

**CABINET**

6 November 2023

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

Cabinet Members present: Councillors D.B. Oliver (Leader), C.A. Bayliss (Deputy Leader), A.K. Jeeawon, R.A. McCourt, S.M. Prochak, MBE (Deputy Leader), A. Rathbone Ariel and H.L. Timpe.

Cabinet Members present remotely: Councillors S.J. Coleman and K.M. Field.

Other Members present: Councillors S. Burton, Mrs V. Cook, M.C. Legg, A.S. Mier, P.N. Osborne and R.B. Thomas.

Other Members present remotely: Councillors J. Barnes (MBE), Mrs M.L. Barnes, A.E. Biggs, B.J. Coupar, A.E. Ganly (in part), N. Gordon (in part), T.O. Grohne (in part), T.M. Killeen (MBE), Mrs E.M. Kirby-Green (in part), C.R. Maynard (in part), S.B. McGurk and J. Stanger.

Advisory Officers present: Chief Executive, Interim Deputy Chief Executive, Director – Place and Climate Change, Head of Housing and Regeneration, Housing Development Manager, Revenues and Benefits Manager, Neighbourhood Services Team Leader and Democratic Services Manager.

Also Present: One member of the public in the Council Chamber and 23 members of the public via the live webcast.

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Publication Date: 9 November 2023

The decisions made under PART II will come into force on 17 November 2023 unless they have been subject to the call-in procedure.

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**CB23/35. MINUTES**

The Chair was authorised to sign the Minutes of the meeting held on 6 October 2023 as a correct record of the proceedings.

**CB23/36. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor T.J.C. Byrne.

**CB23/37. DISCLOSURE OF INTEREST**

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

Coupar	Agenda Item 12 and 14 – Personal Interest as a Council appointed Director on Rother DC Housing Company.
Field	Agenda Items 8, 9 and 11 – Personal Interest as an elected Member of East Sussex County Council and a member of the Planning Committee that considers Traffic Regulation Orders.
Mrs Kirby-Green	Agenda Item 11 - Personal Interest as an elected Member of East Sussex County Council and a member of the Planning Committee that considers Traffic Regulation Orders.
Maynard	Agenda Items 6 and 11 – Personal Interest as an Executive Member of East Sussex County Council.
Thomas	Agenda Items 12 and 14 – Personal Interest as Chair of Rother DC Housing Company.

CB23/38. **EXCLUSION OF PRESS AND PUBLIC**

**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 CB23/41 was under consideration. Appendix 5 submitted in connection with this item and which contained 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.

CB23/39. **DISCHARGE OF HOMELESSNESS DUTY TO A SUITABLE PRIVATE RENTED PROPERTY POLICY**

(7)

Cabinet received Minute OSC23/29 arising from the meeting of the Overview and Scrutiny Committee held on 16 October 2023 that had considered a report on the proposed Discharge of Homelessness Duty to a Suitable Private Rented Property Policy. The Cabinet Portfolio Holder advised that the Policy regularised the processes that were already in place as part of the solution to combat homelessness. The Policy enabled the Council to make transparent offers of private sector tenancies to all households where a suitable property had been identified. The Private Sector Housing Team worked hard to secure suitable properties with reputable landlords each month.

**RECOMMENDED:** That the Discharge of Homelessness Duty to a Suitable Private Rented Property Policy be approved and adopted;

**AND**

**\*RESOLVED:** That the Head of Housing and Regeneration be granted delegated authority to make any further changes that may be required to the Discharge of Homelessness Duty to a Suitable Private Rented Property Policy in the future.

\*The **RESOLVED** parts of these Minutes are subject to the call-in procedure under Rule 16 of the Overview and Scrutiny Procedure Rules.

CB23/40. **REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING AS AT QUARTER 2 - 2023/24**

(9)

Consideration was given to the report of the Interim Deputy Chief Executive on the Revenue Budget and Capital Programme Monitoring as of 30 September 2023. The Revenue Budget and Capital Programme statements were summarised in Appendices A and B respectively to the report, together with the impact of the forecast on the Council's Reserves at Appendix C. The report also included a brief update on the Collection Fund performance.

