

# Public Document Pack



Minutes of the meeting of the **Cabinet** held in Committee Room 2 - East Pallant House on Tuesday 4 February 2020 at 9.30 am

**Members Present** Mrs E Lintill (Chairman), Mrs S Taylor (Vice-Chairman), Mr M Bell, Mr R Briscoe, Mrs P Plant and Mr P Wilding

**Members Absent** Mrs N Graves

**In attendance by invitation**

**Officers Present** Mr T Ayling (Divisional Manager for Planning Policy), Mrs H Belenger (Divisional Manager for Financial Services), Mr M Catlow (Group Accountant (Technical and Exchequer)), Mr D Cooper (Group Accountant), Mrs K Dower (Principal Planning Officer (Infrastructure Planning)), Miss Stephanie Evans (Environmental Coordinator), Mrs A-M Ferrier (Planning Policy Officer), Mr A Frost (Director of Planning and Environment), Mrs L Grange (Divisional Manager for Housing), Miss L Higenbottam (Democratic Services Manager), Mrs J Hotchkiss (Director of Growth and Place), Mrs V McKay (Divisional Manager for Growth), Ms V Owen (Principal Planning Policy Officer), Mrs M Rogers (Benefits Manager), Mrs D Shepherd (Chief Executive) and Mr J Ward (Director of Corporate Services)

## 97 **Chairman's Announcements**

Mrs Lintill greeted Chichester District Council (CDC) members, officers and all those present.

Mrs Lintill then read the emergency evacuation procedure.

Apologies for absence were received from Mrs Graves.

## 98 **Approval of Minutes**

The Cabinet received the minutes of the meeting held on 7 January 2020 which had been circulated with the agenda.

There were no proposed changes to the minutes.

## **RESOLVED**

That the minutes of the Cabinet meeting held on 7 January 2020 be approved.

### **99 Declarations of Interests**

There were no declarations of interest.

### **100 Public Question Time**

There were no public questions.

### **101 Draft Treasury Management, Investment and Capital Strategy 2020-21**

Mr Wilding introduced the report. He explained that the council is required by both the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing and Local Government (MHCLG) to approve a Treasury Management Strategy, an Investment Strategy and Capital Strategy each year. He drew attention to new section to the Treasury Management Strategy (page 14 of the Supplement to the agenda pack). The new section to read as follows:

#### **Ethical Investments**

*Statutory guidance issued by CIPFA and MHCLG makes it clear that all treasury investments must adopt security, liquidity and yield (SLY) principles; ethical issues then play a subordinate role to those priorities. Nevertheless, there are a growing number of financial institutions and fund managers promoting Environmental, Social and Governance (ESG) products. The Director of Corporate Services will consider such investments when deemed appropriate within the Council's overall treasury management policies, objectives and the risk management framework set out in this document.*

Mr Wilding outlined a number of other changes to the draft Treasury Management and Investment Strategy (the page numbers referenced relate to the small figures in the agenda pack):

- On page 6, the figures in table 2 now include Forecast CIL balances.
- On page 7, a new section on proportionality has been included.
- On page 9 and 10: The limit on non LAPF pooled funds has been increased from £25 million to £30 million and a new investment vehicle, Real Estate Investment Trusts (REITs) included with an investment limit of £4 million.
- On page 14, Table 5 increased Treasury Investment Limits for each type of investment.
- On page 16, Table 6 increased limits for external debt.

Mr Wilding added that last year the council was required to publish a Capital strategy for the first time. The Strategy is an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local services and how associated risk is managed by the council. The Capital Strategy for 2020/21 to 2024/25 remains unchanged from last year except for updated figures in the tables.

Mr Wilding explained that the Treasury Management, Investment and Capital Strategy were reviewed by the Corporate Governance and Audit Committee on 23 January 2020 and the Committee made the following recommendations:

- In the Treasury Management Strategy, a new section on Ethical, Social and Governance Investments should be included at the end of the section on pooled funds on page 12. A copy of this has been distributed to members of the Cabinet.
- Before making a potential investment decision with respect to Real Estate Investment Trusts (REIT) officers will after obtaining the appropriate professional advice consult the Cabinet Member for Financial Services and the chairman of the Corporate Governance and Audit Committee

Officers were also asked for clarification on the CIL figures used for Table 2 detailed on page 6 of the agenda pack and the New Homes Bonus figures on page 4 of the Capital Strategy. Officers amended the New Homes Bonus figures for publication in the Cabinet agenda.

