

**CABINET**

17 July 2023

Minutes of the Cabinet meeting held at the Town Hall, Bexhill-on-Sea on Monday 17 July 2023 at 6:30pm.

Committee Members present: Councillors D.B. Oliver (Leader), C.A. Bayliss (Deputy Leader), S.M. Prochak (MBE) (Deputy Leader), T.J.C. Byrne, S.J. Coleman, K.M. Field, A.K. Jeeawon, R.A. McCourt and A. Rathbone Ariel.

Other Members present: Councillors J. Barnes (remote), S. Burton (remote), C.A. Creaser (remote), G.R.M. Delany (remote), N. Gordon (remote), C.R. Maynard (remote), S.B. McGurk (remote), P.N. Osborne and R.B. Thomas.

Advisory Officers in attendance: Interim Chief Executive, Interim Deputy Chief Executive, Director – Place and Climate Change, Head of Housing and Regeneration, Development Projects Manager, Regeneration Officer and Democratic Services Officer.

Also Present: 4 members of the public in the Council Chamber and 17 members of the public via the live webcast.

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Publication Date: 20 July 2023

The decisions made under PART II will come into force on 28 July 2023 unless they have been subject to the call-in procedure.

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**CB23/10. MINUTES**

(1)

The Chair was authorised to sign the Minutes of the meeting held on 12 June 2023 as a correct record of the proceedings.

**CB23/11. APOLOGIES FOR ABSENCE**

(2)

An apology for absence was received from Councillor Mrs. V. Cook (Chair of the Council).

**CB23/12. DISCLOSURE OF INTERESTS**

(5)

Declarations of interest were made by Councillors in the Minutes as indicated below:

Maynard	Agenda Item 6 – Personal Interest as an Executive Member of East Sussex County Council.
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McCourt	Agenda Item 6 – Personal Interest as an employee of East Sussex County Council (Public Health).
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CB23/13.      **EXCLUSION OF PRESS AND PUBLIC (EXEMPT INFORMATION)**  
(12)

**RESOLVED:** That the press and public be excluded whilst matters containing exempt information, as prescribed by Part 1 of Schedule 12A of the Local Government Act 1972, as amended and relating to Minute CB23/19 was under consideration. The report submitted in connection with this item, and which contains information exempt from publication by virtue of Part 1 of Schedule 12A to the Act shall remain confidential if and so long as, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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

CB23/14.      **REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING**  
**DRAFT OUTTURN 2022/23**  
(6)

Consideration was given to the report of the Interim Deputy Chief Executive on the provisional outturn position for the 2022/23 financial year and the Council's finances as at 31 March 2023. Members were advised that the information would be used to inform the production of the Council's statutory accounts which would be subject to audit review ahead of presentation to the Audit and Standards Committee. The report had also been considered by the Overview and Scrutiny Committee on 10 July 2023; the comments and recommendation regarding the temporary accommodation budget were noted. The Revenue Budget, Capital Programme position and impact on the Council's reserves were summarised at Appendices A, B and C respectively.

There had been no reportable virements to the Revenue Budget since the last financial update. The outturn position for year ending 31 March 2023 showed that the drawdown had reduced to £1.5m which was £1.7m less compared to the budget, which represented an improvement of £1.5m since the Quarter 3 forecast. The main reasons for the variations were detailed in the report. Members were pleased to note the £96,000 surplus planning income achieved.

The draft Capital Programme outturn was £23.4m which was more than £150m lower than the revised budget and £1.3m higher than forecast expenditure at the end of Quarter 3. This was attributed to an underspend against 2022/23 budget and/or the change in spend profile. It was anticipated that where schemes were forecast to underspend, they would be completed in future years. Continued monitoring would be undertaken by the Finance department and Heads of Service.

The council tax collection rate was 97.66% of the collectable debit and 99.92% of the budgeted yield, which was 0.35% and 1.06% respectively lower than the previous year. Business Rates Collection Fund was 97.83%, which was 0.84% higher than the previous year.

