review the decision to pool our business rates annually after receipt of the government draft settlement to ensure that the Council is in the best possible financial position.</p>	<p>A business rates pool in West Sussex has been created, thereby enabling us to retain more of the NDR growth locally for investment jointly with other pool member authorities. Full localisation of business rates which was expected by the end of this parliament may in effect do away with the need to form pools to retain this growth. Until then it is recommended that we continue with the current pooling arrangements, unless the West Sussex 100% pilot bid for localisation of business rates for 2018-19 was successful and so supersedes the old pooling arrangement</p>	<p>The existing pooling arrangement will continue into 2018-19 unless the council opts out of this arrangement or the 2018-19 100% pilot bid was accepted by the Department of Communities and Local Government (DCLG). Once the draft settlement has been announced this will indicate which NDR arrangement the council will operate. The Council does have an option to withdraw from the existing pool, however, until NDR is fully localised it would remain beneficial to retain the current pooling arrangements.</p>

Resources and Capital Programme Principles		
<p>1. Capital receipts, reserves and interest on investments (other than property investment) will primarily be available for new investment of a non-recurring nature, thereby minimising the overall financial risk.</p> <p>Income earned from property investments, both directly owned and managed property, and the Local Authority Property Fund, can be used to support revenue as the income streams earned are much less volatile.</p>	<p>This is a long-established principle whereby non-recurring resources are used to meet non-recurring expenditure. The revenue budget is no longer reliant on reserves. Interest receipts are, with the exception of property related income and mixed asset bonds, diverted to support the capital programme.</p>	<p>Temporary sources of funding should not be relied upon to fund recurring revenue costs. Budget managers embarking on new projects that involve temporary funding must design an exit strategy from the outset to ensure the council is not left with unfunded costs at the end of the funding stream.</p>
<p>2. Ensure that a sufficient level of reserves are maintained, as informed by the Financial Strategy, so that the Council can remain flexible and is able to respond to a changing local government environment.</p>	<p>The objective is to offer resilience against the unexpected and provide resources for new initiatives including one off costs to assist with reshaping the organisation.</p> <p>The Capital Programme is an estimate of the capital schemes' likely cost and the funding resources likely to be available to meet that need. This is always subject to amendment if, for example, a scheme cost is higher than anticipated or an anticipated capital receipt is less than expected. The capital programme is by its nature constantly changing and the resource position will be continuously monitored to ensure it remains affordable. The Resources Statement reflects the current level of reserves, anticipated receipts, and commitments, and this is attached at Appendix 3. This currently indicates a surplus of resource of £8.2m.</p> <p>The Resources Statement assumes a minimum level of general fund reserves of £5m as agreed by members in 2009 and reaffirmed in subsequent years.</p>	<p>Routine monitoring of the capital schemes and the overall resources position will continue to ensure the capital programme remains affordable.</p> <p>All earmarked reserves will be reviewed annually with service managers to ensure that they remain relevant and essential, otherwise the funds should be returned to available balances.</p>

	<p>Although the Resources Statement indicates £8.2m as being available, further projects, possibly to supplement CIL or projects that produce revenue income to assist with the Council's revenue budget may be funded from the residual balance of this fund.</p>	
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5 Year Financial Model

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Budget (including NHB)	12,363	11,766	12,489	12,534	12,769	13,279
NHB (assumed to reduce beyond 2016/17)	3,075	2,390	2,360	1,870	1,600	1,600
Budget (excluding NHB)	9,288	9,376	10,129	10,664	11,169	11,679
<i>(expenditure less fees from income)</i>						
Funding:						
Revenue Support Grant	(189)	-	-	-	-	-
Rural Grant	(152)	(117)	(152)	-	-	-
RSG Transition Grant	(93)	-	-	-	-	-
Retained Business Rates (National Non-Domestic Rates or NNDR)	(994)	(2,170)	(2,250)	(2,300)	(2,370)	(2,370)
NNDR tariff adjustment	-	-	620	620	620	620
Total Government Settlement (excluding NHB)	(1,428)	(2,287)	(1,782)	(1,680)	(1,750)	(1,750)
Council Tax	(7,860)	(8,116)	(8,360)	(8,609)	(8,868)	(9,132)
Council Tax Freeze Grant	-	-	-	-	-	-
Council Taxbase Growth (@ 1%)	-	(80)	(80)	(85)	(85)	(90)
Deficit after Gov. Funding & Council Tax	-	(1,107)	(93)	290	466	707
Policy Decisions						
Increased Recycling Targets		-	-	-	800	800
Grants funding (putting grants into base after reserve exhausted)		-	-	175	175	175
CFT & PHG - Remove 2017-18 top up to reserve for 2017-18 funding		(156)	(156)	(156)	(156)	(156)
CFT & PHG - Grant funding 2018-19 & beyond		318	318	318	318	318
Staffing cost pressures		300	300	300	300	300
Treasury Management - Pooled Funds Income		(240)	(240)	(240)	(240)	(240)
Highways Cleansing (A27 & A&B roads in district)		30	30	30	30	30
Cost Pressures & Bids for Growth		360	394	354	354	354
Deficit after policy & cost pressures	-	(495)	553	1,071	2,047	2,288
Planned Savings						
Business Improvement Board (excluding Support Costs)		(120)	(236)	(246)	(256)	(266)
- Support costs (updated with R&B PID savings)		(244)	(378)	(461)	(461)	(461)
Commercial Board (excluding Leisure)		(579)	(884)	(1,077)	(1,127)	(1,177)
- Westgate - (balance of savings in addition to £571k in 17/18)		(342)	(415)	(391)	(348)	(348)
Succession Planning		(109)	(109)	(231)	(231)	(231)
Contingency against Planned Savings		250	250	250	250	250
Withdrawal of Parish CTR grant		(24)	(66)	(100)	(100)	(100)
Total Planned Savings	-	(1,168)	(1,838)	(2,256)	(2,273)	(2,333)
Projected surplus transferred to Investment Opportunities Reserve	-	(1,663)	(1,285)	(1,184)	(225)	(44)

Chichester District Council

THE CABINET

5 December 2017

New Homes Bonus (Parish Allocations) Policy

1. Contacts

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2. Recommendation

- 2.1. **That the Council be recommended to approve the New Homes Bonus (Parish Allocations) Policy and the delegations therein.**

3. Background

- 3.1. At its May 2014 meeting, the Council approved the New Homes Bonus (Parish Allocations) Policy for the period to March 2018. A pilot scheme had successfully been delivered during 2013 and the Policy both formalised the arrangements and made a commitment for the following four years to pass some of the New Homes Bonus receipt to communities who had received housing development.
- 3.2. Since that time New Homes Bonus has been offered to eligible Parish, Town and City ("Parish") Councils through an annual application process. Over the course of the five years of operation (2013 to 2017) the scheme has approved funding totalling £1,248,880 in 174 different awards. The range of projects that have been supported during this time is summarised in Appendix 1.
- 3.3. Following the recent completion of the process for 2017, Grants and Concessions Panel would like to see the scheme continue to be offered in future years, which will necessitate the revision of the existing time limited Policy.

4. Outcomes to be Achieved

- 4.1. The Government's intention in creating the New Homes Bonus scheme is to reward communities for taking development. Cabinet have already agreed to the principle of delegating this opportunity to Parish Councils.
- 4.2. The existing aims of the New Homes Bonus (Parish Allocations) Policy are:
 - To improve quality of life for the community, and stimulate cohesive and vibrant communities

- To allocate monies and reward communities where significant development has occurred
 - To facilitate infrastructure where there are deficits within a community or area
 - To enhance local facilities available to new and existing residents
 - To encourage communities to identify their needs and work collaboratively to address them
- 4.3. Implementation of the Policy by the Grants and Concessions Panel detailed a process which by design looks to achieve the above aims. In each successive year, monitoring reports enable the Grants and Concessions Panel to reflect on the progress of previously funded projects. This in turn informed a Review in 2016 which made some minor changes to the scheme, making a stronger connection between the reward and communities that have had significant development, and simplifying the application process for infrastructure projects (where identified by communities in the Infrastructure Business Plan).

5. Proposal

- 5.1. The existing New Homes Bonus (Parish Allocations) Policy was reviewed in 2016 and accordingly it is recommended that the updated Policy (see Appendix 2) should be renewed for a further four years (2018/19 to 2021/22). Proposed changes at 1.3, 4.4 and 7.1 are emboldened for clarity.

6. Alternatives Considered

- 6.1. The Grants and Concessions Review which started in 2015 and reported to Cabinet in March 2016 was tasked to sustain both Discretionary Grants and New Homes Bonus (Parish Allocations) but to ensure that the funds continued to be used to best effect. The recommendations of the Task and Finish Group were implemented at that time and, in respect of New Homes Bonus, appear to have been successful.
- 6.2. The current scheme cannot continue without the approved revisions to the existing, time limited Policy. Without renewal the scheme would cease. The continued benefit of the scheme to local communities is viewed positively by both the Grants and Concessions Panel, other Ward Members and receiving parishes.

7. Resource and Legal Implications

- 7.1. The existing and proposed updated Policy both highlight that the Scheme would only be offered annually to Parishes subject to the receipt of New Homes Bonus from Government. While the continuance of this form of funding is under further consideration by Government, the 2016 Review endeavoured to sustain the Scheme by reconfirming the annual pot at £250,000 per annum. The Council's 5 year financial plan assumes the Scheme can continue to be offered in future years. However the Policy allows for discontinuance of the Scheme were Government funding to alter significantly.
- 7.2. Administration of the application process and the resultant monitoring of three years' worth of projects are delivered within existing resources.

8. Consultation

- 8.1. The 2013 trial process was a useful case study that informed the 2014 Policy, which included consultation with Parishes and Ward Members. The Grants Review of 2015/16 invited comment from Parishes in relation to the New Homes Bonus (Parish Allocations) Scheme. While no specific consultation has been undertaken with Parishes in regard to continuance of the Scheme beyond March 2018, the regular enquiries relating to funding in 2018 would suggest that this would be supported.
- 8.2. Grants and Concessions Panel considered the future of the Scheme both at its Special meeting in September 2017 (where it determined applications for the 2017 bids) and in more detail at its meeting of 18th October 2017. It is the recommendation of that meeting which has prompted this report to cabinet.

9. Community Impact and Corporate Risks

- 9.1. This resource benefits communities positively by enabling the delivery of projects to offset the impact of new development. It also contributes to maintaining close working relationships with many of the Parish Councils. Continuing the Scheme demonstrates a strong commitment to seeing the benefits that new development brings realised within District. The role of the Parish Council in this process is both an endorsement of their role and hopefully an encouragement to residents to take a greater interest in their local Council.
- 9.2. The caveat of annual confirmation of the allocation ensures this Council is not financially overcommitted. However, having to withdraw a key funding route in future years could have reputational damage.

