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CABINET

17 October 2016 at 5.00 pm

Present : Councillors Mrs Brown (Chairman), Wensley (Vice-Chairman), Bence, Chapman, Dendle and Wotherspoon.

Councillors Clayden, Charles and Mrs Porter were also in attendance for all or part of the meeting.

258. APOLOGY FOR ABSENCE

An apology for absence had been received from Cllr Bower.

259. DECLARATIONS OF INTEREST

The Monitoring Officer has advised Members of interim arrangements to follow when making declarations of interest. They have been advised that for the reasons explained below, they should make their declarations on the same basis as the former Code of Conduct using the descriptions of Personal and Prejudicial Interests.

Reasons

- The Council has adopted the government's example for a new local code of conduct, but new policies and procedures relating to the new local code are yet to be considered and adopted.
- Members have not yet been trained on the provisions of the new local code of conduct.
- The definition of Pecuniary Interests is narrower than the definition of Prejudicial Interests, so by declaring a matter as a Prejudicial Interest, that will cover the requirement to declare a Pecuniary Interest in the same matter.

Where a Member declares a "Prejudicial Interest" this will, in the interest of clarity for the public, be recorded in the Minutes as a Prejudicial and Pecuniary Interest.

There were no Declarations of Interest made.

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260. MINUTES

The Minutes of the meeting held on 19 September 2016 were approved by the Cabinet as a correct record and signed by the Chairman.

261. LITTLEHAMPTON LEISURE CENTRE – PROJECT UPDATE

The Cabinet received a presentation from the Principal Landscape Officer that updated Members on the progress towards the delivery of a new Leisure Centre in Littlehampton. The latest leisure centre designs were presented and consultation results outlined. The key points noted were:

- a summary of the comments received at User Group meetings were combined with the results of the Planning Public Consultation and designs had been adjusted to accommodate the suggestions put forward.
- the relationship of the new Leisure Centre with the surrounding area had been considered with the opportunity for positive links with Mewsbrook Park. Members were shown Masterplans that detailed how the setting of the building could enhance the area. This included; the views the facility would have of the Seafront and Mewsbrook Park, the new walkway linking the Leisure Centre with the Seafront and the relocated boat store that would open up space in front of the building.
- the layout of the new Leisure Centre incorporated the approved facilities mix (Cabinet Decision Notice C/034/161115).
- the most recent site plan was noted. This detailed the addition of a bus drop off and pick up point outside the Leisure Centre.
- the latest version of the floor plans were presented which detailed items such as the layout of changing rooms, table layout of café area and the spectator area.
- the project team had met with Sport England to discuss the project and clarify the process for funding applications. It was noted that Sport England had invited the Council to submit an Expression of Interest in September 2016. Subject to a positive outcome it was proposed that Arun District Council would submit a funding application to Sport England.

In summing up, the Principal Landscape Officer informed Members that the planning submission for the new Leisure Centre would be submitted week commencing 24 October 2016 for consideration by the Development Control Committee on 1 February 2017.

In discussing this update, Cabinet commended the work of Officers on this project and welcomed the progress that had been made with the design of the Leisure Centre. The Principal Landscape Officer was thanked for her clear report.

Following questions which were responded to at the meeting the Cabinet agreed the report's recommendations.

The Cabinet confirmed its decision as per Decision Notice C/019/171016, a copy of which is attached to the signed copy of the Minutes.

## 262. CAPITAL PROJECT PRIORITISATION

Cabinet received a report from the Capital Accountant which identified the Council's project priorities that could be delivered within available resources outlined in the Council's Medium Term Financial Strategy (MFTS).

It was explained that the proposed programme was dominated by the construction of the new Littlehampton Swimming & Sports Centre. As the exact timing for this project was currently unknown the timing of cash flows had been estimated.

It was pointed out that the remaining schemes were continuing the phases of those considered in the report in September 2014 as it was considered logical to complete the programme. This was with the exception of window replacement where it had been proposed to divert this funding to Beach Huts because of their ability to generate a return for the Council.

Following on from this Members attention was drawn to recommendation 4 of the report that requested Cabinet to approve delegated authority to the Council's Chief Financial Officer to approve invest to save schemes subject to a sound business case/financial appraisal which would clearly demonstrate that they could service any related debt and interest repayments.

In receiving this report, Cabinet particularly welcomed the 200,000k per annum that had been and would be invested in Public Toilets which showed the Council's commitment to their maintenance.

The Cabinet then confirmed its decision as per Decision Notice C/020/171016, a copy of which is attached to the signed copy of the Minutes.