The report outlined the debt amounts written off during 2022/23 which amounted to £553,455, as well as the previous four years for comparative purposes. Balances were written off when the amounts owed were deemed irrecoverable. Questions were raised regarding the written-off amounts and whether they were disproportionate from residents that were eligible for the Council's Council Tax Reduction Scheme (CTRS). The Interim Deputy Chief Executive advised that a CTRS Member briefing was scheduled to be held in August, where Members would be able to discuss potential changes to the scheme, as well as receive an update on proposed new second homes Central Government legislation. Further information would be reported at the next meeting scheduled to be held on 4 September 2023.

The draft revenue outturn for 2022/23 showed an overall deficit of £1.5m, which was £1.7m lower than the approved planned use of reserves, due to the material variances as set out in the report. However, budget pressures were expected to continue into 2023/24. There would be an ongoing affordability review of the Capital Programme to ensure that schemes remained affordable and deliverable. Delivery of the Financial Stability Plan continued to be of paramount importance. Future budget deficits would remain a challenge, however it was anticipated that key savings, efficiencies, and additional income could / would be achieved via the Council's ongoing service planning programme.

Cabinet thanked the Interim Deputy Chief Executive and his team for their hard work in managing the Council's finances.

**RECOMMENDED:** That:

- 1) provisional outturn position for the General Fund Revenue Account for 2022/23 be approved;
- 2) financing of the 2022/23 Capital Programme along with the updated Capital Programme for 2023/24 to 2027/28 and scheme financing as outlined within the report and detailed at Appendix B be approved;
- 3) existing capital budget for the purchase of temporary accommodation is used as the 60% match funding required to access the £0.8m Local Authority Housing Fund (second round) grant offer and that this amount is then added to the overall capital budget; and
- 4) final reserve transfers (Appendix C) be approved.

(Councillor Maynard declared an Personal Interest as an Executive Member of East Sussex County Council, and in accordance with the

Members' Code of Conduct remained in the meeting for the consideration thereof).

(Councillor McCourt declared an Personal Interest as an employee of East Sussex County Council (Public Health), and in accordance with the Members' Code of Conduct remained in the meeting for the consideration thereof).

CB23/15. **UK SHARED PROSPERITY AND RURAL ENGLAND PROSPERITY FUND**

(8)

The Council had received £1,000,000 and £603,963 from the UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF) respectively to support levelling up aims in three priority themes, namely community and place, supporting local business and people and skills. The timeframe to spend all funding was set at March 2025.

It was noted that the revenue and capital UKSPF allocation could be spent anywhere within the district. The capital REPF allocation could only be spent on local businesses within the rural areas with populations under 10,000, this excluded Bexhill (including Little Common and Sidley).

In June 2022, the Council established a Rother Shared Prosperity Fund Local Partnership Group (RSPFLPG) consisting of community partners, local businesses, and local authority leaders, to manage the UKSPF fund and develop an Investment Plan. Funding would be allocated via East Sussex County Council (ESCC) for East-Sussex wide projects and Rother District Council for projects within the district.

Funding in the Investment Plan had been allocated through the submission of projects by external organisations and partners, and through consultation with local authority colleagues and community organisations. Projects were prioritised against the three themes stipulated above and assessed against the Council's Corporate Plan, Anti-Poverty Strategy, Economic Recovery Action Plan and Environment Strategy. The Investment Plan, including its deliverables were developed and submitted to the Government in Autumn 2022 and approved in January 2023. Appendix A, B and C to the report identified the list of deliverables against the interventions, UKSPF and REPF funding allocations respectively.

Funding would be awarded following an open application process to procure services or award grant, as appropriate. Officers were working with the Procurement Hub and Legal Services to develop these processes. Grants and services would be monitored and administered either via the Council's existing systems or ESCC. Assessment would be completed by the RSPFLPG and a newly formed Grant Advisory Panel.

To oversee implementation of the Investment Plan, the Council had recruited a dedicated officer to monitor and report on performance, as

there was a risk that funding could be clawed back if projects were not successfully delivered.

Cabinet was fully supportive of the Council's budgets being amended to incorporate the funding allocations and agreed that delegated authority be granted to the Director – Place and Climate Change in consultation with the Portfolio Holders for Regeneration and Economic Development and Planning and Member Training Champion to agree the finalised awards, based upon the recommendations of the Partnership Panel, as required, as well as distribution of the remaining funding.