10. Other Implications

Crime and Disorder	While the projects that could be funded by these monies cannot be anticipated, it is likely that many of them will have positive outcomes in some or all of these impact areas.
Climate Change	
Human Rights and Equality Impact	
Safeguarding	

11. Appendices

- 11.1. Appendix 1 – Summary of New Homes Bonus awards 2013-2017
- 11.2. Appendix 2 – Draft New Homes Bonus (Parish Allocations) Policy

New Homes Bonus (Parish Allocations) Scheme

The New Homes Bonus (Parish Allocations) Scheme has approved:

Year	Total funds awarded
2013	£314,515.00
2014	£280,660.00
2015	£271,755.39
2016	£207,925.09
2017	£174,025.00
Total	£1,248,880.48

Of the 193 applications for funding in that period, 174 (90.1%) have been approved.

Parish eligibility is directly linked to the level of development in the preceding three years. Across the five years of operation, 57 (86.4%) Parishes have been eligible to apply for New Homes Bonus on at least one occasion, and 48 (72.7% of all parishes, 84.2% of all eligible Parishes) have applied.

To give an illustration of the range of projects funded during the five years:

- Smallest award was £300 for a child friendly litter bin, a project developed by school children and championed by the Parish Council.
- Largest award was £42,430 towards a two storey extension to a community building, providing better accessibility to the first floor.

Examples of categories New Homes Bonus has funded (or contributed towards):

- 1 Cemetery extension
- 2 heating improvements,
- 2 Extensions to existing community buildings
- 3 new Bus Shelters,
- 3 Pavilions,
- 3 car park improvements
- 4 Solar PV installations
- Defibrillator projects in 5 parishes
- 5 kitchen improvements and 5 toilet enhancements
- 7 Fencing projects, 7 projects to provide outdoor gym equipment, 7 projects that create or improve open space for leisure or recreation
- 8 projects that are developing new community facilities
- 10 road safety projects, 10 local support services
- 16 Public Realm improvements
- 20 new benches
- 23 recreation or playground improvements
- 26 projects that provide new equipment in community owned buildings
- and 27 new trees

NEW HOMES BONUS (PARISH ALLOCATIONS) POLICY

1 Why does Chichester District Council distribute New Homes Bonus monies?

- 1.1 New Homes Bonus (NHB) is a source of local government funding from Government that is paid in expectation that it rewards communities that have taken Housing growth. The Government has also stated that Councils should consult their communities on how it is used.
- 1.2 In December 2013, Chichester District Council approved a New Homes Bonus (Parish Allocations) Policy that, subject to application, passes New Homes Bonus monies to Parish Councils for locally identified projects. This is in addition to the existing Grants and Concessions available to a wider range of businesses, groups and organisations.
- 1.3 **Originally planned for four years (2014/15 to 2017/18) the Scheme has been successful in meeting its aims and objectives and has subsequently been extended for a further four years (2018/19 – 2021/22)**
- 1.4 The amount to be made available in any financial year will be confirmed by Cabinet in advance, and will be subject to receipt of New Homes Bonus from Government.
- 1.5 Chichester District Council has made a clear commitment to work closely with Parish Councils. They are well placed to advocate the needs and aspirations of their respective communities and have the probity and transparency necessary for project delivery.
- 1.6 The intention of this policy is to define what Chichester District Council seeks to achieve by distributing these funds to communities, and the means of doing so in a fair and transparent manner.

2 What are the Aims and Objectives of funding Parish led projects through NHB?

- To improve quality of life for the community, and stimulate cohesive and vibrant communities
- To allocate monies and reward communities where significant development has occurred
- To facilitate infrastructure where there are deficits within a community or area
- To enhance local facilities available to new and existing residents
- To encourage communities to identify their needs and work collaboratively to address them

3 Who is this Policy for?

This New Homes Bonus (Parish Allocations) Policy will continue to be the reference point for future decision making, and is therefore of relevance to:

- Council Members and Officers in determining how decisions are made
- Parish Councils applying for funds
- Local residents, to see how government funding / public monies are invested back into their communities

- Local partners and other funding bodies, to outline our intentions and achieve mutual clarity

4 Background

- 4.1 In 2013, Council allocated approximately £450,000 of NHB monies to Parishes. An experimental process was developed, with significant flexibility in what money could be used for when compared with the Council's existing discretionary grants. The onus was on Parishes to identify local projects and consult to determine local support for them. The existing Grants and Concessions Panel were recognised as having practical experience in considering requests for funding from community based initiatives and were tasked with formally considering NHB requests at a special meeting in October 2013.
- 4.2 The trial was successful in bringing forward project proposals and allocating funds. It was then used as the basis for the New Homes Bonus (Parish Allocations) Policy approved in 2014, which saw allocations of approximately £280,000 in 2014 and £270,000 in 2015.
- 4.3 A Review undertaken by a Task and Finish Group of the Grants and Concessions Panel was initiated in 2015, to consider the potential long term role of New Homes Bonus (Parish Allocations) in the face of increasing uncertainty of receipt from Government. In light of this and the level of approved projects in the preceding years, it was recommended to reduce the annual allocation to £250,000 (subject to the annual budget approval by Cabinet).
- 4.4 Following completion of the original four years of the New Homes Bonus (Parish Allocations) Scheme, this Policy has been renewed for a further four years.**

5 How decisions will be made

- 5.1 The decisions of Chichester District Council are made by the Cabinet, who meet regularly to make decisions relating to all areas of the Council's work. To provide sufficient scope for full consideration of the requests for allocation of NHB, the Grants and Concessions Panel have been authorised to take on that additional task (See Section 10 Delegation List)
- 5.2 The Council have approved this Policy. Specifically, they have approved the additions to the Terms of Reference of the Grants and Concessions Panel which effectively sets the parameters in which they work.
- 5.3 The Grants and Concessions Panel will hold a special meeting annually to consider requests for NHB funding. While NHB monies are not grants but the distribution of monies linked to new homes, it is recognised that the Panel have valuable knowledge and experience which could be pertinent to determining the viability of projects.
- 5.4 Well in advance of the annual meeting of the Grants and Concessions Panel that considers bids, parishes will be contacted and invited to identify projects for consideration, and a closing date will be set. The specifics of the information

required to support projects will be confirmed by Grants and Concessions Panel, along with appropriate guidance (see section 8 below).

- 5.5 To facilitate informed discussion of NHB proposals, officers will be tasked ahead of the annual meeting to review applications against policy and guidance and summarise key points in a report for Grants and Concession Panel consideration.
- 5.6 Transparent decision making requires reference and adherence to a significant amount of detail. To avoid the bureaucracy of revising the Policy each time, the detail of application and decision processes is contained within separate guidance documents provided to Parish Councils annually. Changes to these guidance notes will be considered and approved by the Grants and Concessions Panel (See section 9 Delegation list)

6 How decisions will be notified

- 6.1 Parish Councils will be notified of the Panel's decision, including any caveats to funding, in writing. The amount of NHB to be given to a parish and a description of the project/s will be publically available information.
- 6.2 Information provided by Parishes in support of bids, including all financial information will remain confidential at all times both before and after the decision. Accordingly, the special Panel meeting is not open to the public.
- 6.3 If a project is to be funded (in whole or in part) with NHB funds then the Parish Council will be issued with a funding agreement committing them to the delivery of the project, and outlining their responsibilities or those they delegate to the partners they chose to work with. Non-compliance with the agreement could affect the outcome of bids in subsequent years.

7 Financial support available

- 7.1 **The Scheme programme remains subject to receipt from Government, so the value of funds available (currently £250,000 per annum) will be confirmed annually by Cabinet. Any changes will be specifically highlighted in the annual call for projects from Parishes.**
- 7.2 Given the fundamental link between NHB and new homes built, the allocation of funds to parish projects will be informed by the data the Council holds on new occupations (the point at which someone moves into a newly built home). To allow for peaks and troughs, occupations for the preceding three years will be identified and the £250,000 (or annual allocation if revised) will be split in proportion to the number of occupations per parish.
- 7.3 In this indicative allocation, Parishes who have seen less than 5 new homes built in the past three years will not be eligible for New Homes Bonus, but will still be eligible to apply to the Councils discretionary grant programme. The City of Chichester has a capped indicative annual allocation of £100,000.
- 7.4 This figure does not form an allocation to the parish. It should be considered by the Parish as an indication of the likely funds available and guide their consultation with residents in the identification of projects. The Panel will use the figures in their

consideration of projects but could agree to reasonable variation if a good case is made.

- 7.5 While it is hoped that the process will ensure full distribution of the allocation each year, if a significant underspend is left after bids considered, the Panel could consider a further round within the financial year, or roll forward monies to extend the programme in future years.

8 Governance

8.1 The Grants and Concessions Panel is further directed by Cabinet to:

- Make decisions in accordance with the direction set by Cabinet, and the New Homes Bonus Policy.
- Review and update the application process, documentation and supporting guidance.
- Meet at least once a year to consider applications from Parish Councils.
- Detail a process for Parishes to follow to identify projects for consideration with any supporting guidance necessary to assist.
- Highlight exemplar projects that typify the anticipated use of NHB funds

9 Delegation

9.1 Council will annually approve the budget available for NHB allocations, any changes to Policy in order to achieve the Councils preferred use of these monies, and any adjustments to delegations to achieve efficiency and transparency.

9.2 The Cabinet Member for Community Services (as chair of the Grants and Concessions Panel, and in consultation with that Panel) is delegated to approve, subject to the terms of the New Homes Bonus (Parish Allocations) Policy and associated criteria:

- Awards of up to £25,000 for any single project or where the total value of multiple projects from the same Parish does not exceed £25,000.
- The detail of application process, documentation and supporting guidance.
- Subsequent variation to application process, documentation and supporting guidance to ensure the continued effectiveness of the process and consistency with the New Homes Bonus (Parish Allocations) Policy.

9.3 For the avoidance of doubt, where a request exceeds the delegation, a recommendation will be made to Cabinet. Where the Cabinet Member for Community Services has a prejudicial interest, then the Cabinet Member for Finance and Governance is delegated to approve all items as identified above.

Appendix 1 – Guidance Documents (documents at www.chichester.gov.uk/newhomesbonus)

- 1 Eligibility/criteria
- 2 How to complete the application
- 3 How the Grants and Concessions Panel consider applications
- 4 Guidance for Ward Member involvement

Chichester District Council

THE CABINET

5 December 2017

Chichester City Centre Vision - Approval of Delivery Action Plan

1. Contacts

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2. Recommendation

2.1 That the Cabinet approves the Delivery Action Plan for the Chichester City Centre Vision as set out in appendix 1 to the agenda report.