With regards to table 2 on page 8 of the supplement to the agenda pack Mrs Plant commented that she would like to receive further information about the external investments pooled fund in due course. With reference to page 34 of the pack she then requested clarification on why the total investment figure had significantly reduced. Mr Ward explained that table 2 on page 8 demonstrates the forecast the cash flow position which ensures that the council is not over committed long term. Mr Catlow added that the council is currently in a position where it does not need to borrow to finance the capital programme demonstrating that investment is affordable.

Members requested clarification on why there is no figure relating to Community Infrastructure Levy (CIL) in 2023. Mr Catlow explained that the figures are forecasts prepared by officers responsible for the CIL scheme and are only intended to be a rough cash flow estimate sufficient for the purposes of demonstrating our long term investing position.

With reference to page 12 Mrs Lintill asked for a definition of REITs. Mr Catlow explained that it is a vehicle to finance the purchase of property investment. Mr Ward went on to provide an example of an organisation which is being considered for possible investment by the Council. That particular REIT purchases and adapts property in order to lease them to Registered Social Landlords (RSLs) for residents in need of additional support. The RSL guarantees the rental income to the REIT by way of enhanced Housing Benefit and so represents both a good financial investment, and also provides some social benefit as well.

*With regard to a query from Mrs Plant about the abbreviation ESG after the meeting Mr Catlow was able to confirm that the E stands for Environmental. Ethical is the umbrella term that is applied to Environmental, Social and Governance standards.*

## *Decision*

The Cabinet then voted unanimously to make the recommendations below.

### **RECOMMENDED TO COUNCIL**

That having considered the comments from the Corporate Governance and Audit Committee Cabinet recommends to Council:

1. That the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Investment Strategy, and the relevant indicators for 2020-21 as amended be approved and;
2. The Capital Strategy for 2020-21 to 2024-25 be approved.

### **102 Budget Spending Plans 2020-21**

Mr Wilding introduced the item. He explained that the report follows on from Council's approval of our Financial Strategy in December 2019. He confirmed that Full Council will set the budget and Council tax in March 2020. He explained that the report focusses on the Budget Spending Plans of each of Cabinet member's portfolios and how these aggregate and underpin the balanced budget presented.

Mr Wilding acknowledged that the budget process involves co-operation between individual budget managers and the council's finance team, overseen by the Strategic Leadership Team. The process ensures that service delivery priorities are met within the constraints on public sector financial resources.

Mr Wilding then confirmed that the draft financial settlement from the Government had been broadly as anticipated with the 2020-21 settlement effectively an extension to the previously agreed four-year settlement due to the Government Funding reforms being delayed until 2021-22.

Mr Wilding then drew attention to some of the key variables and issues that impact the forthcoming financial year detailed in the report and supporting appendices, namely, income from fees, charges and rents; use of reserves; and Council tax. With regard to Council Tax he explained that he felt that the council should take up central government's offer of allowing a rise in Council Tax by £5 for Band D properties (or less than 10 pence per week) and equivalent increases for other property Bands. He explained that it will help to offset the continued reduction of central government funding by generating an extra £270,667 per year to assist in closing the budget deficit that would otherwise emerge in the medium term. He confirmed that to not approve an increase would leave the council with a deficit to address in later years. In addition there will be continued work on the 2016 deficit reduction plan which aims to generate further income and savings amounting to just under £1 million over the next 5 years.

Mr Wilding then explained the overall 2020-21 budget summarised in the income and expenditure statement as detailed at pages 62 and 63 of the agenda pack. He added that a corrected page 63 was circulated as a supplementary agenda paper. There is a net revenue requirement of £14.236 million with the draft budget showing

a net surplus of £484,000 for 2020-21. However, the Financial Strategy shows that in the two subsequent years the total deficit is forecast to be £500,000. Mr Wilding explained that it is therefore prudent to reserve the 2020-21 surplus by transferring it to the council's General Fund Reserve in order to off-set future deficits and avoid unwanted service reductions.

