

CABINET

5 November 2018



Minutes of the Cabinet meeting held at the Town Hall, Bexhill-on-Sea on Monday 5 November 2018 at 11:05am.

Cabinet Members present: Councillors C.R. Maynard (Leader), Lord Ampthill, J.J. Carroll, A.E. Ganly, I.R. Hollidge, Mrs J.M. Hughes, G.P. Johnson, M.J. Kenward (Deputy Leader) and Mrs E.M. Kirby-Green.

Other Members present: Councillors K.P. Dixon (in part), R.V. Elliston, K.M. Field (in part), J.M. Johnson, B. Kentfield, M. Mooney, D.B. Oliver, J. Potts, C.J. Saint and M.R. Watson.

Advisory Officers present: Executive Director (MJ), Assistant Director Resources, Head of Service Acquisitions, Transformation and Regeneration, Head of Service Housing and Community, Head of Service Strategy and Planning, Property Investment and Regeneration Manager, Financial Services Manager, Corporate Programme and Business Improvement Officer, Housing and Asset Development Officer and Democratic Services Officer.

Also present: 13 members of the public and 1 member of the local press.

Publication Date: 7 November 2018

The decisions made under PART II will come into force on 15 November 2018 unless they have been subject to the call-in procedure.

Prior to the commencement of the meeting, the Cabinet stood for a minutes' silence in honour of Councillor Stuart Earl who had recently passed away. The Leader advised that Councillor Earl's Civic Service of Thanksgiving was being held at St. Peter's Church, Bexhill at 11:30am on Thursday 15 November 2018.

CB18/30. MINUTES

The Chairman was authorised to sign the minutes of the meeting held on 1 October 2018 as a correct record of the proceedings.

CB18/31. APOLOGIES FOR ABSENCE

Apologies for absence were received from Executive Member Councillor Mrs S. Hart, Councillor P.N. Osborne, Chairman of the Overview and Scrutiny Committee and Dr Anthony Leonard, Executive Director.

PART I – RECOMMENDATIONS TO COUNCIL – not subject to call-in procedure under Rule 16 of the Overview and Scrutiny Procedure Rules.

CB18/32.
(7.5)

STATEMENT OF COMMUNITY INVOLVEMENT – ADOPTION

On 30 July 2018, Cabinet approved the Council's draft Statement of Community Involvement (SCI) for public consultation. The SCI was a statutory document that set out how and when the Council carried out consultations and involved the community in both the preparation of planning policy and in the determination of planning applications.

The consultation had not yet commenced. In September 2018, the Government updated its Planning Practice Guidance which stated "there was no requirement for local planning authorities to consult when reviewing and updating their SCI." Following this and as the draft SCI reflected current practice, the Council had the opportunity to adopt the SCI immediately.

Members agreed that the draft updated SCI be recommended to full Council for formal approval and adoption.

RECOMMENDED: That the updated Statement of Community Involvement considered by Cabinet on 30 July 2018 be formally approved and adopted.

PART II – EXECUTIVE DECISIONS – subject to the call-in procedure under Rule 16 of the Overview and Scrutiny Procedure Rules by no later than 4:00pm on 14 November 2018.

CB18/33.
(6.1)

MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2023/24

Cabinet received and considered Minute OSC18/27 arising from the meeting of the Overview and Scrutiny Committee (OSC) held on 15 October 2018 that had considered the Council's Medium Term Financial Strategy (MTFS). The MTFS set the financial framework for the next five years and would be modified as the financial situation of the Council changed during that period. It was important that the MTFS supported the delivery of the Council's aims and objectives as set out in the Corporate Plan. The OSC's views had been sought on the Council's new MTFS 2019/20 to 2023/24 and the following points were noted:

- Budget Process: The Council had introduced a new three phased budget process. The third phase would commence in January 2019, once the Government settlement had been announced.
- Government Funding: The Revenue Support Grant would cease in 2019/20. As part of the East Sussex Business Rates Pool, the Council had expressed an interest to participate in the Government's pilot 75% business rate retention scheme. This would enable the Council to retain a greater share of any business rates growth, as currently only 50% was retained.
- News Homes Bonus Grant (NHBG): The five year forecast assumed that the NHBG would be reduced so that by 2021/22 there would be no reliance on this funding.
- Cost Pressures: It was predicted that the base Revenue Budget would increase by £72,000 for homelessness demands, £1.3m as a

result of the introduction of the new waste collection contract and £95,000 staffing costs based on the current workforce.