The forecast outturn for the 2023/24 financial year, indicated a forecast deficit position of £2.961m at 31 March 2024, against a budgeted deficit of £2.221m which was a variance of £0.74m. The updated Medium Term Financial Strategy looked to address the financial position of the Council, considered elsewhere at this meeting (see Minute CB23/42 below).

The Revenue Budget forecast as at the 30 September 2023 indicated a deficit of £0.656m against the approved budgeted drawdown from Reserves of £2.045m resulting in a forecast reserve drawdown of £2.701m. The main reasons for the variations were detailed in the report, although it was noted and agreed that the descriptions of the main variances would be more explicit in future reports.

The Council's Net Financing Costs had reduced due to a review of several schemes within the Capital Programme to ensure deliverability of anticipated outcomes and affordability. As a result of the review, the anticipated borrowing had not been required and interest due to be paid was lower than expected by £471k. Interest income from investments was expected to yield an additional £730k, of which £530k was in respect of an increased focus on treasury management activity and higher interest rates since the budget was calculated and £200k due in interest on loans to the housing company.

The revised 2023/24 Capital Programme budgets had been derived from reviewing the project cashflows and assessing the expected position at this time. There were a number of additions to the Capital Programme including unexpected replacement boiler costs at the Town Hall; the refurbishment of five tennis courts at Egerton Park as part of grant acceptance conditions; potential payments in respect of contributions towards dilapidations at Rye Swimming Pool and Bexhill Leisure Centre and Pool; an additional Disabled Facilities Grant allocation and changes to the Changing Places Toilet schemes approved previously. The current budget for the Capital Programme's

for the year was £28.4m, with the forecast outturn for the year as at Quarter 2 being £19.9m, a variance of (£8.5m) or 30% of the programme.

It was noted that the collection rate as at the 30 September 2023 for the Council Tax and Business Rate parts of the Collection Fund was 57.10% and 58.62% respectively of the collectable debit, which was 0.21% and 0.43% lower respectively than the corresponding figures in 2022/23. It was considered that the collection rates had held up well despite the squeeze on finances following the pandemic and the cost-of-living crisis, but a future decline in collection rates would have an adverse impact on the Council's income.

**RECOMMENDED:** That:

- 1) the scheme to meet the potential costs of the Council's contributions towards dilapidations to Rye Swimming Pool and Bexhill Leisure Centre and Pool at a forecast cost of £60k in 2024/25 and £50k in 2025/26, to be funded from capital receipts, be approved; and
- 2) the changes to the Capital Programme budget as follows be approved:
  - A new capital scheme be added to the capital programme in 2023/24 in respect of replacement boilers in administrative buildings, at a total cost of £95k, to be funded from revenue reserves.
  - An increase of £161k to the current capital programme scheme in 2023/24 in respect of Disabled Facilities Grants, funded from an additional grant allocation from Government (DLUHC).
  - Transfer of £53k from Pebsham toilets and £68.5k from Camber toilets/Camber Sands Welcome Centre (the latter subject to formal approval from the funding body) to a new scheme at Egerton Park toilets in 2023/24, in respect of a Changing Places Toilets scheme, to be funded from a Government (DLUHC) grant.
- 3) the acceptance of £128k revenue grant funding for Bexhill leisure pool and Rye swimming pool (subject to the notification of a formal offer) be approved.

**AND**

**RESOLVED:** That the report be noted.

(Councillor Field declared a personal interest in this matter as an elected Member of East Sussex County Council and in accordance with the Code of Conduct remained in the room during the consideration thereof).

## **BLACKFRIARS HOUSING AND INFRASTRUCTURE PROJECT**

Members considered the comprehensive report of the Director – Place and Climate Change which provided an update on the progress of the Blackfriars Infrastructure and Housing project and the latest financial position. The report also outlined some recommended amendments to the Shareholders Agreement between the Council and Rother District Council Housing Company Ltd (the Company) and the Company Articles of Association. The report demonstrated that positive progress had been made with the infrastructure scheme on this historically stalled site, however, the biggest risk to the project was the marginally viable status of the site, compounded by increased infrastructure costs and challenging market conditions.