Mr Wilding then drew attention to pages 64 - 69 of the supplement pack which details the major variances by department and service area between the 2019-20 budget and that for 2020-21. The most significant variation is the loss of recycling credits which amounts to £769,000 per year. He then outlined the budget summaries by portfolio on pages 71-86, of the supplement pack. He explained that the details can be found in the draft budget book on to the council's website.

Mr Wilding then explained that all projects included in the Capital Programme had already been approved by the Cabinet and Council, but some may be subject to a separate future report along with a Project Initiation Document before the funding is released. He noted that the Statement of Reserves, remains robust and healthy and highlights the purpose of specific reserves and the respective authorisations for their use, and demonstrates that the Capital Programme and Asset Replacement Programmes are fully funded, as demonstrated in the prudential indicators set out in page 115 of the supplement pack, along with the Council's Minimum Revenue Provision (MRP) Policy (pages 116-117) which state the arrangements for the repayment of any debt. Mr Wilding clarified that this is a requirement of the Prudential Code even if the council is debt free.

Mr Wilding then drew attention to paragraph 8.2 on page 24 of the report. He explained that the Director of Corporate Services is obliged by statute to report on the robustness of the estimates and the adequacy of reserves. The advice remains that the council's financial estimates are sound, the resultant estimates robust and reserves adequate, and that this view also applies to the affordability and risks associated with the council's capital strategy which was considered on the previous item on this meeting's agenda.

With reference to page 24 of the pack Mrs Taylor asked whether there had been any feedback following the budget consultation. Mrs Belenger confirmed that no feedback had been received.

Mrs Plant drew attention to the importance of the Asset Replacement Programme given the number of parish projects which had benefitted.

With reference to Appendix 1a Mrs Lintill asked why the asset replacement figure for 2020/21 is less than the figure for 2019/20. Mrs Belenger confirmed this is due to a net movement figure and the contribution is still increasing.

With reference to page 64 of the pack Mrs Lintill requested clarification of the difference between the pay settlement and salary increments. Mrs Belenger explained that the budget allows for a pay settlement of 2%. Following the pay structure review there are now only 3 increments within each pay grade of the new pay structure, so larger changes. With regard to page 66 and the Chichester

Contract Services staff budget alignment she explained that there had been growth in the service due to the number of new houses and previously this additional work had been met from existing budget. However, it is no longer possible to contain this additional growth within existing budget and therefore needs to be reflected.

Mrs Belenger then confirmed that the Budget Task and Finish Group had made no recommendations to the Cabinet.

### *Decision*

The Cabinet then voted unanimously to make the resolutions and recommendation below.

### **RESOLVED**

1. That the current estimated resources position set in appendix 2 of the agenda report be noted, and
2. The budget variances included in the Draft Budget Spending Plan as set out in appendix 1b of the agenda report be noted.

### **RECOMMENDED TO COUNCIL**

1. That a net budget requirement of £14,235,800 for 2020-21 be approved.
2. That Council Tax be increased by £5.00 from £160.81 to £165.81 for a Band D equivalent in 2020-21.
3. That the uncommitted revenue budget of £483,900 be transferred to the General Fund Reserve to mitigate the deficit expected in 2021-22.
4. That should the final settlement differ from the draft settlement, the sum in 3.1 (c) above be adjusted accordingly.
5. That the capital programme, including the asset renewal programme (appendix 1c and 1d of the agenda report) be approved.

## 103 **Consideration of consultation responses and modifications to the District Council's Infrastructure Business Plan 2020-2025**

Mrs Taylor introduced the report. She confirmed that the Infrastructure Business Plan (IBP) is updated each year. The IBP prioritises the strategic infrastructure projects from the Infrastructure Delivery Plan (IDP) necessary to deliver the growth identified in the Chichester Local Plan, particularly within the five year period 2020-2025. It includes updates and new projects put forward by West Sussex County Council (WSCC) and the key infrastructure commissioners. The IBP sets out the methodology for selecting which infrastructure projects have been prioritised for funding from the Community Infrastructure Levy (CIL) during the five year period from 2020 to 2025, which will be funded from S106/S278 agreements and which infrastructure projects are or would need to be, funded from other sources.

