

CABINET

19 December 2018

Minutes of the Cabinet meeting held at the Town Hall, Bexhill-on-Sea on Wednesday 19 December 2018 at 11:00am.

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 and M.J. Kenward (Deputy Leader).

Other Members present: Councillors Mrs M.L. Barnes, K.P. Dixon, R.V. Elliston, J.M. Johnson, B. Kentfield, M. Mooney, J. Potts and M.R. Watson.

Advisory Officers present: Executive Director (MJ), Executive Director (TL), Assistant Director Resources, Planning Policy Manager and Democratic Services Officer.

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

Publication Date: 21 December 2018

The decisions made under PART II will come into force on 9 January 2019 unless they have been subject to the call-in procedure.

CB18/49. MINUTES

The Chairman was authorised to sign the minutes of the meeting held on 3 December 2018 as a correct record of the proceedings.

CB18/50. APOLOGIES FOR ABSENCE

Apologies for absence were received from Executive Members Councillors Mrs S. Hart, Mrs E.M. Kirby-Green and Councillor P.N. Osborne, Chairman of the Overview and Scrutiny Committee.

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 8 January 2019.

CB18/51. DRAFT REVENUE BUDGET 2019/20
(6.1)

Consideration was given to the report of the Executive Director on the preparation of the draft Revenue Budget for 2019/20. The report outlined the likely financial position and key issues that Members needed to consider as part of the budget setting process. In 2016/17, the Government offered the Council a four year grant settlement, which was accepted. On 5 December 2018, the Government announced that

the actual 2019/20 settlement would be delayed until BREXIT proposals were known. It was therefore assumed that the proposed settlement would be in accordance with the original four year deal. Appended to the report were details of the summary draft Revenue Budget, the summary information for each service area, main changes from the 2018/19 budget, the Council's revenue reserves and identified savings and additional income.

All budgets were shown as "Net Operational Expenditure Levels" which excluded capital charges, central costs and support service recharges. In addition, budgets were shown on a departmental basis which provided Members with a clear identifiable cost for each service.

In 2019/20, the Council would no longer receive the Revenue Support Grant and would be reliant solely on income from business rates, council tax, charges for services and income generation.

The Medium Term Financial Strategy made provision for a small overall increase in the amount of business rates (£3m) retained by the Council. The Government had invited local authorities to submit proposals to pilot a 75% business rates retention scheme in 2019/20. As part of the East Sussex Business Rates Pool (ESBRP), the Council had expressed an interest to participate in the scheme. The pilot would enable the Council to retain a greater share of any business rates growth, as currently only 50% was retained. The Assistant Director Resources advised that, since publication of the report, the Government had confirmed that the ESBRP's application had been successful. Information on the scheme was subject to a separate report on the Agenda (Item 6.4 – see Minute CB18/54 below).

The New Homes Bonus (NHB) was currently funded from the redistribution of business rate income. The five year forecast assumed that reliance on NHB would be reduced from £714,000 in 2019/20 to nil by 2022/23 as detailed at Appendix A to the report.

The Council Tax Collection Fund was expected to be in a surplus of £0.125m with the Council's share being £270,000 by the end of the financial year. The Council Tax base was calculated at 38,054.10 and showed an increase of 327 Band D equivalents over the 2018/19 figures. The increase was due to the number of properties on the ratings list and changes to discounts.

It was assumed that the Government's referendum limit would remain as £5 or 3%, resulting in a 2.99% increase Council Tax charge of £179.55. This increase equated to additional income of approximately £0.200m based on the 2019/20 tax base and in total would deliver £6.8m of income. The application of the referendum limits was queried in relation to a recent Government publication. Subsequent to the meeting, it was clarified that for 2019/20 a referendum would be required for increases of 3% or more. In addition a referendum would be required if the planned increase equated to more than £5 over the 2018/19 charge.

Due to estimated inflated costs as a result of the new waste contract, it would be necessary to increase the draft Revenue Budget by a further £750,000 to £1.5m.