2.2 That the Cabinet approves that the Chichester Vision Steering Group continue to oversee the implementation of the Delivery Action Plan.

3. Background

3.1 Preparation of the Vision for Chichester City Centre has been led by a Steering Group chaired by the Council's Leader and comprising members and senior officers from the District Council, West Sussex County Council and Chichester City Council, plus the Chairman of Chichester Business Improvement District and a representative of Visit Chichester. A project partners group comprising senior representatives from a range of local businesses, attractions and organisations provided input and additional operational support, and assisted as a consultative body through each stage of the project.

3.2 The final text for the Vision document was approved by Steering Group members in June 2017 and was formally approved by full Council in July 2017. Following content approval, document design has been completed and is ready for publication.

4. Proposal

4.1 The City Vision will be a principal guide for all three local authorities and the key organisations in Chichester when setting resource plans and when considering significant issues and proposals affecting the City Centre. To provide the leadership and governance, it is proposed that the existing Steering Group will fulfil the role of 'Chichester City Vision Delivery Steering Group'.

4.2 Key projects within the Vision that require close partnership working with WSCC have been identified in the Chichester Growth Deal and will be monitored by the proposed Growth Board (see separate report on this agenda). The Chichester City

Vision Delivery Steering Group will provide leadership and governance for the remaining projects and aspirations identified in the Vision document.

- 4.3 The Vision document states that the ambitions, ideas and initiatives set out must lead on to determined actions and activity and that, accordingly, project planning and implementation will be set out in a delivery action plan which is published separately and subject to an annual review.
- 4.4 The draft delivery action plan has been prepared and consulted on with partners, and has been approved by the Vision Delivery Steering Group. Appendix 1 sets out the delivery action plan and provide a schedule of the initial projects and activities proposed.
- 4.5 The delivery action plan identifies key tasks to be undertaken for each project, the anticipated delivery partners, approximate timescales to complete and the priority level for each project.
- 4.6 In addition to this, CDC Officers and Steering Group partners have been fully briefed on the Vision document and are aware that any current strategies that are due to be updated should fully consider the aims and objectives within the Vision.
- 4.7 The Cabinet is requested to approve the Delivery Action Plan in Appendix 1.

5. Outcomes to be Achieved

- 5.1 The Vision now provides a clear and locally supported articulation of what we want Chichester City Centre to be, focusing on the function and future of the City Centre compared to now. Each of the actions and activities proposed in the Delivery Action Plan support the overarching Vision statement and each of the supporting themes, ambitions and initiatives which, as stated within the Vision document, aim to:
 - (a) Better serve all demographics and enrich the lives of residents, workers and visitors
 - (b) Welcome more people to Chichester
 - (c) Ensure Chichester is open for business
 - (d) Make better use of the City's impressive heritage and cultural base
 - (e) Provide clear objectives to guide investment into the City Centre, so that all current and future development proposals, policies, strategies, ideas and opportunities have due regard as to how they might relate to each other, to the wider City and to adjoining areas

6. Alternatives Considered

- 6.1 Do Nothing. This is not considered appropriate as, having undertaken a considerable amount of partnership work and generated a wide variety of ideas, suggestions and proposals from the community, it is clear that a range of projects and activities are required to meet and fulfil the ambitions and objectives of the Vision.

7. Resource and Legal Implications

- 7.1 Officers will be leading and/or participating in many of the Delivery Action Plan projects. The staff resources required will be assessed on a project-by-project basis. It is likely that individual projects will require input and resources from a range of services including Planning Policy, Economic Development, Licensing, Environment, Cultural Services, Legal, Car Parking, PR, Estates, Development Management and Finance.
- 7.2 Other resources, including funding requirements, will vary on a project by project basis and funding opportunities through partners and grants will be sourced. Any funding decisions for the projects will be brought back to Cabinet or Council for approval in accordance with the constitution.

8. Consultation

- 8.1 There was thorough consultation throughout the preparation of the Vision including a six-week public consultation
- 8.2 Prior to completion of the Delivery Action Plan there has been consultation with partners
- 8.3 Formal consultation with stakeholders will be proportionate to the individual projects identified in the Delivery Action Plan, as the projects are developed.

9. Community Impact and Corporate Risks

- 9.1 The aim of the project is to have a positive impact on the City's economy and in turn, the wider economy in our district.

10. Other Implications

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

11. Appendix

- 11.1 Chichester City Centre Vision – Delivery Action Plan

12. Background Papers

- 12.1 None

Chichester City Centre Vision – Delivery Action Plan								
Growth Deal Projects								
	Project Description and Vision Theme *	Priority H/M/L	Lead Partner	Delivery Partners	Potential Funding	Key stages	Timescales (Financial year April to March)	Dependencies
1	<p>Transport Feasibility Study - that supports the delivery of the of the Chichester City Vision and Local Plan</p> <p>Themes:1a, 1b, 1c, 2a, & 3d</p>	H	WSCC (Growth Programme Delivery Manager)	CDC CCC Network Rail Southern Trains Stagecoach	WSCC CDC CCC	<ol style="list-style-type: none"> 1. Engaged elected members and key stakeholders 2. Develop governance arrangements to ensure that funding opportunities are identified 3. Progress detailed business case 4. Detailed design of agreed improvement proposals 5. On site construction of improvement schemes (coordinated with other development proposals) 	<ol style="list-style-type: none"> 1. Dec 2018 2. Dec 2018 3. Dec 2018 4. Dec 2018 5. Linked to other major growth projects 	
2	<p>Southern Gateway – mixed use development including, office, retail, residential, commercial and leisure use. Improvement to public realm.</p> <p>Themes: 2a,1a,1b, 3b & 3c</p>	H	CDC (Executive Director)	WSCC HCA Private developers	OPE HIF LEP CDC WSCC Private developers	<ol style="list-style-type: none"> 1. Adoption of the master plan 2. Funding applications 3. Procurement exercise and site assembly 4. Implementation 	<ol style="list-style-type: none"> 1. Nov 2017 2. Dec 2017 3. 2018 - 2019 4. 2019 – 2024 	
3	<p>Northern Gyrotory - mixed use development including, office, retail, residential, commercial and leisure use. Improvement to public realm. Improved link between the City Centre and the Festival Theatre</p> <p>Themes: 2a, 1a, 1b, 3b & 3c</p>	H	WSCC (Growth Programme Delivery Manager)	CDC Private Developers	WSCC HIF CDC OPE LEP Private Developers	<ol style="list-style-type: none"> 1. Feasibility study to identify fire station options 2. Opportunities to fully integrate the Chichester Festival Theatre with the City (North Street) are fully understood and planned for. 3. Impacts of strategic developments are understood and planned for. 4. Provide transport advice to support the development of a Masterplan 5. Liaison with landowners to support development land assembly and delivery of infrastructure improvements. 	<ol style="list-style-type: none"> 1. 2018/2019 2. Onwards dependant on outcome of options 	Completion of the Transport Feasibility Study

						<p>6. Development opportunities within the site are fully understood and planned for – a clear development</p> <p>7. Masterplan in place.</p> <p>8. Identify funding options and prepare funding bids.</p> <p>9. Develop a business case to support the delivery of the Masterplan including associated infrastructure improvements.</p> <p>10. Implementation</p>		
4	<p>West Sussex Gigabyte project</p> <p>Themes: 1f</p>	H	WSCC (Growth Programme Delivery Manager)	BT Mobile operators BID CDC	WSCC Pooled business rates	<p>1. Undertake feasibility study in relation to digital infrastructure in the town centre (Wifi, sensors and software).</p> <p>2. Progress business case to secure specialist support to develop scope of 'Gigabit West Sussex Fibre Broadband Project'.</p> <p>3. Creation of a procurement framework to deliver end-to-end gigabit fibre network across West Sussex available to all Local Authorities.</p> <p>4. Implementation of the network in Chichester - network initially anticipated to connect local authority sites.</p> <p>5. Development of schemes to enable businesses to enhance connectivity and growth.</p>	<p>1. 2017/2018</p> <p>2. 2017/2018</p> <p>3. 2018/2019</p> <p>4. TBC</p> <p>5. TBC</p>	

Short Term Projects								
	Project Description and Vision Theme *	Priority H/M/L	Lead Partner	Delivery Partners	Potential Funding	Key stages	Timescales (Financial year April to March)	Dependencies
1	<p>The 'Look and Feel' of the City - Improvements to the street scene and the public realm .Wayfinding and Information</p> <p>Themes: 1b, 1c, 1d, 3b & 3d</p>	H	BID	CDC CCC BID VC	CCC BID WSCC CDC LEP	<ol style="list-style-type: none"> 1. Commission an integrated wayfinding, information, event advertising and signage scheme. Include improvement of the physical integration of cultural and visitor attractions with the City Centre 2. Review planning policy regarding City Centre signage and informational advertising 3. Undertake a city-wide review of the public realm 4. Prepare new wayfinding and signage scheme and identify funding 5. Prepare public realm strategy, action plan and funding plan, integrating 'smart city' technologies 6. Implementation 	<ol style="list-style-type: none"> 1. 2018/2019 2. 2018/2019 3. 2018/2019 4. 2018/2019 5. 2019/2020 6. 2019/2020 	<p>Completion of the Transport Feasibility Study</p> <p>Planning Policy</p>
	<p>Improve infrastructure for cyclists – to include cycle racks, cycle service stations, cycle hire stations, cycle lanes, etc.</p> <p>Themes: 1a, 1b, 1d</p>	M	CDC Divisional Manager Place	WSCC	CDC WSCC	<ol style="list-style-type: none"> 1. Prepare action and funding plan, integrating 'smart city' technologies 2. Implementation 	<ol style="list-style-type: none"> 1. 2018/2019 2. 2018/2019 	<p>Completion of the Transport Feasibility Study</p>
3	<p>Parks and Open Spaces - Improvements to green spaces, parks and heritage infrastructure</p> <p>Themes: 1b, 1c, 1d, & 3d</p>	M	CDC – Divisional Manager CCS	CCC BID WSCC VC	CCC BID WSCC CDC	<ol style="list-style-type: none"> 1. Complete the Priory Park options appraisal and capital project for the refurbishment/enhancement of the facilities within the park 2. Undertake a city-wide review of the public parks and open spaces to improve amenities 3. Prepare strategy, action plan and funding plan integrating 'smart city' technologies 	<ol style="list-style-type: none"> 1. 2019/2020 2. 2018/2019 3. 2018/2019 4. 2019/2020 	