At the time of reporting, the Company Board's approved housing delivery option of 130 affordable homes and 70 open market sale, was now not viable. This would leave no surplus available to help absorb the deficit on the infrastructure delivery or to manage the ongoing project risk of further cost increases.

Whilst the Company had considered various options to demonstrate a profit-making scheme required of a commercial entity, the only viable option to provide sufficient business justification to continue the housing project at this stage, was to formally submit a Financial Viability Assessment to Planning to determine the removal of the s106 planning obligation, with the view to delivering 100% open market sale. This enabled the Company to proceed with a scheme and to secure the necessary loan funding arrangements for continued business justification and to achieve the business aim of increasing supply of housing. The various options considered by the Company were detailed in the financial appraisal contained within confidential Appendix 5 to the report; Members did not go into confidential session to discuss the confidential Appendix.

It was noted that the option to sell the whole site to a registered provider for 100% affordable housing had been considered and ruled out as an unviable option but had not been included in the options appraisal; details of this option would be circulated separately to Members to demonstrate why it was not viable. It was further noted that if this option was viable, the Council would not lose nomination rights, however, many registered providers had curtailed their building programmes due to the current economic viability constraints.

The local Battle Members were disappointed that the affordable housing element had been removed and that this would not be a popular decision locally within Battle, where there was a real need for affordable homes. However, positively, it was noted that all the housing in the new scheme would be Energy Performance Certificate rated B and A, if economically viable.

Members were reassured that the delivery of an element of affordable housing on this site was still very much the intention of the Housing Company and that every effort possible would be made to achieve this at some point.

The Council and Company continued to work collaboratively to improve the overall financial performance of the project and the key activities and resources involved in this process were explored in detail in the report. It was noted that there was a need for an additional contingency of £1.1m for the delivery of the infrastructure, increasing the estimated cost reported to Members in July from £19.9m to £21.0m which represented a 5.5% contingency.

The Company had also undergone a review and refresh of previously agreed governance documents from 2018 and a small number of amendments had been agreed in principle, to incorporate in the Shareholder Agreement and Articles of Association, subject to Member approval. The changes had been reviewed by both the Company and Council's respective legal teams and were detailed at Appendices 1, 2 and 3 to the report.

Members were also advised that the Council and the Company were working on finalising a Working Capital Agreement and wider Development Funding Agreement with legal advisors and this provided a further opportunity to review and assess governance arrangements. The Service Level Agreement was also in the process of being finalised and it was hoped that this could be agreed and signed off by both parties by the end of the year.

**RECOMMENDED:** That:

- 1) the updated capital budget requirement for the Blackfriars Infrastructure scheme of £21m be approved, to be funded as outlined within paragraph 15 of the exempt report (confidential exempt Appendix 5 to the report); and
- 2) the Council's Chief Executive be granted delegated authority in their capacity as the Company Shareholder Representative to finalise and agree the proposed amendments to Rother District Council Housing Company Ltd Articles of Association and Shareholder Agreement proposed in Appendices 2 and 3 to the report as submitted.

**AND**

**\*RESOLVED** That:

- 3) the position in respect of the Service Level Agreement and Working Capital Agreement be noted; and
- 4) the recent Housing Company Board decision to apply to the Planning Committee for removal of the Section 106 planning obligation and to deliver 200 market homes and the potential impact this has on the scheme financing be noted.

(The Confidential Appendix in relation to this matter, as set out at Agenda Item 14 was considered exempt from publication by virtue of Paragraph 3 of Schedule 12A of the Local Government Act 1972, as amended).

(Councillor Coupar declared a personal interest in this matter as a Council appointed Director of Rother DC Housing Company and in accordance with the Code of Conduct remained in the room for the considered thereof).