Mrs Taylor confirmed that the IBP was subject to six weeks consultation from 7 October to 18 November 2019 with the city, town and parish councils, WSCC,

Neighbouring Planning Authorities including the South Downs National Park Authority and key infrastructure delivery commissioners.

Mrs Taylor then drew attention to appendix 1 and appendix 2 which details the views of the Chichester Growth Board which met on 9 January 2020 and the Development Plan and Infrastructure Panel (DPIP) which met on 16 January 2020 to consider the proposed responses to the representations received as a result of the consultation.

Mrs Taylor explained that since the implementation of the CIL on 1 February 2016 at total of £9,828,007 had been collected to date (4 December 2019). At the end of October 2019 the total amount handed over to parishes was £1,666,648.

Mrs Taylor then outlined two new transport projects requested by WSCC:

- IBP/840 - (College Lane/Spitalfields Road Junction improvements) to make it suitable for shared use in years 2021/22 (cost estimate £60,000 to be fully funded from CIL)
- IBP/841 - (Chidham Sustainable Transport Improvements) to widen the existing footways to accommodate shared use to start 2022/23 (requesting £500,000 from CIL together with S106 from new developments at total cost estimate of £1.8 – 2 million)

Mrs Taylor explained that WSCC also sought a number of amendments.

With regard to IBP/349 - A286 Birdham Road/B2201 (Selsey Tram Roundabout) junction WSCC is currently undertaking feasibility work. The project is currently included in the CIL Spending Plan for £111,000 however the costs have increased and the CIL request is now for £440,000. Mrs Taylor explained that the increase is due to a change in the options under consideration which are different from the scheme envisaged at the time planning permission was granted.

With regard to IBP/353 (Sustainable transport corridor, City Centre to Westhampnett) Mrs Taylor explained that the project had been moved back from 2019/20 to 2020/21.

With regard to IBP/659 (school access improvements – drop off and pick up arrangements at expanded primary schools – Manhood Peninsula) Mrs Taylor confirmed that the project had been moved back from 2020/21 to 2021/22.

Mrs Taylor then explained that IBP/665, 655 and 654 had been amalgamated into two projects and the costs equally divided resulting in the deletion of IBP/654. IBP/655 (Phase 2 of the Chichester Road Space Audit) at a cost of £375,000 has been re-phased from 2020/21 to 2021/22 and IBP/665 (Phase 1 of the Chichester Road Space Audit) will cost £375,000 for 2020/21.

Mrs Taylor then outlined additional officer amendments as follows:

- IBP/721 (page 29, 3<sup>rd</sup> bullet point) to read IBP/721 Drainage improvements, Cheshire Crescent, Tangmere

- IBP/720 (page 135 of the supplement, 4th column) *quote awaited* to read *quote received £1,950*
- IBP/655 (page 142 of the supplement, last row) the figure should read £375,000
- IBP/665 (page 143 of the supplement last project) the figure should read £375,000

With reference to IBP 264 Mrs Plant requested confirmation whether the cycle route from Chichester to Emsworth (chemroute) had been included. Mrs Dower confirmed that the route is referenced in Appendix A. She agreed to provide Mrs Plant with the details after the meeting.

Mr Briscoe asked whether it was too late to remove real time passenger information bus screens from the IBP. Mrs Dower confirmed that the spending had already been approved and the project had begun.

With reference to the feasibility work at Birdham Road Mrs Lintill explained that although there is a significant increase in the project cost it had been discussed at the Growth Board where members had been reassured that final sign off for the spend would be subject to full project and value for money assessment.

#### *Decision*

The Cabinet then voted unanimously to make the recommendations below.

#### **RECOMMENDED TO COUNCIL**

1. That the proposed responses to the representations received and subsequent modifications to the Infrastructure Business Plan (IBP) as set out in Appendix 1 and as corrected at the meeting be approved; and
2. The amended IBP including CIL Spending Plan attached as Appendix 2 ,as corrected at the meeting, be approved.

#### 104 **Authority's Monitoring Report 2018-2019**

Mrs Taylor introduced the report. She explained that the Annual Monitoring Report (AMR) is the main mechanism for assessing the performance implementation and outcomes of the current adopted Local Plan within the Local Plan area. The AMR covers the period 1 April 2018 – 31 March 2019 and includes significant events that have occurred since that time.