						4. Implementation		
4	Shop Fronts & Facades - Encouraging landlords and tenants to refurbish and improve City Centre shop fronts Themes: 1c & 3b	H	CDC Divisional Manager - Growth	BID	Pooled Business Rates	1. Secure funding 2. Implement retail training and shop front grant scheme 3. Develop action plan for improving building facades	1. Nov 2017 2. 2018 /2019 3. 2018/2019	Planning Policy
5	Create an environment that is welcoming to students and young people Theme: 1d	H	BID	University CDC CCC VC College		1. Work with partners to develop proposals to provide a positive welcome to students 2. Implementation 3. Encourage a wider range of more affordable shopping options for students and young people	1. 2017/2018 2. 2018/2019 3. Ongoing	
7	Prepare Cultural Strategy - Develop an Integrated Cultural Offer for the district. Themes: 3a, 3b, 3c & 3d	H	CDC Divisional Manager- Culture and Sport	Arts Council HLF VC Cultural Organisations and Attractions	Arts Council HLF CDC BID	1. Establish project group 2. Identify existing cultural assets and activities, and identify missing cultural assets and activities 3. Commission studies and research if required 4. Source funding 5. Prepare long-term cultural vision, development plan and integrated offer 6. Implementation	1. 2017/2018 2. 2017/2018 3. 2018/2019 4. 2018/2019 5. 2018/2019 6. 2018/2019	
8	Develop the Tourism Offer for the City Themes: 3a, 3b, 3c & 3d	H	Visit Chichester	CDC BID WSCC Visitor & cultural attractions F&B businesses Transport operators	CDC BID Tourism, retail, F&B and leisure businesses	1. Implement visitor economy strategy 2. Visit Chichester prepare a Destination Management Plan 3. Implementation of five-year plan	1. 2017/2018 2. 2017/2018 3. 2018 to 2022	
9	Provide and promote a year-round programme of events, festivals, and activities - for residents	H	CDC – Divisional Manager Communic	CDC, Visit Chichester Cultural &		2. Review planning, entertainment and licensing policies 3. Establish project group 4. Identify schedule of existing events	1. 2017/2018. 2. 2017/2018 3. 2018/2019 4. 2018/2019	Planning and Licencing Policies

	and visitors Themes: 3a, 3d & 1d		ations, Events and Licensing	visitor attractions, CCC		and activities 5. Identify potential new events and activities 6. Prepare, promote, implement	5. 2018/2019 6. 2018/2019	
10	Improving Chichester's Retail Offer - 1. Side Streets Project 2. Markets and mini- markets project 3. Establish Area and Sector Trading Associations 4. Promotion and presentation of the City Centre Themes: 3b, 3c & 1d	H	BID	CDC BID WSCC VC CCC	BID, CDC, CCC	1. Develop retail strategy focusing on the retail gaps and seeking improved on-brand presence. Include strategy for side streets 2. Review planning constraints 3. Develop over-arching approach to grouping retail and sectorial interests to form formal or informal trading associations 4. Develop actions to drive footfall and increase dwell times for side street retail 5. Develop strategy to encompass existing activities (e.g. flags, Christmas, etc.) and to restore Chichester's holiday and cultural city brands and the lost summer peak 6. Implementation	1. 2018/2019 2. 2018/2019 3. 2018/2019 4. 2018/2019 5. 2019/2020 6. From 2019	
101	Establish thriving evening and night-time economy Themes: 1d, 2e, 3a, 3b, 3c & 3d	H	BID	CDC WSCC Chichester University Chichester College	BID CDC WSCC Arts Council Private Developer s	1. Encourage later opening 5pm to 7pm on Thursdays 2. Review alcohol, entertainment and late-night licencing 3. Review planning policies 4. Identify 'quick wins' to improve the evening economy with existing assets and activities 5. Identify potential new evening and night-time assets 6. Prepare strategy and policies to facilitate and encourage growth of the evening and night-timer economies 7. Implementation	1. 2017/2018 2. 2018/2019 3. 2018/2019 4. 2018/2019 5. 2018/2019 6. 2018/2019 7. From 2019	

Medium Term Projects								
	Project Description and theme *	Priority H/M/L	Lead Partner	Delivery Partners	Potential Funding	Key stages	Timescales (Financial year April to March)	Dependencies
1	West Street Pedestrianisation - refurbishment of cathedral bell tower, provision of 'piazza' and performance space, and improved physical integration of adjoining cultural and visitor attractions Themes: 1a, 1c, 1d, 3a & 3b	M	Chichester Cathedral (Communar)	WSCC Stagecoach CDC	LEP WSCC Cathedral HLF Historic England ACE	1. Prepare an outline scope to inform the transport study, and prepare a brief for feasibility study 2. Secure funding to prepare feasibility study and outline scheme, consult with partners. 3. Prepare and submit funding applications 4. implementation	1. 2018/2019 2. 2019/2020 3. 2020/2021 4. 2021/2022	Completion of the Transport Feasibility Study
2	Review provision of short stay car parks within the City Centre Themes: 2b & 1a	M	CDC – Divisional Manager Place	Chichester District car parking forum WSCC		1. Review of Chichester District Car Parking Strategy 2. Further actions following completion of the Strategy	1. 2018/2019 2.2020/2025	Road Space Audit, Air Quality Action Plan & Completion of the Transport Feasibility Study
3	Public Sector Premises Themes: 2b & 1a	M	WSCC	CDC WSCC CCC		1. Undertake options appraisals for potential alternative uses of public sector land and buildings within the City Centre 2. Further actions following outcome of option appraisal	1. 2018/2019 2. 2019 /2022	
4	'Smart City' Strategy Themes: 1f	M	CDC – Divisional Manger Growth	Fibre Infrastructu re providers Mobile operators BID CDC University of Chichester		1. Assessment to understand 'smart' city technologies and benefits 2. Integrate smart technologies into other strategies and action plans	1. 2018/2019 2. 2019/2020	

6	Establish a small business 'Incubation hub' Themes: 2c & 2e	L	University of Chichester	College BID CDC		1. Assess provision of incubation space to support university and college related employment 2. Further actions TBC	1. 2020/2021 2. 2021/2022	
7	Hornet, St Pancras and Market Avenue carpark Develop welcoming point of entry to the City Centre Themes: 2a,1a,1b, 3b & 3c	M	CDC – Divisional Manager Growth	WSCC HCA Private developers	HIF LEP CDC WSCC Private developers	1. Assess potential to calm traffic and separate pedestrians and vehicles 2. Assess development opportunities following master-planning of Southern and Northern Gateways 3. Instigate preparation of masterplans 7. Adoption of Masterplan 8. Identify funding options and prepare funding bids 9. Develop a business case to support the delivery of the Masterplan including associated infrastructure improvements 10.Implementation	1. 2021 -2022	Road Space Audit, Air Quality Action Plan & Completion of the Transport Feasibility Study

***Key to Themes in Delivery Action Plan**

Theme One	'LIVING' - An Accessible and Attractive City Centre	Theme Two	'WORKING' - A Vibrant and Growing Economy	Theme Three	VISITING' - A Leading Visitor Destination
1 a	Be easily accessible but with less traffic, less pollution, further pedestrianisation and well-coordinated public transport	2 a	Being a city centre that pursues development opportunities and takes a co-ordinated approach to new development	3 a	Present a lively and attractive offering of high quality arts, heritage, culture and leisure opportunities
1 b	Give more priority for walking and cycling, provide access for the elderly and the less abled	2 b	Making better and more efficient use of public sector land	3 b	Offer the best retail experience in the South
1 c	Have attractive streets and open spaces	2 c	Attracting and retaining businesses from a wide range of high earning sectors	3 c	Have an enticing and appealing evening and night time economy where people find a range of activities
1 d	Create an environment that is attractive and welcoming to students and young people, while enhancing life for older people	2 d	Being a centre of learning and harnessing the knowledge of skilled and professional retirees	3 d	Provide a variety of events and activities, and an attractive, clean and welcoming environment
1 e	Encourage more city centre living with a range of accommodation for all demographics	2 e	Retaining graduates and developing a skilled workforce to meet the needs of the City's economy		
1 f	Be a 'smart' city that is digitally connected ensuring access to digital services to support residents, businesses and visitors				

Chichester District Council

THE CABINET

5 December 2017

Determination of the Council Tax Base for 2018-2019

1. Contacts

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2. Executive Summary

The purpose of this report is to set the taxbase for the 2018/19 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.

Grants to parish councils in relation to the Council Tax Reduction scheme will be made in accordance with the principles agreed by Cabinet on 12 July 2016. The figures are shown in appendix 3 to this report.

3. Recommendation

3.1. That the council tax discounts to apply for the 2018-2019 financial year are:-

- (a) Nil discount for second homes (to include those with planning restrictions – (Prescribed classes A & B))**
- (b) Nil discount for vacant, unoccupied and substantially unfurnished properties to include those properties which would previously have qualified for Class C exemption (Prescribed class C)**
- (c) Nil discount for unoccupied properties which would previously have qualified for Class A exemption (properties in need of or undergoing major repair - (Prescribed Class D))**

3.2. That an Empty Home Premium of 50% be charged for the 2018-2019 financial year.

- 3.3. That no additional locally defined classes of discount should be determined for the 2018-2019 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 2018-2019 financial year;**
 - (iii) The calculation of the Council’s taxbase for the year 2018-2019 is approved;**
 - (iv) The amounts calculated by the Council as its council taxbase for the year 2018-2019 for its area and each part of its area shall be those set out in appendices 1 and 2 to this report;**
 - (v) In order to offset some or all of the costs of Council Tax Reduction to local precepting authorities (Parish Councils), a grant is distributed as outlined in appendix 3 and described in paragraphs 6.4 of the agenda 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, the County Council and 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 Taxbase Calculation*** - 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 2018/19. 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 5.2 below).
- 4.3.** Since 1 April 2013 the taxbase calculation for the District also takes account of our Council Tax Reduction (CTR) scheme. Properties where the resident will be in receipt of 100% CTR 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: there are no proposals to alter the locally defined discounts which are shown in appendix 4.

- 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 2018/19 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 but that it would be tapered down to be withdrawn altogether by the end of 2019/20. The grant to parishes was a specific amount for 2013/14 (£194,000). However, from 2014/15 the amount was subsumed into our overall Revenue Support 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. The Revenue Support Grant to this Council will cease after 2017/18 and the parishes have been given notice that the grant will be tapered down each year and withdrawn altogether by the end of 2019/20. The figures for the 2018/19 financial year are shown in appendix 3.

6. Alternatives Considered

- 6.1.** At its meeting on 1 November 2017 Cabinet considered all locally defined discounts and resolved that the discounts shown in appendix 4 should apply for the 2017/18 financial year. There are no proposals to alter them for the 2018/19 financial year.

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 2012 and the results of this were reported to members through the 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 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.
- 8.4. No further consultation has been undertaken during 2017 as no changes are proposed for 2018/19.