Several uncertain financial issues were highlighted which included income delivered via the Council's Property Investment Strategy; decreased planning fees during 2018/19; increased homelessness applications; and continued funding of East Sussex County Council's grass verge cutting in Rother. The grass cutting cost was anticipated to be in the region of £40,000, which would require compensatory savings to be identified due to the expected shortfall over the next five years.

As a result of reduced Government funding, the Council was expected to deliver significant cashable and non-cashable savings. Appendix E to the report identified these savings which included £100,000 through the Lean Programme; shared Procurement Service hosted by Wealden District Council; and Service Prioritisation. It was clarified that the external funding for a Syrian Refugee Support Worker was as a result of a Government country-wide initiative.

The report also detailed budget assumptions which included inflation index rates, a 2% pay award from September 2019, predicted growth and income and transfers between budgets.

The net Revenue Budget before Government grants, use of reserves and other funding was expected to be £16.36m, an increase of £1.9m over 2018/19. A summary of the Revenue Budget and Council Tax calculations and the net cost of services were appended to the report.

The draft Revenue Budget for 2019/20 utilised £5m of reserves to meet specific costs. Of this, £2.6m would be used to support capital expenditure. The draft Revenue Budget identified savings in excess of £600,000; in order to balance the budget, further use of reserves might be required.

The total predicted Earmarked Reserves by the end of March 2019 was estimated to be £16.1m plus a £1m General Fund balance. The minimum level of reserves and balances was considered to be £5m.

The draft Revenue Budget showed an increase of £1.6m in the cost of services over the 2018/19 position. It was acknowledged that the Council had already achieved significant savings through the Council's 2020 programme.

Details of the Budget consultation would be reported to the Overview and Scrutiny Committee meeting on 28 January 2019. Thereafter, the results would be presented to Cabinet and full Council in February 2019.

Cabinet agreed that up to £40,000 be made in the draft Revenue Budget for 2019/20 only to meet the cost charged by East Sussex County Council for maintaining the number of grass verge cuts.

RESOLVED: That:

- 1) the draft Revenue Budget for 2019/20 be considered by the Overview and Scrutiny Committee at its meeting on the 28 January 2019; and
- 2) financial provision of up to £40,000 be made in the draft Revenue Budget for 2019/20 to meet the cost charged by East Sussex County Council for maintaining the number of grass verge cuts at the same frequency as 2018/19.

(When it first became apparent, Councillor Maynard declared a personal interest in this matter as an Executive Member of East Sussex County Council and in accordance with the Members' Code of Conduct remained in the room during the consideration thereof).

PART III – URGENT DECISIONS – The Chairman of Council had agreed that the following decisions were urgent in accordance with Paragraph 17 of the Overview and Scrutiny Procedure Rules contained in Part 4 of the Council's Constitution. The call-in procedure does not therefore apply to these decisions.

CB18/52. TICEHURST NEIGHBOURHOOD PLAN
(6.2)

Ticehurst Parish Council had prepared a Neighbourhood Plan (TNP) following designation of the parish as a Neighbourhood Area in 2015. The TNP was currently subject to a formal public consultation until 21 December 2018. Representations received would be considered by an independent Examiner to determine whether the TNP met the 'basic conditions' required. The Council was a statutory consultee and therefore was able to make representations as part of the process. It was noted that so as not to compromise the Council's ability to comment on the draft TNP by the due deadline, the Chairman of Council had already agreed that this matter could be taken as an urgent decision and therefore outside the call-in arrangements.

The TNP consisted of 19 policies and related to the period 2018-2028 in line with the end date of the Council's Core Strategy (CS). Following consultation with the Council, the TNP was considered generally comprehensive, well-presented and included proposed housing allocations at Flimwell and Ticehurst. It was noted that permissions granted since 2013 had already met and slightly exceeded the CS target. Recent permissions received had reduced the outstanding requirement to nine dwellings in Flimwell. The Council's proposed representations were detailed in Appendix 1 to the report.