Mrs Taylor outlined the key highlights including:

- Following responses to the Local Plan preferred response approach consultation between December 2018 and February 2019 additional evidence is now being prepared.
- North Mundham and Sidlesham Neighbourhood Plans have received designations.
- CIL receipts totally £48,000 have been spent on the Lavant Bio-Diversity opportunity area and Brandy Hole Copse.

- Section 106 funding totalling £400,000 has been spent on recreational mitigation at Chichester and Pagham harbours with £1.6 million received for the A27.
- Employment floor space completions totalled 23,000 square metres due largely to 10,000 square metres achieved at Glenmore Business Park.
- 654 net dwellings have been completed, significantly exceeding the 435 net dwellings requirement of the Local Plan housing requirement.
- 300 dwellings are underway at the Shopwhyke Lakes Strategic Site with outline planning permission permitted for the remaining 580 dwellings.
- The 300 dwellings at Westhampnett have commenced
- The reserved matters have been permitted for 750 on the Land West of Chichester site following outline planning permission permitted in April 2018.
- A development partner has been selected for the Tangmere Strategic Development Site.
- Parts of the Chichester Harbour SSSI were reclassified from unfavourable recovering to unfavourable no change in February 2019. The SSSI area is currently 90.3% favourable or recovering which is less than the Natural England target of 95%. The council is working to address this with Natural England through policy and planning applications.
- Domestic carbon emissions have fallen.
- AMR changes have been made since the Development Plan and Infrastructure Panel on 16 January 2020:
  - The A27 upgrade rising cost of mitigation is acknowledged.
  - The Section 106 section of report has been revised to highlight that over £4.5 million has been secured in relation to the A27 improvements.
  - A link has been provided to the waste water improvements information available on the Southern Water website.

Mrs Plant highlighted the time required to bring forward new homes. Mrs Taylor acknowledged Mrs Plants comment and added that last year the council exceeded its target. Mr Frost explained that the number of completed dwellings has seen a rise over recent years due to the lead in time required for the council's four main strategic sites. It is hoped this will continue given the progress on the sites.

Mrs Plant requested bullet point 2 on page 37 of the pack be amended to *nitrogen dioxide* rather than nitrogen. She also requested section 2.5 on page 143 of the pack be amended to confirm that the cost to mitigate the scheme *has* risen. She added that the figures on page 205 of the pack need to be reviewed.

Mr Briscoe highlighted the importance of the impact of New Homes Bonus funding.

Mr Bell with reference to page 35 of the pack requested clarification on the classification of A1 use. Ms Ferrier confirmed that A1 use is retail and coffee shops are A3. Mr Bell noted the reassurance of the figures.

### *Decision*

The Cabinet then voted unanimously to make the resolutions below.

## **RESOLVED**

1. That the Authority's Monitoring Report 2018-2019 be approved for publication.
2. That the Director of Planning and the Environment be authorised, following consultation with the Cabinet Member for Planning Services, to make any minor amendments to the Authority's Monitoring Report prior to its publication.

### **105 Corporate Debt Recovery Policy**

Mr Wilding introduced the report. He explained that the council first approved a Corporate Debt Recovery Policy in 2014, which was in response to the Taking Control of Goods (Fees) Regulations 2014. This policy was refreshed in 2017 to reflect some minor amendments, and a new separate write-off policy was created. The new policy for Cabinet to consider has been completely redrafted to reflect an overarching approach, taking into account the different legislative requirements for the various council services income streams, and to incorporate the write off policy. The objective was to create a new income collection and debt management policy which was comprehensive, co-ordinated, consistent, clear and considerate especially for vulnerable people who might need additional assistance in addressing their financial affairs. The policy expresses the council's approach for applying interest payments for late payments, embracing a fair debt collection approach, reflecting the write-off arrangements, and a new regular reporting requirement to the Strategic Leadership Team. Taking into account the Council's approach to debt recovery, the report also sets out the positive response in paragraph 5.7 of the report to the Money Advice Service, and its 'Stop the Knock' campaign which made six recommendations for all local authorities to consider.