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 offset this loss.
- 10.3 Although the CTR scheme for 2018-19 is based on previous schemes it has introduced a new banded class for working age claimants receiving Universal Credit (UC). This introduces a risk that the cost of the scheme will not be consistent with previous years. UC is being rolled out gradually and only UC claims will be subject to the new banded CTR scheme. The cost of the scheme will be closely monitored during 2018/19.

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 2018-2019
- Appendix 2 - Taxbase for each Parish within the District 2018-2019
- Appendix 3 - Agreed allocation of grant to Parish Councils
- Appendix 4 - Taxbase summary of agreed local discounts

12. Background Papers

- 12.1. None

Determination of Taxbase 2018-19

Appendix 1

	Band@	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Chargeable properties *	2.5	2,269.3	4,939.2	12,714.0	10,837.5	7,709.5	5,376.7	5,247.5	1,129.5	50,225.7
Band D equivalents	1.4	1,512.9	3,841.6	11,301.3	10,837.5	9,422.7	7,766.3	8,745.8	2,259.0	55,688.6
Additional 50% income for prescribed classes A & B (Second Homes) as Band D equivalents**										1,838.7
Additional Income for Empty Homes Premium at 50%										36.5
Taxbase deduction for Council Tax Support										-4,226.1
Total Taxbase for the Chichester District for 2018-19										53,337.7
Adjusted for assumed collection rate of 99%										52,804.3

Note;- All calculations are subject to roundings

Notes

* Includes adjustments for Crown Property and property with restricted planning permission

**For calculation purposes

The Taxbase of 55,688.6 includes the additional Band D equivalents for the following prescribed classes

Prescribed Class C 143.8 Band D equivalents

Prescribed Class D 24.9 Band D equivalents

Determination of Taxbase 2018/19

Appendix 2

	Basic Taxbase Second Homes 50%	Second Homes additional 50%	Basic Taxbase for 2018-19	Additional income from Empty Homes Premium	Taxbase deduction for Council Tax Support	Total Taxbase	Adjusted for assumed collection rate of 99%
Appledram	92.2	3.6	95.8	0.0	-3.7	92.1	91.2
Barlavington	54.3	2.7	57.0	0.0	-0.9	56.1	55.5
Bepiton	150.2	2.7	152.9	0.4	-0.8	152.5	151.0
Bignor	64.7	7.8	72.5	0.0	-0.9	71.6	70.9
Birdham	837.3	33.7	871.0	0.0	-44.6	826.4	818.1
Bosham	1,596.5	127.1	1,723.6	0.0	-81.2	1,642.4	1,626.0
Boxgrove	483.3	9.0	492.3	0.0	-52.4	439.9	435.5
Bury	373.5	14.6	388.1	1.6	-13.8	375.9	372.1
Chichester City	12,034.7	235.3	12,270.0	8.1	-1,266.1	11,012.0	10,902.0
Chidham	1,012.0	12.9	1,024.9	0.0	-75.0	949.9	940.4
Cocking	227.6	3.8	231.4	0.0	-16.2	215.2	213.0
Compton	220.0	11.1	231.1	0.0	-6.0	225.1	222.8
Donnington	1,067.1	10.7	1,077.8	0.0	-47.0	1,030.8	1,020.5
Duncton	229.5	7.8	237.3	0.0	-4.9	232.4	230.1
Earnley	310.7	78.5	389.2	0.0	-10.2	379.0	375.2
Eartham	49.6	3.0	52.6	0.0	-1.5	51.1	50.6
Easebourne	1,049.4	20.6	1,070.0	2.0	-61.8	1,010.2	1,000.1
East Dean	118.8	6.5	125.3	0.0	-12.1	113.2	112.1
East Lavington	116.4	11.2	127.6	0.5	-1.6	126.5	125.2
E.Wittering & Bracklesham	2,164.4	142.2	2,306.6	1.4	-236.6	2,071.4	2,050.7
Ebernoe	130.3	6.9	137.2	0.0	-0.6	136.6	135.2
Elsted & Treyford	164.0	12.8	176.8	1.0	-5.1	172.7	171.0
Fernhurst	1,394.1	21.7	1,415.8	0.9	-72.9	1,343.8	1,330.4
Fishbourne	1,137.9	7.7	1,145.6	0.4	-60.2	1,085.8	1,074.9
Fittleworth	536.7	15.4	552.1	0.0	-21.2	530.9	525.6
Funtington	821.3	20.1	841.4	2.1	-36.1	807.4	799.3
Graffham	325.2	15.9	341.1	1.3	-10.6	331.8	328.5
Harting	737.0	26.4	763.4	0.0	-42.3	721.1	713.9
Heyshott	158.8	15.2	174.0	0.0	-9.9	164.1	162.5
Hunston	487.7	5.6	493.3	0.0	-69.9	423.4	419.2
Kirdford	518.6	17.7	536.3	1.6	-28.0	509.9	504.8
Lavant	745.9	15.4	761.3	0.0	-75.1	686.2	679.3
Linch	41.1	3.3	44.4	0.0	-0.3	44.1	43.7

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Determination of Taxbase 2018/19

Appendix 2

Parish	Basic Taxbase Second Homes 50%	Second Homes additional 50%	Basic Taxbase for 2018-19	Additional income from Empty Homes Premium	Taxbase deduction for Council Tax Support	Total Taxbase	Adjusted for assumed collection rate of 99%
Linchmere	1,077.9	9.8	1,087.7	0.0	-34.9	1,052.8	1,042.3
Lodsworth	378.7	22.8	401.5	1.0	-8.6	393.9	390.0
Loxwood	817.2	9.7	826.9	0.0	-35.5	791.4	783.5
Lurgashall	334.6	20.4	355.0	0.6	-8.0	347.6	344.1
Marden	52.9	3.3	56.2	0.0	-0.9	55.3	54.7
Midhurst Town	2,479.2	36.7	2,515.9	0.6	-228.0	2,288.5	2,265.6
Milland	478.1	23.4	501.5	0.0	-10.6	490.9	486.0
North Mundham	644.7	13.4	658.1	0.0	-44.6	613.5	607.4
Northchapel	359.1	2.8	361.9	0.0	-34.7	327.2	323.9
Oving	501.3	10.0	511.3	1.0	-30.6	481.7	476.9
Petworth	1,383.8	34.9	1,418.7	4.1	-125.9	1,296.9	1,283.9
Plaistow & Ifold	1,137.7	17.4	1,155.1	0.0	-19.3	1,135.8	1,124.4
Rogate	809.6	18.8	828.4	0.9	-39.0	790.3	782.4
Selsey Town	4,702.4	188.7	4,891.1	0.8	-529.8	4,362.1	4,318.5
Sidlesham	620.2	24.8	645.0	0.0	-38.7	606.3	600.2
Singleton	258.4	12.3	270.7	0.0	-20.8	249.9	247.4
Southbourne	2,599.3	42.0	2,641.3	1.4	-198.6	2,444.1	2,419.7
Stedham with Iping	436.0	17.4	453.4	0.9	-26.1	428.2	423.9
Stopham	49.3	0.5	49.8	0.0	-3.2	46.6	46.1
Stoughton	346.1	11.6	357.7	0.0	-14.6	343.1	339.7
Sutton	117.7	13.2	130.9	0.0	-3.2	127.7	126.4
Tangmere	1,230.6	7.2	1,237.8	0.0	-124.6	1,113.2	1,102.1
Tillington	303.9	11.7	315.6	0.0	-15.1	300.5	297.5
Trotton with Chithurst	161.5	4.1	165.6	0.6	-10.1	156.1	154.5
Upwaltham	14.1	1.7	15.8	0.0	0.0	15.8	15.6
West Dean	218.7	10.8	229.5	0.0	-14.3	215.2	213.0
West Itchenor	358.1	60.4	418.5	1.0	-3.9	415.6	411.4
West Lavington	167.3	2.7	170.0	0.4	-2.3	168.1	166.4
West Thorney	224.6	0.0	224.6	0.0	0.0	224.6	222.4
West Wittering	1,639.5	237.2	1,876.7	0.9	-86.8	1,790.8	1,772.9
Westbourne	1,015.4	15.4	1,030.8	0.0	-86.1	944.7	935.3
Westhampnett	446.2	7.6	453.8	0.0	-24.6	429.2	424.9
Wisborough Green	780.5	13.2	793.7	1.0	-28.5	766.2	758.5
Woolbeding with Redford	93.2	3.9	97.1	0.0	-4.7	92.4	91.5
Totals	55,688.6	1,838.7	57,527.3	36.5	-4,226.1	53,337.7	52,804.3

Determination of taxbase 2018/19

Appendix 3

Parish	2016-17 Precept	4% of precept	Residual Grant recipients	2017-18 Grant	2018-19 Grant	2019-20 Grant	2020-21 Grant
Appledram	£1,800.00	£72.00	£0.00	£0.00	£0.00	£0.00	£0.00
Barlavington	£2,183.96	£87.36	£0.00	£0.00	£0.00	£0.00	£0.00
Bepton	£3,700.00	£148.00	£0.00	£0.00	£0.00	£0.00	£0.00
Bignor	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Birdham	£44,913.00	£1,796.52	£0.00	£0.00	£0.00	£0.00	£0.00
Bosham	£59,596.92	£2,383.88	£0.00	£0.00	£0.00	£0.00	£0.00
Boxgrove	£29,737.00	£1,189.48	£2,263.40	£2,172.86	£1,455.82	£0.00	£0.00
Bury	£20,932.00	£837.28	£0.00	£0.00	£0.00	£0.00	£0.00
Chichester City	£509,315.00	£20,372.60	£42,984.88	£41,265.48	£27,647.87	£13,617.61	£0.00
Chidham	£32,619.06	£1,304.76	£0.00	£0.00	£0.00	£0.00	£0.00
Cocking	£13,000.00	£520.00	£0.00	£0.00	£0.00	£0.00	£0.00
Compton	£12,000.00	£480.00	£0.00	£0.00	£0.00	£0.00	£0.00
Donnington	£23,270.46	£930.82	£0.00	£0.00	£0.00	£0.00	£0.00
Duncton	£8,000.00	£320.00	£0.00	£0.00	£0.00	£0.00	£0.00
Earnley	£14,810.00	£592.40	£0.00	£0.00	£0.00	£0.00	£0.00
Eartham	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Easebourne	£39,575.64	£1,583.03	£0.00	£0.00	£0.00	£0.00	£0.00
East Dean	£1,170.48	£46.82	£0.00	£0.00	£0.00	£0.00	£0.00
East Lavington	£3,300.00	£132.00	£0.00	£0.00	£0.00	£0.00	£0.00
E.Wittering & Bracklesha	£137,800.00	£5,512.00	£9,638.78	£9,253.23	£6,199.66	£3,053.56	£0.00
Ebernoe	£1,788.00	£71.52	£0.00	£0.00	£0.00	£0.00	£0.00
Elsted & Treyford	£2,883.00	£115.32	£0.00	£0.00	£0.00	£0.00	£0.00
Fernhurst	£73,418.82	£2,936.75	£1,665.66	£1,599.03	£1,071.35	£0.00	£0.00
Fishbourne	£37,788.00	£1,511.52	£1,226.53	£1,177.47	£0.00	£0.00	£0.00
Fittleworth	£17,800.00	£712.00	£0.00	£0.00	£0.00	£0.00	£0.00
Funtington	£19,894.21	£795.77	£0.00	£0.00	£0.00	£0.00	£0.00
Graffham	£12,000.00	£480.00	£0.00	£0.00	£0.00	£0.00	£0.00
Harting	£42,239.00	£1,689.56	£0.00	£0.00	£0.00	£0.00	£0.00
Heyshott	£5,250.00	£210.00	£0.00	£0.00	£0.00	£0.00	£0.00
Hunston	£40,000.00	£1,600.00	£4,266.90	£4,096.22	£2,744.47	£1,351.75	£0.00
Kirdford	£59,997.87	£2,399.91	£0.00	£0.00	£0.00	£0.00	£0.00
Lavant	£22,769.00	£910.76	£1,645.59	£1,579.77	£1,058.45	£0.00	£0.00
Linch	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Linchmere	£60,469.89	£2,418.80	£0.00	£0.00	£0.00	£0.00	£0.00
Lodsworth	£16,081.00	£643.24	£0.00	£0.00	£0.00	£0.00	£0.00