**RECOMMENDED:** That:

- 1) the Rural England Prosperity Fund with a value of £603,963 be added to the Capital Programme;
- 2) the Revenue Budget be updated to include the 2023/24 allocation of £232,490 UK Shared Prosperity Fund, and the 2024/25 allocation of £514,572 to be noted for next year. An additional £40,000 per annum for 2023 – 2025 from the Homelessness Prevention Grant will be added to the People and Skills Budget;
- 3) the principles of the Investment Plan and the approach to distribution as described be noted;
- 4) delegated authority be granted to the Director – Place and Climate Change, in consultation with the Portfolio Holder for Regeneration and Economic Development and the Portfolio Holder for Planning and Member Training Champion, to agree the final rural business grant awards, based upon the recommendations of the Partnership Panel;
- 5) delegated authority be granted to the Director – Place and Climate Change, in consultation with the Portfolio Holder for Regeneration and Economic Development and Portfolio Holder for Planning and Member Training Champion, to agree the final community grant awards; and
- 6) delegated authority be granted to the Director – Place and Climate Change, in consultation with the Portfolio Holder for Regeneration and Economic Development and Portfolio Holder for Planning and Member Training Champion, to enter into the necessary agreements for the procurement of services and the distribution of all remaining funding.

CB23/16.  
(9)

**1066 COUNTRY MARKETING**

1066 Country Marketing was a partnership Destination Management Organisation managed by an Executive Board consisting of representatives from local authorities, local and attractions' representatives, and English Heritage. The annual budget was made up of contributions and member subscriptions totalling £25,000.

Hastings Borough Council (HBC) and Rother District Council (RDC) both contributed £50,000 and Wealden District Council £2,000, as the Partnership only served the Pevensey and Herstmonceux areas.

Over the last 30 years, RDC had been working with and supporting its tourism offer through the 1066 Country Marketing Partnership. Appendix A to the report detailed examples of the range of press and promotional activity undertaken in December 2022 and January 2023.

A review in 2016, resulted in the development of a new logo and the 'Country of Origin' badge which was used on products and promotions and £25,000 was invested to create a new website. In 2022, data collated indicated that the website had received over two million views. It was estimated that approximately 14,000 people (full, part-time or casual) were employed in the industry within Rother.

HBC had decided to withdraw their membership and funding from the Partnership. At present, HBC was the accountable body and employed two officers (one full and one part-time) to oversee Partnership activity. A 2023 marketing campaign was established and was scheduled to be rolled-out over the summer. It was proposed that RDC became the accountable body to the Partnership and took over the contract, the website and the copywrite of the intellectual property (IP), as well as staffing resources. In the short-term priority focus would be to increase membership subscriptions to offset funding loss. The report outlined the key risks should the Partnership dissolve.

After deliberation, Cabinet was fully supportive of the Council taking ownership of the 1066 Country Marketing Revenue Budget, website and IP to March 2024 and beyond; and that the transfer be delegated to the Director – Place and Climate Change in consultation with the Portfolio Holder for Neighbourhood Services, Tourism and Joint Waste Contract. Cabinet agreed that tourism was one of the main employers and contributed significantly to the district's economy, as well as quality of life of the local communities.

Cabinet thanked the Head of Housing and Regeneration and the Portfolio Holder for Neighbourhood Services, Tourism and Joint Waste Contract for their hard work ensuring that the Partnership continued and for supporting the district's marketing development.

**RECOMMENDED:** That the:

- 1) Council become the accountable body for 1066 Country Marketing, to include its Revenue Budget, intellectual property and website;
- 2) Council's Revenue Budget be updated to include the financial contributions to 1066 Country Marketing from Wealden District Council and Member Subscriptions, at an anticipated value of £35,000; and
- 3) final terms of transfer be delegated to the Director – Place and Climate Change in consultation with the Council Section 151 Officer

and Portfolio Holder for Neighbourhood Services, Tourism and Joint Waste Contract.