- Rother 2020 Programme: Established to support the MTFS. The Programme formed the basis of the Sustainability and Efficiency Plan and described how the Council would be operating by 2020. Members would be kept abreast of any developments.
- Income Generation: Additional income was predicted through the Council's Property Investment Strategy, as well as car parking following East Sussex County Council's adoption of Civil Parking Enforcement in Rother by April 2020.
- Council Tax: If Council Tax was increased by 2.99% or £5 per annum (maximum below the referendum rate) then an additional £0.200m of income would be achieved on the 2018/19 tax base.
- Cost Saving: Almost £100,000 savings had been identified from the Council's Lean and Demand Project. A recruitment freeze would form part of subsequent service restructuring. Rother was a member of the East Sussex Procurement Hub (ESPH), hosted by Wealden District Council. It enabled the Council to engage in collaborative procurement arrangements and benefit from the economies of scale that arose. Officers would be carrying out an assessment of service provision / priorities; findings and recommendations would be reported to Members in autumn 2019.
- Five Year Forecast: The financial forecast suggested there would be a shortfall of £0.253m in the MTFS by 2023/24.
- Reserves: The Council's usable reserves were expected to be £18m by 31 March 2020. The current MTFS estimated that £1.8m of reserves would be needed to support the Revenue Budget over the next five years. Due to estimated inflated costs as a result of the new waste contract, the latest forecast showed an increased use of reserves of £4.4m between 2019/20 and 2023/24.
- Budget Consultation: Would be held between November and the end of December 2018. The final outcome would be reported to the OSC on 28 January 2019 and Cabinet on 11 February 2019.

Members acknowledged and supported the OSC's recommendation that officers provided an economic model of housing investment for the district as part of the budget setting process. Cabinet was also supportive of the Council maintaining its policy of maximising the annual increase in Council Tax within the Government's referendum limit.

The MTFS highlighted the challenges the Council continued to face due to the reduction in central Government support. The Rother 2020 Programme was designed to meet this challenge and see the Council achieve financial sustainability. The level of Council reserves was an enabler to ensure the MTFS was delivered over the next five years despite the uncertainty beyond 2019/20.

RESOLVED: That:

- 1) the financial considerations considered in the report be reflected in the Council's Medium Term Financial Strategy;

- 2) the Council maintain its policy of maximising the annual increase in Council Tax within the Government's referendum limit; and
- 3) an economic model of housing investment for the district be provided as part of the budget setting process / Medium Term Financial Strategy.

CB18/34. **THE COLONNADE BEXHILL LTD**
(7.1)

Consideration was given to the report of the Executive Director on the Colonnade, Bexhill.

In January 2018, Cabinet approved the establishment of an in-house café/restaurant after the preferred operator had withdrawn on financial grounds in late November 2017. After an extensive fit-out and the establishment of an in-house limited company to manage operations, the Colonnade opened for business on 21 July 2018.

Gas supply/connection issues were experienced as a result of the utility provider being unable to identify the unique reference number for the feed pipe. After numerous complaints were made, it was confirmed that, as of Tuesday 9 October 2018, a gas supply had been installed and a safety certificate issued. Members noted that the Council had written to the Energy Ombudsman to complain about the delays and sought legal advice to claim compensation.

A comprehensive menu was designed and a full complement of staff recruited which included a Catering Manager, Assistant Manager, a Head Chef, a Sous Chef, seasonal front house team and kitchen support staff. Due to the delay of the gas installation, the restaurant was opened with a limited menu offer. The premises operated on a 7-day basis until mid-September, when it was subsequently reduced to five days. As the timescale of the gas installation was uncertain at that time, employment of the Head Chef was terminated in August and seasonal front of house staff hours reduced. Subsequently, both the Sous Chef and Catering Manager had resigned. All seasonal contracts were terminated on 5 September 2018, which left a team of four to operate the reduced service.

The restaurant occupied half of the Colonnade building with the remaining sub-divided into four units for retail lets. At present three units were let, with the fourth expected by the end of November. For this financial year, it was estimated that the units would generate £8,700 in total. The annual estimate for all four was £14,400 per annum.

The capital costs and summary of trading accounts were detailed at Appendices A and B respectively. Members noted that the fit-out costs had risen from £260,000 to £288,000, £28,000 above the pre-tender estimate. Income was just under £34,000 (net of VAT) and expenditure just over £90,000 indicating a net trading loss of £56,000. It was anticipated that some of the losses would be recovered through partial sale of stock to the incoming contractor.