Determination of taxbase 2018/19

Appendix 3

Parish	2016-17 Precept	4% of precept	Residual Grant recipients	2017-18 Grant	2018-19 Grant	2019-20 Grant	2020-21 Grant
Loxwood	£37,843.00	£1,513.72	£0.00	£0.00	£0.00	£0.00	£0.00
Lurgashall	£14,500.00	£580.00	£0.00	£0.00	£0.00	£0.00	£0.00
Marden	0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Midhurst Town	£164,951.43	£6,598.06	£8,520.57	£8,179.74	£5,480.43	£2,699.32	£0.00
Milland	£30,017.00	£1,200.68	£0.00	£0.00	£0.00	£0.00	£0.00
North Mundham	£33,216.24	£1,328.65	£1,730.76	£1,661.53	£1,113.23	£0.00	£0.00
Northchapel	£27,573.00	£1,102.92	£2,427.18	£2,330.09	£1,561.16	£0.00	£0.00
Oving	£35,429.00	£1,417.16	£0.00	£0.00	£0.00	£0.00	£0.00
Petworth	£106,200.00	£4,248.00	£3,484.48	£3,345.10	£2,241.22	£1,103.88	£0.00
Plaistow & Ifold	£40,850.00	£1,634.00	£0.00	£0.00	£0.00	£0.00	£0.00
Rogate	£30,337.05	£1,213.48	£0.00	£0.00	£0.00	£0.00	£0.00
Selsey Town	£290,496.00	£11,619.84	£24,637.63	£23,652.13	£15,846.93	£7,805.20	£0.00
Sidlesham	£25,072.96	£1,002.92	£0.00	£0.00	£0.00	£0.00	£0.00
Singleton	11,800.00	£472.00	£593.74	£569.99	£0.00	£0.00	£0.00
Southbourne	£122,625.00	£4,905.00	£4,474.58	£4,295.60	£2,878.05	£1,417.55	£0.00
Stedham with Iping	£16,950.00	£678.00	£0.00	£0.00	£0.00	£0.00	£0.00
Stopham	£1,451.22	£58.05	£0.00	£0.00	£0.00	£0.00	£0.00
Stoughton	£9,000.00	£360.00	£0.00	£0.00	£0.00	£0.00	£0.00
Sutton	£5,196.04	£207.84	£0.00	£0.00	£0.00	£0.00	£0.00
Tangmere	£60,000.00	£2,400.00	£6,209.28	£5,960.91	£3,993.81	£1,967.10	£0.00
Tillington	£15,902.35	£636.09	£0.00	£0.00	£0.00	£0.00	£0.00
Trotton with Chithurst	3,000.00	£120.00	£0.00	£0.00	£0.00	£0.00	£0.00
Upwaltham	0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
West Dean	£10,555.00	£422.20	£0.00	£0.00	£0.00	£0.00	£0.00
West Itchenor	£21,300.00	£852.00	£0.00	£0.00	£0.00	£0.00	£0.00
West Lavington	£1,200.00	£48.00	£0.00	£0.00	£0.00	£0.00	£0.00
West Thorney	0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
West Wittering	£96,713.00	£3,868.52	£0.00	£0.00	£0.00	£0.00	£0.00
Westbourne	£59,235.00	£2,369.40	£4,182.16	£4,014.87	£2,689.96	£1,324.91	£0.00
Westhampnett	£20,500.00	£820.00	£0.00	£0.00	£0.00	£0.00	£0.00
Wisborough Green	£54,963.39	£2,198.54	£0.00	£0.00	£0.00	£0.00	£0.00
Woolbeding with Redford	£4,530.00	£181.20	£0.00	£0.00	£0.00	£0.00	£0.00

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	£2,721,508.99		£119,952.12	£115,154.04	£75,982.41	£34,340.88	£0.00
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Summary of locally defined discounts

- 1.1. **Local discounts:** The Local Government Finance Act 2003 (2003 Act) provided devolved powers for billing authorities to make decisions on council tax discounts for certain dwellings based on local circumstances such as second homes and long term empty dwellings. Additional freedoms have been added by the Local Government Finance Act 2012 (2012 Act): extending the range of discounts that can be awarded to second homes, allowing for an 'empty home premium', and allowing charging up to 100% Council Tax for some properties that were previously exempt. It is recommended that some of these additional freedoms to raise the level of Council Tax on some properties are used in order to meet the additional cost of the local Council Tax Reduction Scheme.
- 1.2. The 2003 Act provided for three "prescribed classes" (A, B and C) of dwelling for which billing authorities may vary the discount awarded. The 2012 regulations expanded the range of discounts which may be given to these prescribed classes.
- 1.3. Prescribed classes A and B relate to unoccupied, furnished properties, i.e. second homes. Between 2004/5, when the 2003 regulations came into force, and 2012/13, the Council set the discount for second homes at the minimum permissible i.e. 10%. The discount was reduced to nil for 2013/14 and each subsequent year since then. At its meeting on 1 November 2016 Cabinet resolved to set the discount to nil for 2017/18 as the Council does not accept that there is a valid reason for treating second homes more favourably than first homes.
- 1.4. Prescribed class C relates to substantially unfurnished and unoccupied properties for which the discount may be between 50% and nil. Since 2004/5 the Council has set the discount for these empty properties at nil and it is proposed to continue this. The old Class C exemption included vacant (unoccupied and substantially unfurnished) properties up to a maximum of 6 months which now fall into Prescribed class C. The Council has set the discount at nil for these empty properties since April 2013/14 and each subsequent year since then. On the 1 November 2016 the Cabinet resolved that for the 2017/18 financial year a zero discount should continue to apply for unoccupied and unfurnished properties, meaning that the full council tax will be payable, in order that owners are encouraged to bring their properties back into full occupancy as swiftly as possible.
- 1.5. In addition to these local discounts, the 2012 Act gave Councils the power to impose an Empty Homes Premium on properties that have been vacant for more than 2 years. At its meeting on 3 June 2014 the Cabinet resolved that for the 2014/15 financial year the Empty Homes Premium should be levied on all eligible properties that had remained vacant for two years or more. This continued for the financial years 2015/16 & 2016/17. On the 1 November 2016 Cabinet resolved that for the 2017/18 financial year the

Empty Homes Premium should continue to be levied on all eligible properties that had remained vacant for two years or more. Bringing empty properties back into use forms part of the Council's 2013-18 Housing Strategy and the extra cost of an Empty Homes Premium may encourage owners of long term empty properties to bring them back into use.

- 1.6. A local discount (Prescribed class D) of between nil and 100% replaced Class A exemptions, from 1 April 2013. Prescribed class D relates to properties in need of or undergoing major repair to render the property habitable or which were structural alterations, or less than six months has elapsed since the completion of such works. On the 1 November 2016 Cabinet resolved that for the 2017/18 financial year the discount for this type of property be set at zero %. This will encourage owners to bring properties back into the available housing stock as quickly as possible by refurbishing properties in need of major repair in a timely manner. In terms of structural alterations the Council does not accept that those property owners who are making this type of alteration should be treated more favourably than other property owners in the district.
- 1.7. Section 13A(1) of the Local Government Finance Act 1992, as amended by the 2012 Act, allows the Council to set a class of person who will have their council tax reduced. It is not recommended that any such classes should be set.

Chichester District Council

THE CABINET

5 December 2017

Parking Payment Machines

1. Contacts

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Cabinet Member:

Tony Dignum - Leader of the Council

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2. Recommendation

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

3. Background

- 3.1 Cabinet resolved in April 2016 that debit, credit and contactless payment machines for all car parks in the city would be introduced, with at least one machine accepting card and contactless to be available in each rural car park by 2018. All machines within the city car parks have been replaced with machines accepting coin, card and contactless. It is now the intention to cover the installation of payment option into the rural car parks, and whilst this work has started at Bracklesham, due to the machines being at the end of their life, there is a need for additional funding to cover the replacement of machines in the remaining rural car parks.
- 3.2 The new machines are all solar powered and are linked to a back office system which assists with income reconciliation, audit processes and the remote overview of any machine faults which can then be rectified at the earliest opportunity.
- 3.3 Following the introduction of these machines in the city, there has been a significant reduction in the number of machine faults being reported to our contact centre. For September 2017 the number of machine faults being reported was 27 compared with 94 in September 2016. There has also been a channel shift from coin payment to card and contactless payment, with very positive feedback having been received from customers. To complement our parking payment methods, the MiPermit payment by phone / app was introduced to all district car parks in January 2017. This has also proven extremely popular.

4. Outcomes to be Achieved

- 4.1 To provide parking payment options which are modern, innovative and meet the requirements of our customers. Also to enhance solar powered technology which will

result in potential savings across the council's parking stock. It is anticipated that these electricity savings will be approximately £10,000 per year.

- 4.2 It has been ten years since contactless payment cards were introduced in the UK. It is predicted that by 2021 there will be an increase of 317% in contactless payments. Since the introduction of card and contactless payment facilities across all car parks in the city during March 2017, there has been a steady increase in the level of payment made by non-coin methods (20% in the first quarter and 23% in the second quarter. It is anticipated that this will increase to 25% by the end of the third quarter and is anticipated that payment by non-cash means should be around 30% by the end of financial year 2018). Customer satisfaction has risen significantly. The allocation of funding to assist with further improvements to the council's rural car parks will continue to support the parking service provided in order that customers have a number of payment options.