(Councillor Thomas declared a personal interest in this matter as Chair of Rother DC Housing Company and in accordance with the Code of Conduct remained in the room for the considered thereof).

\*The **RESOLVED** parts of these Minutes are subject to the call-in procedure under Rule 16 of the Overview and Scrutiny Procedure Rules.

CB23/42.  
(6)

## **MEDIUM TERM FINANCIAL STRATEGY 2024/25 TO 2028/29**

Members considered the comprehensive Medium Term Financial Strategy (MTFS) which outlined the financial issues affecting the Council and the impact on the financial forecast over the coming years. The MTFS was attached at Appendix 1 to the report, there was a budget gap of £3.8m next year, and a proposal to meet £3.3m of this from the new savings programme and the balance of £0.5m to be funded from reserves.

The MTFS aimed to:

- provide a high-level assessment of the resources available and outlined the projections for the following four financial years;
- refresh the financial projections considering local, national, and global factors including known spending pressures and commitments, along with forecast future funding reductions and the impact of the national economic outlook;
- provide preparatory work for the following year's budget;
- explore the demands on the Capital Programme, both in terms of ambition and resources, along with the impact on the revenue account and reserve levels held by the Council; and
- address the sustainability of the Council's financial position.

Members were appreciative of the very comprehensive report that had been compiled and paid tribute to the Interim Deputy Chief Executive for his work in providing this new style of report, that pulled together all relevant issues and was clear and easy to read.

The savings and efficiencies totalling £3.3m that the Council had identified to help support the 2024/25 budget could be found within Appendix 2 to the report. The draft capital budget was included within Appendix 3 to the report, while the fees and charges proposals for the next year were covered by Appendix 4, which could be amended in light of further work and consultation responses and would be agreed as part of the budget setting in February 2024. Appendix 5 to the report included a risk assessment for the next year's budget, along with a sensitivity and scenario analysis at Appendix 6. Members aired some concerns over some of the proposed increases in car parking charges but were pleased to see the proposed reintroduction of a

range of length of stay options at some Camber car parks, following the trial of a fixed tariff in the summer season.

Members were reminded that all the budget proposals, including the level of fees and charges, were being consulted on during November and December and feedback would be considered in February 2024 when setting the council tax; the Council's consultation and budget planning cycle was set out in detail within the report.

Some Members were concerned at the projected level of staff pay increases within the report and the impact this might have on recruitment and retention. Each additional 1% on the wage bill cost the authority an additional £100k; historically there were issues in recruiting to professional roles such as planning and environmental health. The Council's People Strategy would also focus on the holistic benefits for working within the district to attract future employees, rather than just focusing on financial reward. Differing pay levels between neighbouring authorities could also cause issues / risks in terms of delivering more shared services.

The Council's Overview and Scrutiny Committee (OSC) had considered the report at its meeting on 16 October 2023 and the Minute arising (Appendix 7 to the report) had been included within the updated report, together with the following recommendations made by the OSC:

- 1) the Town Hall buildings currently not in use and in need of updating, be repurposed for use as temporary housing, using capital that had previously been set aside to purchase temporary accommodation;
- 2) the Council's commercial activities, such as parking enforcement, to be expanded further and the services marketed to others; and
- 3) bulky waste charges remain the same and the service be promoted to residents via the MyAlerts system.

Cabinet considered the recommendations from the OSC and it was noted that:

- 1) it was not financially viable to repurpose the empty Town Hall buildings for temporary accommodation purposes; options for the Town Hall complex following the cessation of the Town Hall Renaissance project were currently being put together and would be brought before Members in the new year;
- 2) options for sharing / offering services were already being considered as part of the Fit for the Future work; and
- 3) bulky waste charges needed to be set at a level that covered the actual cost of providing the service, whilst not being cost prohibitive resulting in increased fly-tipping. The need for improved communications about the services provided was acknowledged.

Members noted that the assumptions that had been made in terms of future central Government funding would not be confirmed until the Provisional Settlement was announced, the date of which was currently anticipated to be around the end of December 2023 and as such were



subject to change. A further budget report would be submitted to Cabinet and Council in February 2024.