On 1 October 2018, Cabinet had approved that officers sought to re-let the premises to an experienced contractor. Once the restaurant was re-let, Members acknowledged and agreed that the trading company, the Colonnade Bexhill Ltd should cease without any tax liability. It was noted that Rother was liable for all net losses which would be written-off in the Council's accounts; this would be reported to Cabinet at a future meeting.

Several concerns were raised regarding the delayed gas supply, increased expenditure and operational losses. The Head of Service Acquisition, Transformation and Regeneration reiterated that the gas supply delays had been out of the Council's control and that compensation was being pursued. Capital expenditure had been increased to ensure that the café/restaurant was fully operational and met all necessary regulations/standards. Initial operational losses were anticipated and if the business continued to trade in-house these losses would be recouped over time when the business started returning a profit. However, as previously reported, the Council had been approached by several interested parties and it was agreed that it was preferable to take the guaranteed income rather than continue to operate the business in-house. Cabinet was advised that negotiations had commenced with the incoming contractor and it was anticipated that they would be in-situ before the end of the year. Members were keen to see the new contractor in place as soon as possible.

Cabinet requested that the Overview and Scrutiny Committee undertook a review of the Colonnade within their Work Programme under "Items for Consideration" and report back at a future meeting.

RESOLVED: That:

- 1) the conditions affecting the operation of The Colonnade Bexhill Ltd and the subsequent impact on financial performance of the company be noted;
- 2) subject to the Colonnade restaurant building being leased out to a new operator, Colonnade Bexhill Ltd ceases trading and is closed and any losses accruing to the Council be written off, which will be subject to a further report; and
- 3) the Overview and Scrutiny Committee be requested to include a review of the Colonnade within their Work Programme under "Items for Consideration" and report back at a future meeting.

CB18/35.
(7.2)

BEXHILL TOWN CENTRE STEERING GROUP TERMS OF REFERENCE

Members considered the report of the Executive Director that detailed proposed amendments to the Bexhill Town Centre Steering Group's (BTCSG) Terms of Reference (ToR) and revised timescale for delivery.

The Bexhill Town Centre Steering Group (BTCSG) was initially established in 2010 to shape a new vision, develop a regeneration plan and strategy for the Town Centre. The Bexhill Town Centre Strategy

was published in 2013 after a period of consultation with relevant key stakeholders. In April 2017, BTCSG extended its membership to include De La Warr Pavilion, Locate East Sussex, Bexhill Chamber of Commerce and Tourism and the Coastal Community Team with the aim of refreshing the purpose and momentum of the Group in achieving objectives set out in the strategy. The ToR was updated accordingly.

In October 2018, to undertake a more strategic approach to defining the shared vision for the Town Centre, the BTCSG approved a revised ToR and timescale for delivery. The revised ToR was appended to the report at Appendix 1. To develop this shared vision and a new strategy it was proposed to hold a series of focused workshops with key stakeholders from the current BTCSG membership as well as additional partners. A communications and engagement plan would also be developed to identify potential funding opportunities. The proposed timescales were highlighted within the report with the final strategy being presented to full Council in December 2019.

Cabinet agreed the changes to the BTCSG ToR and proposed timescales to produce a new Bexhill Town Centre Strategy.

RESOLVED: That the revised Terms of Reference for the Bexhill Town Centre Steering Group and the proposed timescales as detailed within the report, be approved.

CB18/36.
(7.3)

COMMUNITY LED HOUSING SCHEME – CEMETERY LODGE

In January 2018, Cabinet resolved that a planning application for a new entrance to Bexhill cemetery via St Marys Lane be progressed. Officers were also granted authority to explore interest for an affordable Community Led Housing Scheme (CLHS) development on the Cemetery Lodge site. Cemetery Lodge had been vacant for many years which placed a sustained management burden on the Council. The building continued to be a fire and security risk and was in a dilapidated state.

In 2017, the Sussex Community Housing Hub (SCHH) was established to develop and establish interest of community led housing across the district. A Bexhill Community Land Trust Steering Group (BCLTSG) was established with the primary strategic aim to develop and/or acquire locally affordable homes to meet housing needs. The BCLTSG consisted of local residents, councillors, a residents' association, a community development professional, a business person and two street pastors. In order to become a legally not-for-profit-corporation Community Land Trust, the BCLTSG had sought advice and assistance from the SCHH to obtain a £3,800 grant from the National Community Land Trust Network. This funding would be used to pay for the registration and associated fees for the BCLTSG to become legally incorporated as the Bexhill Community Land Trust. It was anticipated that this would be completed by January 2019.