5. Proposal

- 5.1 It is proposed that a wholesale review of all rural car park machines is undertaken, There will be some consolidation of machines to reflect the anticipated reduction of cash and channel shift to card / contactless / phone / app within car parks and therefore a reduction in the total number of machines required. Given the current tariff in some of the rural car parks where a 'free' period of parking is permitted, the new machines will require keypads for customers to insert the vehicle registration mark which is displayed on the ticket. This is an additional cost to those machines. The preferred approach is that £97,000 should be allocated from the existing asset replacement budget to cover the replacement of all remaining rural parking payment machines.

6. Alternatives Considered

- 6.1 Whilst the initial resolution from Cabinet suggested that one machine in each rural and coastal car park should have card and contactless payment by 2018, evidence has shown that customers do not walk from one car park machine to another looking for different payment methods (despite signage having been installed). This is not therefore the proposed option.

7. Resource and Legal Implications

- 7.1 The ESPO 509 Framework agreement for parking Management Solutions will be used to purchase the machines, which will require some assistance from the Procurement and Legal teams. It is anticipated that the funds required to achieve this outcome will be covered within existing asset replacement budget. There is likely to be continued savings from electrical costs within the car parks which are estimated to be in the region of £10,000 per annum.
- 7.2 In addition, with the increase in level of payments made by card / contact, rather than coin, there will be a reduction in the number of cash collections required by G4S which will result in a saving to the G4S contract. Budget to cover ongoing replacement of parking payment machines will be considered as part of the review of the Asset Replacement Programme which is due to take place shortly.

8. Consultation

- 8.1 Formal consultation is not required for the replacement of parking payment machines, although discussions have been held at the Chichester District Parking Forum relating to parking payment options which are in place across the district. The Parking Forum is very supportive of improving and developing our services to customers.

9. Community impact and corporate risks

- 9.1 Improved parking payment machines will further assist the modernisation of the Council's parking service and will enhance the visitor experience within the district. Reducing cash within machines reduces the risks associated with machine break-ins and cash in transit.

10. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		X
Climate Change Solar powered parking payment machines will reduce the electrical demands across our 29 car parks and thus have a positive impact on our environmental footprint.	X	
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
Other (please specify) e.g. biodiversity		X

11. Appendices

- 11.1 None

12. Background Papers

- 12.1 None

Appointments to Outside Organisations – West Sussex Joint leaders Group

1. Contacts

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Cabinet Member:

Tony Dignum - Leader of the Council

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2. Recommendation

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

3. Background

- 3.1 At its meeting held on 3 October 2017 Cabinet approved the appointment of Peter Wilding to replace Tony Dignum as Chichester District Council's representative on various outside organisation appointments to take effect from 1 January 2018.

4. Proposal

- 4.1 One of the appointments that Peter Wilding was appointed to at the meeting was the West Sussex Joint Leaders Group. However, this appointment is for the Leader of the Council only.
- 4.2 The report seeks to re-appoint Tony Dignum as the Council's representative.

5. Appendix

- 5.1 None

5. Background Papers

- 6.1 None

Chichester District Council

THE CABINET

5 December 2017

Review of Rural Settlement List

1. Contacts

Report Author:

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Cabinet Member:

Philippa Hardwick - Cabinet Member for Finance Services

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2. Recommendation

- 2.1 That the amended Rural Settlement List be approved for publication as set out in the appendix to the agenda report.**

3. Background

- 3.1 Section 42A of the Local Government Finance Act 1988 as amended by the Local Government and Rating Act 1997 requires billing authorities, such as Chichester District Council, to compile and maintain a rural settlement list.
- 3.2 The settlements shown in the list are those which appear to the authority to have a population of not more than 3,000 on the 31 December immediately before the beginning of the following financial year (1 April).
- 3.3 A rural settlement list must identify the boundary of each settlement, whether by defining the boundaries by ward or parish or referring to boundaries in a map or other document. The rural settlement list, as shown in appendix 1, has been defined by reference to maps, rather than accepting ward or parish boundaries, to be the boundary of the settlement. The purpose of the Rural Settlement List is to allow the Council to grant within the specified limits, Rural Rate Relief to rural post offices, village shops, public houses and petrol stations.
- 3.4 The list is reviewed each year to ensure that as many qualifying businesses as possible benefit from rate relief. This is the first proposed amendment to the list since December 2002.

4. Outcomes to be Achieved

- 4.1 To maintain the rural settlement list in accordance with regulations.
- 4.2 If approved, the number of rural settlements within the district will increase to incorporate the new rural settlement of Hampers Green.

- 4.3 To continue to support the sustainability of our rural communities by ensuring that the access to rate relief is maximised through the rural settlement list.

5. Proposal

- 5.1 The 2017 review of the list has identified that the rural settlement of Petworth has the potential to exceed its rural settlement population of 3,000. As a consequence a new rural settlement, Hampers Green, has been created.
- 5.2 Hampers Green was chosen as it is already an established historic settlement within the Parish of Petworth and the proposed rural settlement contains approximately 70 dwellings, a community hall and village pub.
- 5.3 As a consequence of creating a new rural settlement within the Parish of Petworth, the potential for the Petworth rural settlement to exceed a population of over 3,000 will be diminished.
- 5.4 That the area known as 'Hampers Green' be included in the Rural Settlement List from April 2018.
- 5.5 That the amended Rural Settlement list as set out in Appendix 1 is approved.

6. Alternatives Considered

- 6.1 To declassify Petworth as a rural settlement for business rate purposes. Currently no businesses within the Petworth settlement receive rural rate relief. However by declassifying Petworth, potentially a new rural business such as a village petrol station may not qualify for a reduction. This in turn discouraging them from opening the business within the settlement area.

7. Resource and Legal Implications

- 7.1 Any awards of mandatory or discretionary relief will be shared with the preceptors and central governments under the business rate retention scheme. Amending the list as proposed does not result in additional relief awards.

8. Consultation

- 8.1 There is no formal consultation but if the authority considers that alterations are required to the list for the forthcoming financial year it must make the draft list available for inspection for the three months preceding the beginning of that year.

9. Community Impact and Corporate Risks

- 9.1 If the rural settlement list is not accurately maintained it could have an adverse impact on rural communities by limiting access to rural rate relief. Rural rate relief provides financial support to rural shops, post offices, pubs and petrol filling stations helping them to remain viable and able to provide valuable services to our rural communities.

10. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		No
Climate Change: Are there any implications for the mitigation of or adaptation to climate change? If in doubt, seek advice from the Environmental Strategy Unit (ESU).		No
Human Rights and Equality Impact You should complete an Equality Impact Assessment when developing new services, policies or projects or significantly changing existing ones. For more information, see Equalities FAQs and guidance on the intranet or contact Corporate Policy.		No
Safeguarding and Early Help		No
Other (please specify) eg biodiversity		No

11. Appendices

11.1 Rural Settlement list.

12. Background Papers

None

Appendix 1

**CHICHESTER
DISTRICT
COUNCIL**

RURAL SETTLEMENT LIST

RURAL AREA (PARISH)	SETTLEMENT	BOUNDARIES NUMBER
APPLEDRAM	APULDRAM	1
	DELL QUAY	2
BARLAVINGTON	BARLAVINGTON	3
BEPTON	BEPTON	4
BIRDHAM	BIRDHAM	5
	SHIPTON GREEN (PART)	6
BIGNOR	BIGNOR	7
BOSHAM	BOSHAM	8
	BROADBRIDGE	9
BOXGROVE	BOXGROVE	10
	CROCKERHILL	11
	HALNAKER	12
	STRETTINGTON	13
BURY	BURY	14
	WEST BURTON	15
CHIDHAM	CHIDHAM NORTH	16
	CHIDHAM SOUTH	17
	HAMBROOK (PART)	18
COCKING	COCKING	19
COMPTON	COMPTON	20
	UP MARDEN	21
	WEST MARDEN	22
DONNINGTON	DONNINGTON	23

	STOCKBRIDGE	24
DUNCTON	DUNCTON	25
EARNLEY	ALMODINGTON (PART)	26
	EARNLEY	27
EARTHAM	EARTHAM	28
EASEBOURNE	EASEBOURNE	29
	HENLEY (PART)	30
	UPPER EASEBOURNE	31
EAST DEAN	EAST DEAN	32
EAST LAVINGTON	UPPER NORWOOD	33
EBERNOE	BALLS CROSS	34
	EBERNOE	35
ELSTED	ELSTED	36
	ELSTED MARSH	37
FERNHURST	CAMELSDALE (PART)	38
	FERNHURST	39
	HENLEY (PART)	40
	KINGSLEY GREEN	41
FISHBOURNE	FISHBOURNE	42
FITTLEWORTH	COATES	43
	FITTLEWORTH	44
	LITTLE BOGNOR	45
FUNTINGTON	EAST ASHLING	46
	FUNTINGTON	47
	WEST ASHLING	48
	WEST STOKE	49
GRAFFHAM	GRAFFHAM	50
	SELHAM (PART)	51
	SOUTH AMBERSHAM	52
HARTING	EAST HARTING	53
	NYEWOOD (PART)	54
	SOUTH HARTING	55
	WEST HARTING	56
HEYSHOTT	HEYSHOTT	57

HUNSTON	HUNSTON	58
KIRDFORD	KIRDFORD	59
LAVANT	EAST LAVANT	60
	MID LAVANT	61
LINCH	LINCH	62
LINCHMERE	CAMELSDALE	63
	HAMMER	64
	LYNCHMERE (LINCHMERE)	65
LODSWORTH	HALFWAY BRIDGE	66
	LICKFOLD	67
	LODSWORTH	68
	SELHAM (PART)	69
LOXWOOD	ALFOLD BARS	70
	LOXWOOD	71
LURGASHALL	HILLGROVE	72
	LURGASHALL	73
MARDEN	EAST MARDEN	74
	NORTH MARDEN	75
MILLAND	BORDEN	76
	MILLAND	77
NORTH MUNDHAM	NORTH MUNDHAM	78
	RUNCTON	79
	SOUTH MUNDHAM	80
NORTHCHAPEL	NORTHCHAPEL	81
OVING	COLWORTH	82
	MAUDLIN (PART)	83
	MERSTON	84
	OVING	85
	SHOPWYKE	86
PETWORTH	BYWORTH	87
	PETWORTH	88a
	HAMPERS GREEN	88b
PLAISTOW	IFOLD	89
	PLAISTOW	90
	SHILLINGLEE	91