**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 27 July 2023.

**CB23/17. FREEHOLD TRANSFER OF RYE ALLOTMENTS TO RYE TOWN COUNCIL**

(7)

At present, the allotments at Love Lane and South Undercliff, Rye were let to Rye Amenity Community Investment Company under a single lease covering both sites, for a term of 25 years from 1 December 2013. The terms included a provision for either party to break the lease at the end of the tenth year (30 November 2023).

The local Government Act 1972 stated that in an area where there was a Parish Council, all functions under the Allotments Acts 1908 to 1950 which included the provision for allotments, should be exercisable by the Parish Council for the area. Therefore, Rye Town Council (RTC) was the relevant authority. RTC had previously refused a 99-year lease and stipulated that they would only accept responsibility of the allotments if the freehold was transferred. The transfer of the freehold would cost £1.

Subject to the freehold transfer being approved, RTC would be required to designate both sites as statutory allotments, which would protect them from any future development. Currently both sites were designated as tenanted amenity land, not statutory allotments, at values of £175,500 for Love Lane and £120,000 for South Undercliff (with no development opportunities).

After deliberation, Cabinet agreed that the freehold of both allotment sites be transferred to RTC for the sum of £1 and that delegated authority be granted to the Interim Chief Executive and Portfolio Holder for Regeneration and Economic Development to agree the final detailed terms of the transfer.

**RESOLVED:** That:

- 1) the freehold of the two allotment sites at South Undercliff and Love Lane, Rye be transferred to Rye Town Council for the sum of £1 on the condition that they be formally designated as statutory allotments; and
- 2) delegated authority be granted to the Chief Executive and Portfolio Holder for Regeneration and Economic Development to agree the final detailed terms of the freehold transfer.

**COUNCIL LED DEVELOPMENT OLD LYDD ROAD - DELIVERY ROUTE**

(10)

Consideration was given to the report of the Director – Place and Climate Change regarding the proposed Council Led Development at Old Lydd Road, Camber (a small car park and former putting green).

In 2022, the Council was awarded £185,000 from the Brownfield Land Release Fund (BLRF) Round 2 (a cross-government initiative) alongside Strategic Property Asset Collaboration in East Sussex (SPACES) to help bring forward housing on a complicated and unique site just behind Camber Sands, Sites of Special Scientific Interest and RAMSAR Beach.

In March 2023, the Council approved an amended planning application subject to a Section 106 Agreement. Currently, in Camber 67% of habitable dwellings were holiday, second or empty homes, which caused strain on the housing market, pricing out locals who wanted to buy and stay in the area. Therefore, it was proposed that the homes at Old Lydd Road be safeguarded and delivered as wholly affordable housing.

Since approval was granted, officers had explored all modern construction methods and conducted a SWOT (strengths, weaknesses, opportunities and threats) analysis, as detailed at Appendix B to the report. The option to dispose of the land was considered the most advantageous, which would maximise affordable housing and meet the timeframe of the BLRF.

It was proposed to sell the site on the open market through a public sector works contract, subject to Public Contract Regulations 2015 and the Council's Procurement Procedure Rules. The site was being revalued and it was anticipated that the minimum price for disposal should not be less than the costs incurred by the Council in making the scheme 'build ready', whilst considering the BLRF funding. In addition, the revised development valuation would consider the planning permission secured, as well as the preference that 100% affordable housing was delivered. An expression of interest was circulated to local developers and registered providers.

Members were advised that current income lost from the car park would be offset by an increased capacity in Camber's Western Car Park.

Following discussion, Cabinet formally approved that delegated authority be granted to the Director – Place and Climate Change in consultation with the Portfolio Holder for Housing and the Section 151 officer to agree the terms of the sale of the car park to an appropriate provider with a preference that the site be delivered with 100% affordable housing. This would meet an acute housing need in Eastern Rother and specifically in Camber.

**RESOLVED:** That the:



- 1) Director – Place and Climate Change be granted delegated authority to dispose of land at Old Lydd Road, Camber (as outlined at Appendix A) with a preference for 100% affordable homes on the site subject to planning, recovering the costs incurred in preparing the site, on terms to be agreed with the chosen purchaser, in consultation with the Cabinet Portfolio Holder for Housing and Section 151 officer; and
- 2) Director – Place and Climate Change be granted delegated authority to proceed with a procurement process to appoint a development partner to purchase the site with conditions.