Part of the Council's Government Grant of £748,899 would be used to secure the delivery of community led projects. Therefore, the BCLTSG

had applied for a £1,000 community housing grant to commission an architect to assess potential options for the site, with the view that any design would be sympathetic to the surrounding location. The report highlighted a number of specific project objectives the BCLTSG had agreed which they aimed to fulfil should the grant be approved. Using these project objectives, the architects had developed two options for the site, as follows:

- **Option 1:** Cemetery Lodge demolition and new build, eight new dwellings to include six two bedroom houses and two one bedroom flats.
- **Option 2:** Cemetery Lodge retention, conversion of existing building to include four two bedroom flats.

The BCLTSG had agreed that Option 1 would provide best value for money and double the number of affordable homes. The initial design incorporated the existing gates at the entrance, as well as retained the tree lined avenue. A planning application had recently been submitted for a new entrance to the housing scheme and cemetery via St Marys Road. Following a comprehensive design and community consultation process, the BCLTSG proposed to submit a full planning application by December 2019 for completion during 2021. The SCHH would provide support throughout the process.

To expedite early pre-development work, it was proposed that the Council took the lead on applying for outline planning permission. Members were advised that should the CLHS not be progressed, the Council would retain the option to sell the site on the open market.

To ensure that a viable scheme was delivered, it was proposed that a 60% affordable housing discount be set on the current development value of £200,000 to £250,000. This could generate a sales receipt of approximately £120,000. The final terms of the sale would remain subject to a detailed feasibility assessment of a planning compliant scheme and included provision of grant funding accordingly.

During discussion, concerns were raised regarding suitability of a CLHS project on this particular site and whether alternative sites in Bexhill should be explored prior to making a final decision. Members were advised that additional information on proposed restoration / development options for Cemetery Lodge had recently been received from Bexhill Heritage and Bexhill Old Town Preservation Society. To date, officers had not had the opportunity to fully consider these proposals. It was understood that Bexhill Heritage had accessed the site, without the Council's permission, which raised security and safety concerns. Members agreed it was important the site was adequately secured to prevent damage and further trespassing.

Cabinet agreed that the decision should be deferred pending further discussions with Bexhill Heritage and Bexhill Old Town Preservation Society on Cemetery Lodge and further investigations were explored into alternative sites.

RESOLVED: That the decision be deferred, pending discussions with Bexhill Heritage and Bexhill Old Town Preservation Society on

Cemetery Lodge and further investigation into alternative sites for a Community Led Housing Scheme.

CB18/37. SOLAR PANEL INSTALLATION
(7.4)

In May 2018, the Local Government Association released their Productivity Expert Grant Programme, which allowed local authorities to apply for funding to seek expert advice on projects with objectives to make efficiency savings or increase income. Rother had received £7,000 to appoint CLS Energy Limited to review opportunities for property investment and renewable energy which included the installation of solar panels on Council assets.

Solar panel installations delivered opportunities including reduced bills through the Government Feed in Tariff (FiT) scheduled to end on 31 March 2019; and Deemed Export (DE) an additional payment of 50% of all power generated and was valid on installations up to 30kWp. FiT was a payment made by the Government to the solar panel owner for 20 years and indexed linked to inflation; the current rate was £0.503 per kWh generated.

Two Council properties complied with the requirements for solar panel installation and FiT registration; Amherst Road offices and Bexhill Museum. Bexhill Museum was supportive of the installation being progressed. £3,063 per annum would be secured through FiT and DE payments with an overall saving of £9,041 per annum for both properties. Appendix 1 to the report provided a full financial appraisal.

Cabinet agreed that £46,200 be invested in the installation of solar panels and associated works on Amherst Road offices and Bexhill Museum, funded from Rother 2020 earmarked reserves. It was also agreed that the Executive Director be authorised to agree any future expenditure on Council owned assets where there was financial viability for energy efficiencies and increasing income.

RESOLVED: That:

- 1) £46,200 be invested in the installation of solar panels and associated works on Amherst Road offices and Bexhill Museum, funded from Rother 2020 earmarked reserves, to realise a return of £9,041 per annum; and
- 2) the Executive Director be authorised to agree future expenditure as per the CLS Energy Report on solar panel installations on Council owned assets where there is financial viability for energy efficiencies and increasing income, contributing to Rother 2020.

CHAIRMAN

The meeting closed at 11:55am

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