ROGATE	FYNING	92
	HILL BROW	93
	NYEWOOD (PART)	94
	RAKE	95
	ROGATE	96
	TERWICK COMMON	97
SELSEY	CHURCH NORTON	98
	UPPER NORTON	99
SIDLESHAM	ALMODINGTON (PART)	100
	HIGHLEIGH	101
	SIDLESHAM CHURCH	102
	SIDLESHAM COMMON	103
	SIDLESHAM QUAY	104
SINGLETON	CHARLTON	105
	SINGLETON	106
SOUTHBOURNE	HAMBROOK (PART)	153
	HERMITAGE	154
	NUTBOURNE	155
	PRINSTED	156
STEDHAM WITH IPING	IPING	107
	MINSTED	108
	STEDHAM	109
STOPHAM	STOPHAM	110
STOUGHTON	FORESTSIDE	111
	STOUGHTON	112
	WALDERTON	113
SUTTON	SUTTON	114
TANGMERE	EASTHAMPNETT	116
	TANGMERE	115
TILLINGTON	RIVER	117
	TILLINGTON	118
	UPPERTON	119
TREYFORD	DIDLING	120
	TREYFORD	121
TROTTON WITH CHITHURST	CHITHURST	122
	DUMPFORD	123
	TROTTON	124

UPWALTHAM	UPWALTHAM	125
WEST DEAN	CHILGROVE	126
	WEST DEAN	127
WEST ITCHENOR	SHIPTON GREEN (PART)	128
	WEST ITCHENOR	129
WEST LAVINGTON	WEST LAVINGTON	130
WEST THORNEY	THORNEY ISLAND	140
WEST WITTERING	SHIPTON GREEN (PART)	141
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WESTBOURNE	ALDSWORTH	143
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WESTHAMPNETT	MAUDLIN	146
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Chichester District Council

THE CABINET

5 December 2017

Treasury Management – 2017-2018 Half-yearly Update

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2. Recommendation

- 2.1. That the Cabinet considers the Treasury Management activity and performance for 2017-2018 to date together with any comments made by Corporate Governance and Audit Committee.**

3. Background

- 3.1. The Treasury Management performance outlined in this report was considered by Corporate Governance and Audit Committee on 23 November 2017. A verbal update on this, and any comments or amendments requested, will be provided to the Cabinet before they consider this report.
- 3.2. The Authority has continued to invest substantial sums of money and presently has a Treasury portfolio in excess of £60m. The graph below shows the movement in various asset classes over the past year. The main changes being investments in the Local Authority Property Fund and other external funds starting February 2016 with a corresponding reduction in funds deposited with other Local Authorities over that same period.
- 3.3. The Council's Treasury team are presently responding to three important regulatory changes:
- The second Markets in Financial Instruments Directive (MiFID II)
 - CIPFA's proposals to update the Prudential and Treasury Management Codes
 - European Money Market Reform
- 3.4. These developments are summarised in Appendix 2 and any changes required to the draft 2018-19 Treasury Strategy are due to be considered by the Cabinet on 6 February 2018.

4. Borrowing

- 4.1. The Authority does not presently expect to undertake any borrowing in 2017/18.

5. Benchmarking

Security

Measure	Qtr3	Qtr4	Qtr 1	Qtr 2	Non-met District average	Rating
	16-17	16-17	17-18	17-18		
Average Credit Score (time-weighted)	4.01	4.07	4.18	4.27	4.28	AMBER
Average Credit Rating (time weighted)	AA-	AA-	AA-	AA-	AA-	GREEN
Proportion Exposed to Bail-in (%)	40	48	54	60	65	GREEN

- 5.1. The increase in average time weighted credit score over the period (4.18 to 4.27) since 31 June 2017 is driven by three investments in Corporate Bonds during Q2. Risk associated with these investments is managed by restricting the maximum amount and duration that investments can be made for.

Liquidity

Measure	Qtr3	Qtr4	Qtr 1	Qtr 2	Non-met districts (average)	Rating
	16-17	16-17	17-18	17-18		
Proportion available within 7 days (%)	21	24	17	18	38	GREEN
Proportion available within 100 days (%)	52	47	48	38	61	GREEN
Average days to maturity	176	174	177	161	108	GREEN

- 5.2. The relatively low proportion of funds available within 7 days reflects the Council's active management of its investments and the longer term investments made recently in pooled funds.

Return

Measure	Qtr3	Qtr4	Qtr 1	Qtr2	Non-met districts (average)	Rating
	16-17	16-17	17-18	17-18		
Internal investment return %	0.73	0.68	0.65	0.52	0.51	GREEN
External funds –	4.31	4.50	4.35	4.38	3.56	GREEN

income return %						
External funds – capital gains/losses %	(8.00)	(3.77)	(0.81)	2.19	0.99	GREEN
Total treasury Investments – income return %	1.29	1.37	1.93	1.62	1.12	GREEN
Property – income return % (1)	7.82					

¹ Note: This figure has been calculated from the Council’s audited statement of accounts, adjusting for changes in fair value.

5.3. The overall internal investment return on internal treasury investments continues to exceed the benchmark measure. This quarter showed the first overall capital growth in the Council’s pooled and property funds and as a result the indicator has been re-categorised as Green (from Red).

5.4. The return for the previous four quarters on our £10m investment in the Local Authority Property Fund is shown below

	Dividend £	Dividend % (p.a.)
October – December 2016	105,239	4.2
January 2017 – March 2017	105,216	4.2
April - June 2017	109,243	4.4
July - September 2017	123,123	4.8
Total for 12 months to September	442,821	4.5

5.5. The return on our investments with external pooled funds is as follows

	Balance £	Income return % (p.a.)
Investec	3,650,000	4.55
Columbia Threadneedle	2,650,000	3.55
M&G	1,650,000	No data yet ¹

6. Treasury management activity

6.1. The following exceptions have been recorded between April and September. Each was reported as soon as identified to the Council’s Section 151 officer.

July 2017

- £2m was invested with National Counties Building Society. This amount exceeded the limit for unsecured building society deposits (£1m). The Council’s Treasury system alerted officers to this exception but unfortunately

¹ M&G dividends are paid half yearly

the deal had already been confirmed with the broker and the Council was committed to honour it. The deposit was repaid in full on 13 October 2017.

- The Council's bank account was overdrawn by £54,000 overnight as a redemption requested from Standard Life did not arrive until the following day.

September 2017

- The limit on unsecured investments (£20m) was exceeded by £1m for 7 days. It is not possible to monitor this via the Council's Treasury management system and a reminder has been given to officers to conduct a manual check on this limit going forward. The investment made was above our minimum lending criteria (AA-) and for a very short period of 7 days.

7. Consultation

- 7.1. A workshop 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 in particular are encouraged to attend the next training session which is scheduled for 8 December.

8. Resource and Legal Implications

- 8.1. 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.

9. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		X
Climate Change Solar powered parking payment machines will reduce the electrical demands across our 29 car parks and thus have a positive impact on our environmental footprint.		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
Other (please specify) e.g. biodiversity		X

10. Appendices

- 10.1. Appendix 1 – Economic and credit commentary
 10.2. Appendix 2 – Regulatory update
 10.3. Appendix 2 – Other Treasury Indicators

Economic and credit commentary

Summarised from information provided by Arlingclose

Economic background: The major external influence on the Authority's treasury management going forward will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remains relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. However, this effect is expected to fall out of year-on-year inflation measures during 2018, removing pressure on the Bank of England to raise interest rates.

In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

Credit outlook: High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain very low.

Interest rate forecast: Following the Bank of England's decision on 2 November 2017 to increase Bank Rate by 0.25 percentage points, to 0.5% Arlingclose's updated central forecast is for the base rate to remain at 0.5% until December 2020, with equal upside and downside risk.

Regulatory update**The second Markets in Financial Instruments Directive (MiFID II)**

Local authorities are currently treated by regulated financial services firms as professional clients who can “opt down” to be treated as retail clients instead. But from 3rd January 2018, as a result of the second Markets in Financial Instruments Directive (MiFID II), local authorities will be treated as retail clients who can “opt up” to be professional clients, providing that they meet certain criteria. Regulated financial services firms include banks, brokers, advisers, fund managers and custodians, but only where they are selling, arranging, advising or managing designated investments.

To opt up to professional status, the authority must have an investment balance of at least £10 million, and the person authorised to make investment decisions on behalf of the authority must have at least one year’s relevant professional experience. In addition, the firm must assess that that person has the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The main additional protection for retail clients is a duty on the firm to ensure that the investment is “suitable” for the client. However, local authorities are not protected by the Financial Services Compensation Scheme nor are they eligible to complain to the Financial Ombudsman Service whether they are retail or professional clients. It is also likely that retail clients will face an increased cost and potentially restricted access to certain products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice. The Council has declined to opt down to retail client status in the past as the costs were thought to outweigh the benefits.

The authority meets the conditions to opt up to professional status and intends to do so in order to maintain their current MiFID status.

CIPFA Prudential and Treasury Management Codes

The proposed changes to the Prudential Code include the production of a new high-level Capital Strategy report to full council which will cover the basics of the capital programme and treasury management.

Proposed changes to the Treasury Management Code include the potential for non-treasury investments such as commercial investments in properties, to come into the definition of “investments” as well as loans made or shares brought for service purposes.

Another proposed change is the inclusion of financial guarantees as instruments requiring risk management and addressed within the Treasury Management Strategy. Approval of the technical detail of the Treasury Management Strategy may be delegated to a committee rather than needing approval of full Council.

There are also plans to drop or alter some of the current treasury management indicators.

European Money Market Reform

The EU has been concerned about aspects of the present money market for some time and has recently issued regulations that will be implemented over the next 18 months until January 2019.

In short, the regulations mean that the majority of available Money Market Funds (MMF) will elect to become Low Volatility NAV during 2018. In 'normal' market circumstances, LVNAV should operate in the same way as our present funds, but under very stressed market conditions, it is possible that the value of funds invested in MMF will change.

At present the Council uses MMF for liquidity management. There are limited (and narrowing) options for other liquidity deposits other than the DMO or overnight deposits with banks and LVNAV funds will still offer benefits of diversification, security and liquidity.

Other Treasury Management Indicators

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

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 during the year were:

	2017-18	2018-19	2019-20
Upper limit on fixed interest rate exposure	£28m/40%	£24m/40%	£22m/40%
CDC Actual (30 September 2017)	£5m/8%		
Upper limit on variable interest rate exposure	£70m/100%	£60m/100%	£55m/100%
CDC Actual	£38.7m/63% ²		

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.

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 actual principal sum invested to final maturities beyond 31 March 2018 is forecast to be:

	2017-18	2018-19	2019-20
Limit on principal invested beyond year end	£35m	£30m	£25m
CDC Actual (30 September 2017)	£23.9m	£20.9m	£23m

² The residual 29% is invested in asset classes where returns are based on dividend distributions rather than interest rates