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263. REVENUE AND CAPITAL OUTTURN EXPENDITURE 2015/16

The Financial Services Manager presented the report on the Revenue and Capital Outturn Expenditure 2015/16 which provided a summary, comparing expenditure with the approved budget.

Cabinet were informed that the Accounts had been audited and were available on the Finance page of the Council's website. It was noted that the General Fund showed a number of the trends identified during the year such as Service related income which remained buoyant.

Members' attention was drawn to the significant variation to Housing Benefit. The adverse variation of £200K was anticipated during the year for rent allowances mainly due to Anti-Fraud and error initiatives launched by the Department for Work and Pensions (DWP). The actual outturn of £90k was highlighted as favourable and showed a significant recovery of Housing Benefit, a good achievement in the current economic climate. It was noted that it was, therefore, possible for the sum of £1.2M to be transferred to the pensions reserve and £800k to the Littlehampton Centre Reserve. It was also noted that the favourable outturn was due to robust financial management.

The Housing Revenue Account (HRA) balance of £6.903M and major reserves balance of £1.037M were pointed out as these balances had to be healthy to protect against the levy for high value dwellings and higher rents from high income tenants.

Capital Slippage to 2016/17 was highlighted at £7.165M HRA of which £5.646M related to stock development and £2.349M related to the HRA and £3.844M to the General Fund.

Earmarked reserves of £13M were noted which included funds the Council holds on behalf of our partners.

In noting the report, Members thanked the Finance Team for their prudent financial management. The Chairman then referred Members to the report's recommendations.

The Cabinet then confirmed its decision as per Decision Notice C/021/171016, a copy of which is attached to the signed copy of the Minutes.

264. FINANCIAL PROSPECTS 2016/17 TO 2021/22

The Cabinet received a report from the Head of Finance & Property on the Council's Financial Prospects 2016/17 to 2021/22. This report contained the latest version of the Medium Term Financial Strategy (MTFS) which used the most recent information available to quantify the projected deficit.

It was pointed out that the Council was facing a number of financial uncertainties primarily because funding from Central Government was based upon growth and this was difficult to project forward. It was explained that proposed changes to this funding system would likely lead to a significant decline in funding for the Council.

It was explained that it had been considered necessary to make changes to previous assumptions in order to address both announcements from Government and wider economic factors. Members' attention was drawn to the principal assumptions made as follows:

- Council Tax would increase by £5 (Band D equivalent) per annum
- Salary costs would increase by 1% for 4 years until 2020/21 to reflect the Chancellor's announcements on public sector pay
- It was assumed that the Council Tax Reduction Scheme would be amended which would result in savings of approximately £100k per annum
- Initial indications were that employer pension contributions would continue to rise at 1% per annum. It was noted that the Council also currently paid approximately £1m per annum in order to address pension back funding issues. This was currently financed by a specific reserve but Members noted that the current forecast was for this reserve to be exhausted by 2020/21. If the Council was unable to replenish the reserve there would be a commensurate increase (£1M p.a.) in the revenue budget thereafter.
- Following the EU referendum result and the subsequent decrease in the base rate it had been necessary to reduce the projections for interest on the Council's balances.

The Head of Finance and Property stated that the Strategy was also heavily influenced by the decision to proceed with the new Leisure Centre. He informed Members that every effort would be made to minimise the extent of borrowing for this project as it would impact upon the revenue account and would negate some of the Vision savings.

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In referring Members to the Council's Efficiency Plan 2016/17, the Head of Finance and Property stated that this had been prepared in response to the Government's offer of a guaranteed minimum settlement for the period to 2019/20. It was reiterated that there would be challenges in addressing the Council's forecasted budget deficit in an increasingly uncertain environment with increasing risks.

Members were then referred to the serious financial risk the Council was facing with the fundamental change in Local Government Funding as outlined in the report. It was noted that the changes were yet to be announced. A number of risks around the retention of Business Rates were outlined and Members were informed that, in the absence of any firm information from Central Government, it had been assumed the new system would have a neutral impact. This stance was supported by the Council's auditors, Ernst & Young.

In discussing the report, Cabinet were pleased to note that the efficiency savings had started to bear results. The Head of Finance and Property and his team were congratulated on their prudent financial planning during an uncertain economic climate. Comment was made that Members must continue to keep on track and reach the savings targets outlined in the Council's Vision 2020.

The Cabinet then confirmed its decision as per Decision Notice C/022/171016, a copy of which is attached to the signed copy of the Minutes.

#### 265. AWARD OF CONTRACT – BANKING SERVICES

The Cabinet received a report from the Senior Accountant (Treasury) on the procurement process and tender evaluation for corporate banking services. The report provided a brief summary of the procurement process and detailed the results of the tender evaluation.