Whilst the Council's reserves provided some level of comfort over the short term and had been used to address budget deficits previously, this was not a sustainable financial strategy for the medium to long term. The reserves would fall below the recommended £5m minimum level if ongoing savings were not delivered. Heads of Service and other budget managers were responsible for monitoring and delivering the savings required. Substantial work had been undertaken through the budget savings exercise as part of the new Fit for the Future programme, which was looking to ensure future resilience of the Council's finances and to ensure reserves were maintained above minimum levels. This had helped to offset the significant spending pressures which the Council was experiencing in relation to homelessness, inflationary pressures and increasing uncertainty around future funding levels, all of which were impacting on the medium-term projections.

Members were reminded that there would be difficult decisions ahead; the Council's ability to generate income through its fees and charges would protect front line services. The Council provided significant tourism infrastructure at a cost to the local council taxpayer, and it was fair that tourists visiting the area paid a contribution, through car park charges, to help cover these costs.

**RESOLVED:** That:

- 1) the financial forecast and proposed way forward be noted;
- 2) the Council maintain its policy of maximising the annual increase in Council Tax within the Government's referendum limit;
- 3) the Council continues to be part of the East Sussex Business Rate pool in 2024/25 and that the Interim Deputy Chief Executive be granted delegated authority to finalise the necessary agreement with the Member authorities, in consultation with the Cabinet Portfolio Holder for Finance and Governance, if the pool remains financially beneficial;
- 4) officers continue to develop proposals that will enable the Council to maintain or replenish its level of revenue Reserves to £5m;
- 5) approval is given to consult on;
  - (a) the draft savings proposals contained within Appendix 2 to the report and
  - (b) the draft fees and charges contained within Appendix 4 to the report;
- 6) the Interim Deputy Chief Executive be granted delegated authority, in conjunction with the Cabinet Portfolio Holder for Finance and Governance, to;
  - (a) finalise the wording of the budget consultation literature; and

(b) set and agree any fees and charges not covered by this report (excluding environmental health and licencing which go to a separate Committee); and

7) the comments made by Cabinet in relation to the Overview and Scrutiny Committee's recommendations be noted.

(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).

CB23/43.  
(8) **COUNCIL TAX REDUCTION SCHEME**

Cabinet received Minute OSC23/31 arising from the meeting of the Overview and Scrutiny Committee held on 16 October 2023, that had considered a report on the planned consultation on proposed changes to the Council Tax Reduction Scheme (CTRS) to take effect from 1 April 2024. The proposed changes to the scheme for 2024/25 were to increase the working age maximum to 100% and to remove the £5 per week minimum payment. This would mean that those residents on the lowest of incomes would not have to pay any council tax.

The Council was required to undertake a consultation with both the public and the Major Precepting Authorities when changes to the CTRS were proposed. It was therefore proposed and agreed to run a six-week consultation exercise during November and December taking the form of an online stakeholder survey. Details of the consultation documentation were attached to the report at Appendix A and the consultation results would be reported to Members in early 2024.

It was requested and agreed that contact be made with support services such as the Citizen's Advice Bureau and Foodbanks to raise the profile of the consultation and assist residents in responding. It was further requested that plain English be used throughout the consultation document and simplified wherever possible to aid completion. There was a general plea that all consultation documents should be seen by the relevant Cabinet Portfolio Holder prior to publication.

It was noted that the imminent Royal Assent of the Levelling Up and Regeneration Bill would allow the Council to reduce the minimum period for the implementation of a premium for empty premises from two years to one year, with effect from 1 April 2024; and allow the introduction of a second homes premium of up to 100% with effect from 1 April 2025.

It was acknowledged that moving to a 100% working age CTRS and the removal of the £5 per week minimum level, would inevitably lead to an increase in the cost to the tax base, however, the increase in the tax base generally (estimated at around £230k) and the change to the empty property premiums with effect from 1 April 2024 could offset the majority of the additional costs.