The TNP identified two sites, one at Orchard Farm, Ticehurst (six dwellings) and one at Wardsdown House, Flimwell (nine dwellings), both of which met housing targets and were supported. One at Singehurst, Pashley Road (10 dwellings) was not supported and considered would have an adverse effect on the Area of Outstanding Natural Beauty, village and setting of several heritage assets.

The majority of development policies were found to be in general conformity with the CS. The TNP introduced a number of 'Green Gaps' which, with the exception of an appropriate gap between Flimwell and Ticehurst, did not appear to be vulnerable to risk of coalescence; therefore the Flimwell-Ticehurst Green Gap was supported and the policy for other Gaps should be deleted or amended.

Members were advised that amendments were proposed to Policy H4 and Policy RS relating to affordable housing and supporting biodiversity respectively.

Councillor Johnson, Portfolio Holder for Strategic Planning acknowledged the amount of work and effort that had gone into the production of the TNP by the Neighbourhood Plan Group and Council Planning officers.

Cabinet acknowledged the efforts that Ticehurst Parish Council / Steering Group had made developing the TNP and agreed that all representations be forwarded to the independent Examiner for consideration by 21 December 2018.

RESOLVED: That the representations, set out at Appendix 1 to the report (together with any supporting material) be submitted for consideration by the Examiner in relation to the submitted Ticehurst Neighbourhood Plan.

The Chairman of Council had agreed that this decision could be taken as a matter of urgency to enable the Council's representations to be made on Ticehurst Parish Council's Neighbourhood Plan by 21 December 2018.

CB18/53.
(6.3)

RYE NEIGHBOURHOOD PLAN

Rye Town Council had prepared a Neighbourhood Plan (RNP) following designation of the parish as a Neighbourhood Area in 2013. The RNP was currently subject to a formal public consultation until 11 January 2019. Representations received would be considered by an independent Examiner to determine whether the RNP met the 'basic conditions' required. The Council was a statutory consultee and therefore was able to make representations as part of the process. It was noted that so as not to compromise the Council's ability to comment on the draft RNP by the due deadline, the Chairman of Council had already agreed that this matter could be taken as an urgent decision and therefore outside the call-in arrangements.

The RNP consisted of 20 planning policies, 20 community aspirations and related to the period 2016-2028 in line with the end date of the Council's Core Strategy (CS). Following consultation with the Council, the RNP which represented Rye only was considered comprehensive, well-researched and covered a wide range of complex issues which set out a blueprint for the town to 2028. It was considered that the RNP was in general conformity with the Council's adopted CS and with the inclusion of 'community aspirations' provided a wider framework for community action.

The RNP identified six sites through which it aimed to provide 160 dwellings exceeding the CS requirements of 112 dwellings, 40 of which to be built at Rye Harbour. Thirty dwellings were proposed at the Freda Gardham School site and additional housing at the former Lower School site as a result of lack of operator interest for retail development. There was apparent tension between some allocations, notably housing allocations on existing employment/business sites. For consistency, as well as the maintenance of employment opportunities, it was considered necessary to insert cross reference in the supporting text to relevant site allocations.

The RNP was also accompanied by a Sustainability Appraisal/Strategic Flood Risk Assessment which justified the choice of proposed development sites with regard to the economic and social needs of the town.

Ten areas were considered as 'local green spaces' (LGS) because of their environmental character, local recreational facilities and as a source of biodiversity. One of these was Gibbets Marsh overspill car park. It was considered that the river corridor constituted an important LGS and the overspill car park provided much needed additional car parking during the busy summer visitor periods, which should be protected. Accordingly, an amendment to the LGS was sought.

Congratulations were extended to Rye Neighbourhood Group, Vice-Chair Colonel Kimber, consultants and Council Planning officers for the amount of work and effort that had gone into the production of the RNP.

Cabinet considered the representation recommendations proposed and agreed that the Executive Director be granted delegated authority to submit the Council's representations (together with any supporting material) on RNP for consideration by the Examiner.