CB23/19.  
(11 & 13)

## **BLACKFRIARS HOUSING PROJECT - INFRASTRUCTURE COSTS**

Consideration was given to the report and confidential Appendix of the Director – Place and Climate Change which updated Members on the latest financial position for the Blackfriars Housing Project.

The report outlined the history of the site, the schemes proposed and failed, risks, next steps, as well as the grant funding (£8.7m) awarded to progress the project. The total scheme costs were identified at £78m (inclusive of construction costs) which identified a marginal surplus of £3.5m (assuming that all 200 homes were sold). Since 2019, costs had escalated and a surplus of £1.1m was identified, however, the scheme remained marginally viable with the support of the Homes England (HE) grant funding.

In April 2021, full reserved matters planning permission was approved for 220 homes. Breheny Civil Engineering was awarded a contract of £4.1m (not fixed sum) to construct the road with an additional provisional sum of £650,000 for design-related changes. To ensure that funding deadlines were met, the contract was awarded without a full technical design being submitted. Housing would be delivered by the Council's housing company, Rother DC Housing Company (RDCHC) and a construction contract was awarded to Wates Construction Ltd in January 2022 for 200 dwellings, 120 of which would be affordable homes.

As part of the technical design, several key infrastructure issues had arisen (two surface water drainage tanks and three land embankments) which would require further development, plus because of the COVID-19 pandemic, construction and materials costs had significantly increased. Non-construction related challenges also added to the budget; these were outlined in confidential Appendix A to the report.

To date RDCHC had been advanced c£3m. It was estimated that to enable RDCHC to continue to progress the scheme, that an additional £5m would be required, representing total funding support of approximately £8m by the end of March 2024. Legal advice suggested that a Working Capital Agreement (WCA) be established between the Council and RDCHC. This would be secured using a debenture including a floating charge, which would provide the Council with some level of security over RDCHC assets. Should the value of the WCA

need to be increased, this could be achieved with a letter from the Council to RDCHC. It was therefore recommended that delegated authority be granted to Chief Executive, Section 151 officer, in consultation with the Portfolio Holder for Finance and Governance to agree the most economically advantageous funding mix to finance the scheme. Discussions had been held with HE regarding funding extensions and other funding avenues were being explored.

Officers would undertake work over the summer to firm up finances and further options would be presented to Cabinet at the next meeting scheduled to be held on 4 September 2023.

Cabinet agreed that the best way forward to achieve a viable scheme would be to develop a WCA to cover the £8m financing facility and that a more detailed Development Loan Agreement (DLA) be completed by the end of the year to cover future loan drawdowns and consolidate the WCA. The necessary delegated authority was also approved. It was noted that the Council's legal team were preparing / overseeing the development of the DLA.

**RESOLVED:** That the Chief Executive and the Section 151 Officer be granted delegated authority, in consultation with the Portfolio Holder for Finance and Governance to:

- 1) negotiate and complete an interim Working Capital Agreement (WCA) for £8m and to develop the terms of a main Development Loan Agreement and related documentation for the balance of funding (maximum of £80[m] less any advance via the WCA) with Rother DC Housing Company; and
- 2) should the £8m Working Capital Agreement financing facility need to be extended ahead of the Development Loan Agreement being finalised, that this can be undertaken subject to receipt of a formal request from Rother DC Housing Company up to a maximum of £10m in total.

(The Confidential Appendix in relation to this matter, as set out at Agenda Item 13 was considered exempt from publication by virtue of Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended).

(The Leader had accepted this item onto the Agenda as an Additional Agenda Item in order for Members to be updated on the latest position and financial implications to progress the Blackfriars Housing Project).

(Councillor Thomas declared an Personal Interest as Chair of Rother DC Housing Company, and in accordance with the Members' Code of Conduct remained in the meeting for the consideration thereof).

## **CHAIR**

The meeting closed at 8:10pm.