**RESOLVED:** That consultation with the public and Major Precepting Authorities on proposed changes to the Council Tax Reduction Scheme for working age applicants with effect from 1 April 2024 be approved.

(Councillor Field declared a personal interest in this matter as an elected Member of East Sussex County Council and in accordance with the Code of Conduct remained in the room during the consideration thereof).

CB23/44.  
(10)

## **TREASURY MANAGEMENT UPDATE REPORT**

Consideration was given to the report of the Interim Chief Finance Officer on Treasury Management activities up to 30 September 2023. The report provided an update on several financial areas as follows:

- Financial Investments: Total investments were predicted to yield approximately £555,000 in 2023/24; the budget for the year was £586,000 (94% achieved).
- Borrowing: Total borrowing as at 30 September 2023 was £31.8m; £11.6m lower than the Capital Financial Requirement.
- Treasury and Prudential Indicators: During the financial year to date, the Council had operated within the treasury and prudential indicators within the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The ratio of Net Financing Costs to the Net Revenue Stream in the original budget was 5.06% but was now predicted to be -1.15%; this was a welcome change as investment income had exceeded financing cost.
- Non-Treasury Investments: Return on investment after notional interest applied was 4.36% (average) in respect of existing assets and properties purchased through the Property Investment Strategy.

It was noted that the IFRS9 statutory override that allowed councils to disregard changes in the value of their pooled investments and protect taxpayers from market volatility had been extended for a further two years until March 2025, following the recent Government consultation.

Inflation was significantly eroding the Council's spending power; at its 20 September 2023 meeting, the Bank of England's Monetary Policy Committee (MPC) updated projections which showed the annual CPI inflation rate falling back from its very high level (10% since the summer of 2022 up to March 2023) to around 7.9% in June, then 6.7% in August and September but the fall was not as sharp as previously hoped for. At the recent meeting of the Bank of England's MPC, it was agreed to keep the bank base rate at 5.25% to help control inflation in September 2023.

The economic outlook remained uncertain due to the ongoing war in Ukraine, the highest inflation for the last 40 years, rising interest rates, uncertainties over Government policy and possible adverse impacts from the recently reignited conflict in the Middle East.

Cabinet noted that investment activities conformed with the approved strategies and the Council had no liquidity difficulties.

**RESOLVED:** That the report be noted.

CB23/45. **EAST SUSSEX COUNTY COUNCIL CIVIL PARKING  
ENFORCEMENT PARKING BOARD REPRESENTATION**

(11)

Civil Parking Enforcement (CPE) was brought in within the Rother District in 2020 and East Sussex County Council (ESCC) were in the process of creating one Parking Board to include all areas with CPE. This would ensure that ESCC looked at the county as a whole, where appropriate, had a consistent approach across all areas and made best use of the time of all those attending.

The Council was therefore invited to confirm its representative on the Parking Board and it was recommended that the Cabinet Portfolio Holder for Parking, currently Councillor Timpe, be appointed.

It was proposed to hold one collective meeting for all CPE areas, twice a year (May and November) with representatives from all four CPE areas in attendance. The meeting in May would receive service updates and enforcement activity reports and November would include a review of the Annual Parking Report and financial performance, starting in 2024.

Members were pleased that Rother had been given the opportunity to be represented on the newly established Parking Board and the appointed representative would ensure consultation with Members prior to attending each meeting, particularly the Cabinet Portfolio Holder for Regeneration and Economic Development. It was noted that, historically, the Parking Boards worked extremely well and were operationally focused.

**RESOLVED:** That the Cabinet Portfolio Holder for Parking, Councillor Timpe, be appointed to the East Sussex County Council's Civil Parking Enforcement Parking Board.

(Councillors Field and Mrs Kirby-Green each declared a personal interest in this matter as elected Members of East Sussex County Council and members of the Planning Committee that considered Traffic Regulation Orders and in accordance with the Code of Conduct remained in the room during the consideration thereof).

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

**CHAIR**

The meeting closed at 8:40pm