Mr Wilding added that the Corporate Debt Recovery policy was considered by the Corporate and Governance and Audit Committee on 23 January 2020 where members welcomed and commended the aims and approach of the new draft policy and supported the extra support for vulnerable people facing indebtedness. No amendments were made to the draft policy for Cabinet to consider.

Mr Wilding then clarified that although the draft policy states on page 46 of the pack that it would be effective from 1 March 2020, this would in fact be later in order to take account of the meetings cycle for the Cabinet and the Council.

With reference to page 41 of the pack Mrs Taylor asked whether the council assigns debts to other organisations and what approach is taken to supporting individuals. Mrs Belenger confirmed that the council does not assign debts in that manner to receive full income and the organisations then pursues the debt. Also the Council only uses enforcement agents as a last resort. The council will always try to signpost individual to appropriate organisation that can help with wider debt management such as the Citizens Advice Bureau based at East Pallant House.

With reference to section 6.1 on page 51 of the pack Mrs Lintill asked whether the priorities are weighted. Mrs Belenger confirmed that each case is dealt with on an individual basis.

Members gave their support to the debt recovery approach.

*Decision*

The Cabinet then voted unanimously to make the resolutions below.

**RESOLVED**

1. That the new Corporate Debt Recovery Policy be approved.
2. That the Council's response to the recommendations from the Money Advice Service be noted.

**106 New Local Biodiversity Action Plan 2020 - 2024**

Mrs Plant introduced the report. She explained that the district supports a wide variety of wildlife including 10 internationally designated sites, 38 sites of Special Scientific Interest (SSSI) and 130 wildlife sites. The council has a statutory duty to have regard to conserving its biodiversity. Mrs Plant explained that one of the ways to demonstrate compliance is through the council's Biodiversity Action Plan.

She outlined the key successes in the previous plan which include:

- Supporting the Manhood Wildlife and Heritage Group including securing over £500,000 from the Heritage Lottery Fund for delivering the Fixing and Linking Our Wetlands Project (FLOW)
- Mitigating the increased recreational disturbance at Chichester and Pagham harbours
- Delivering a £50,000 biodiversity enhancement scheme across a stretch of the River Lavant

The 2020 Action Plan includes:

- The Strategic Wildlife Corridors project to provide biodiversity enhancements to the proposed wildlife corridors
- Naturalising Chichester's green spaces by wilding parks
- Local Plan review policy support

Mrs Plant asked what would happen if the National Lottery funding application is not successful. Mrs Evans explained that alternative funding would be investigated and if necessary the projects would be taken forward in a more modest way.

*Decision*

The Cabinet then voted unanimously to make the resolution below.

**RESOLVED**

That the new Local Biodiversity Action Plan (LBAP) for the period 2020 – 2024, as detailed in Appendix 1 be approved.

107 **Revenues System Contract Renewal**

Mr Wilding introduced the report and explained that the council currently uses Northgate Public Services revenues and benefits software. He added that the report recommends a five year extension to the contract.

There were no questions.

*Decision*

The Cabinet then voted unanimously to make the resolution below.

**RESOLVED**

That the extension of the support and maintenance contract with Northgate Public Services for Revenues & Benefits software for five years be approved.

108 **Late Items**

There were no late items.

109 **Exclusion of the Press and Public**

Mrs Lintill read the part II resolution in relation to agenda item 14 which was seconded by Mrs Taylor.

*Decision*

The Cabinet then voted unanimously to go into part II.

**RESOLVED**

That with regard to agenda item 14 the public including the press should be excluded from the meeting on the grounds of exemption in Schedule 12A to the Local Government Act 1972 namely Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information.

110 **Land at Church Road, Portfield, Chichester**

Mr Bell introduced the exempt report. He drew attention to background to the site and the proposal as set out in the report.

Questions were put forward by Mrs Lintill, Mrs Taylor and Mr Wilding.

Mrs Lintill also allowed Mr Oakley and Mr Potter to speak from the audience.

*Decision*

The Cabinet then voted unanimously to make the resolution below.

**RESOLVED**

That it be noted that the site remains surplus to requirements and the Cabinet agrees that officers proceed with the disposal process as set out in section 5.2 of this report.

The meeting ended at 11.13 am

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CHAIRMAN

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Date:

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