Members were informed that the Council had received three completed tenders returned by the specified date which were assessed on a 40% price, 60% quality matrix.

In receiving the report, Members welcomed the good news that the chosen banking service would provide a saving to the Council on the current contract.

The Cabinet then confirmed its decision as per Decision Notice C/023/171016, a copy of which is attached to the signed copy of the Minutes.

266. BUSINESS RATES – DISCRETIONARY RATE RELIEF: PARTLY OCCUPIED RELIEF

In presenting the report Business Rates – Discretionary Rate Relief: partly occupied relief, the Revenues Manager proposed that, with effect from 1 April 2017 the gross rateable value be limited to £12K.

The financial implication in respect of relief granted was outlined. If relief was granted on a high value hereditament this would impact significantly on the Council's financial position. An example was given where an award relief of £250K would cost the Council £50k. It was noted that the report's proposals continued to support local small businesses whilst also taking into account the potential impact of any temporary relief for partly occupied properties.

In discussing the report, Cabinet agreed that it was sensible to limit the gross rateable value as requested.

The Chairman then announced that the Revenues Manager was leaving the Council after 25 years of service and the Cabinet thanked him for his hard and valuable work over the years and wished him well for his future endeavours.

The Cabinet confirmed its decision as per Decision Notice C/024/171016, a copy of which is attached to the signed copy of the Minutes.

267. LOCAL HOUSING COMPANY

The Cabinet received a report from the Housing Strategy and Enabling Manager on the establishment of a wholly owned Local Authority Housing Company.

It was explained that as part of the Council's 2020 Vision Programme, a Cabinet Working Party (CWP) had been reviewing various documents for creating a Wholly Owned Local Authority Housing Company/s (WOLAHCo). The purpose of the Company/s would be to develop residential housing and other appropriate schemes to generate an additional income stream for the authority via company dividends. The company would operate independently from the Council on a commercial basis with its own Board of Directors appointed by Cabinet.

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With the agreement of the Cabinet, Councillor Elkins spoke on this item. He thanked the Housing Strategy and Delivery Manager for his hard work in progressing this matter and commended the Working Party's findings. He pointed out that this initiative had been carried out at other authorities and he supported the opportunity for this Council to move into commercial business. Councillor Elkins also drew attention to the potential opportunity for the provision of market and affordable housing (including shared ownership) for the people of the Arun District.

In discussing the report, Cabinet welcomed the establishment of a wholly owned Local Housing Company.

The Cabinet confirmed its decision as per Decision Notice C/025/171016, a copy of which is attached to the signed copy of the Minutes, and

**RECOMMEND TO FULL COUNCIL – That**

- (1) Full Council approve a supplementary estimate of up to £130,000 (equating to a Band D Council Tax of £2.25) to cover the costs of setting up the Shadow Board and the Company which includes all the necessary legal, financial and due diligence checks which must be completed to a satisfactory standard and externally audited if deemed necessary by the Chief Executive, and;
- (2) that the Council's constitution be amended to explicitly include in the terms of reference for the Cabinet, in its role to oversee the activity of any separate legal entity within which the Council has an ownership interest.

**268. HRA SUPPLEMENTARY ESTIMATE**

The Head of Housing presented the report that sought Cabinet approval for a HRA Supplementary Estimate of up to £691,000K. This would be spent on acquiring properties. It was explained that acquiring properties would ensure that the '1 to 1' receipts were committed and would result in increasing Council Housing Stock.

In receiving the report, Cabinet commended the Head of Housing for maintaining a strong position for the Council and unanimously supported the report's recommendations.

The Cabinet confirmed its decision as per Decision Notice C/026/171016, a copy of which is attached to the signed copy of the Minutes, and



RECOMMEND TO FULL COUNCIL – That

- (1) a HRA Supplementary Estimate of up to £691,000 is approved to purchase properties up to a total value of £691k. The supplementary estimate equates to a weekly rent of £3.93 per dwelling.
- (2) authority be delegated to the Cabinet Member for Housing, Head of Finance and Property, and Head of Housing to approve the purchase of property up to the total value of £691k.

269. RECOMMENDATIONS FROM THE CABINET WORKING PARTY – REVIEW OF DELEGATION & CABINET/COMMITTEE STRUCTURE

Cabinet received a report from the Chief Executive that presented the recommendations from the Cabinet Working Party – Review of Delegation & Cabinet/Committee Structure.

The Chief Executive reminded Members that the Working Party had been established by Cabinet as part of developing the Vision 2020. It was explained that its role was to carry out a review of the current decision making process in two stages. Firstly, looking at levels of delegation to Committees and Officers and secondly, to review the current Cabinet/Committee structure.