RESOLVED: That the Executive Director be granted delegated authority to submit representations in accordance with the conclusions set out at paragraph 23 of this report (together with any supporting material) for consideration by the Examiner in relation to the submitted Rye Neighbourhood Plan.

The Chairman of Council had agreed that this decision could be taken as a matter of urgency to enable the Council's representations to be made on Rye Town Council's Neighbourhood Plan by 11 January 2019.

CB18/54.
(6.4)

BUSINESS RATES PILOT 2019/20

Members considered the report of the Executive Director on the Business Rates Pilot 2019/20 Scheme.

In November 2018, Cabinet was advised that as part of the East Sussex Business Rates Pool (ESBRP), 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. A recent Government announcement had confirmed that ESBRP's application had been successful. It was noted that so as not to miss the Government's deadline of 30 days (12 January 2019) from the announcement of the Pool application being accepted, the Chairman of Council had already agreed that this matter could be taken as an urgent decision and therefore outside the call-in arrangements.

The report detailed the current 50% scheme, pooling arrangements, the pilot application and comparison of the 50% scheme with the 75% pilot scheme at Appendices A, B and C respectively to the report.

Across the county an additional £4.3m of income was anticipated to be retained under the pilot scheme compared to £3.2m under the 2018/19 pooling arrangements; Rother's share was expected to rise by £100,000 to £400,000. Prior to finalising the 2019/20 Revenue Budget, business rates levels would need to be considered, therefore it would be sensible that no core spending was reliant on this funding.

The Government expected pilot councils to demonstrate how they would use funding to benefit their local area. The ESBRP recommended two elements: financial stability (50% gain) and economic development (25% additional gain). East Sussex County Council and East Sussex Fire Authority would be asked to consider allocating additional funding towards town centre regeneration.

Consultants, LG Futures had been employed to collate and advise on the financial viability of the scheme which would also provide a degree of objectivity and impartiality for all parties. Wealden District Council was currently the lead authority for the ESBRP and had indicated that they would be prepared to continue this role for the pilot scheme.

A Memorandum of Understanding (MoU) had been drafted at Appendix D to the report. The MoU underpinned how the ESBRP would operate and, in particular, the sharing of risk and reward between the partners. The MoU required finalising and it was proposed that delegated authority be given to the Assistant Director Resources in consultation with the Cabinet Portfolio Holder for Finance, Resources and Value for Money to complete this. Cabinet agreed this proposal.

Cabinet fully supported the Council's participation in the East Sussex Business Rates 75% Retention Pool and agreed that the additional income would financially support the Council's regeneration objectives including the Property Investment Strategy.

RESOLVED: That:

- 1) Rother District Council participates in the East Sussex Business Rate 75% Retention Pilot for the financial year 2019/20;
- 2) Wealden District Council be nominated as the lead authority for the East Sussex Business Rate 75% Retention Pilot for the financial year 2019/20;

- 3) the basic principle be agreed that no authority will receive a lower level of funding than they would have received without the East Sussex Business Rate Pool;
- 4) resources gained on the growth in business rates be shared as follows: 26% to East Sussex County Council, 5% to the East Sussex Fire Authority and the remaining 44% split amongst the district/borough councils;
- 5) the financial stability and economic development share of funding be agreed, with the economic development funding being encouraged to go to improvements in town centre regeneration; and
- 6) the Assistant Director Resources be authorised to finalise the Memorandum of Understanding in consultation with the Cabinet Portfolio Holder for Finance, Resources and Value for Money.

The Chairman of Council had agreed that this decision could be taken as a matter of urgency to enable the Council to participate in the East Sussex Business Rate 75% Retention Pilot by 12 January 2019.

(The Leader had accepted this item onto the Agenda as an Additional Agenda Item in order for the Council to participate in the East Sussex Business Rate 75% Retention Pilot by 12 January 2019).

CHAIRMAN

The meeting closed at 11:43am

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