Members' attention was drawn to the report's recommendations. It was pointed out that although alternative ways of working were explored the report recommended no change to the present decision making structure of the Council as there was no evidence that change would produce savings. The report also recommended delegated authority and a simplified Constitution to stop bureaucratic reporting and empower managers.

In considering the report's recommendations, Cabinet amended the error in the listed financial triggers.

The Cabinet confirmed its decision as per Decision Notice C/027/171016, a copy of which is attached to the signed copy of the Minutes, and

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(1) No change is made to the present decision making structure of the Council (the Cabinet system) as no overwhelming financial or democratic accountability arguments were evident to support reverting back to a Committee system.

(2) The following triggers/processes for decision making form the basis of revised Financial Regulations in the Council’s Constitution:-

1) Approval route for spending Section 106 (S106) contributions

Based on the agreed S106 Agreement, where Arun is spending the money:

<b>Trigger</b>	<b>Delegation to</b>
Up to £100,000	Relevant Individual Cabinet Member
Over £100,000	Cabinet – request to be made through Budget Variation Report

2) Financial approvals

a) Responsibility for the corporate vacancy allowance to remain with the Corporate Management Team (CMT)

b) Virements of expenditure within budget:

<b>Trigger</b>	<b>Delegation to</b>
Up to £50,000	Chief Executive, relevant Director or Group Head
£50,001 - £100,000	Section 151 Officer
Over £100,000	Individual Cabinet Member

c) Supplementary estimates outside of budget:

Trigger	Delegation to
Up to £50,000	Chief Executive or relevant Director to meet by virement within existing resources
£50,001 - £100,000	Cabinet – request to be made through Budget Variation report and then Full Council
Over £100,000	Cabinet and then Full Council – individual report from relevant Director/Group Head

- i. Changes to also be made to the Constitution to allow supplementary estimates to be reported directly to Full Council when referral via Cabinet would cause an unreasonable delay to a project, subject to the Financial Implications section on the report being completed by the Section 151 Officer.

3) Drawing down of funds

- a) Grants/funding from external sources to be approved based on the following process:
  - i. Only one report is needed to Cabinet/relevant Regeneration Committee seeking support to grant/funding application.
  - ii. This will include an additional recommendation that, subject to the application being successful: *“seeks authority for the relevant Director or Chief Executive, in consultation with the Section 151 Officer and relevant Cabinet Member/Chairman of the Regeneration Sub-Committee, to agree the spending of the grant as implemented throughout the life of the project”*
  - iii. If required, updates on progress of the application and its implementation be made through Position Statements (this is mainly for the Regeneration Sub-Committees)
  - iv. If required, updates on significant areas of spend or changes to the terms of the grant/funding be included in the quarterly Budget Monitoring Report
- b) For other specific grants from external sources, where there is no further monitoring of expenditure:

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- i. Updates to be included in the quarterly Budget Monitoring Report, as required
- c) Following approval of contingency and reserve budgets by Full Council, drawing down funds from contingency budgets and earmarked reserves:

<b>Trigger</b>	<b>Delegation to</b>
Up to £100,000	Chief Executive, relevant Director or Group Head in consultation with Section 151 Officer
£100,001 - £200,000	Individual Cabinet Member
Over £200,000	Cabinet – individual report from relevant Director/Group Head

- i. Plus updates to be included in the quarterly Budget Monitoring Report for expenditure up to £100,000
- d) Grants to organisations, including discretionary rate relief:
  - a) Grants register to be established and maintained on the web to include
    - i. Source of funding
    - ii. Grants awarded
    - iii. Any declarations of interest by Members & Officers
  - b) Grant allocation to be based on
    - i. Criteria being agreed in advance by Individual Cabinet Member
    - ii. Once agreed, allocations to be based on:

<b>Grant</b>	<b>Delegation to</b>
Up to £5,000 (per organisation)	Relevant Director, Chief Executive or Group Head
Over £5,000	Individual Cabinet Member

- (3) The triggers to be implemented with immediate effect; and
- (4) The Head of Legal & Administration be authorised to make the consequential changes to the Constitution ahead of the further review.

## 270. FUTURE OF AREA COMMITTEES

The Head of Policy and Partnerships presented the report on the future of Area Committees that informed Cabinet that West Sussex County Council (WSCC) had proposed changes to the Area Committees from April 2017 and considered Arun District Council's future participation.

It was explained that the number of County Local Committees across the West Sussex would be reduced from fourteen to eleven. With respect to Arun this meant a reduction in the number of area Committees from three to two. The amount of meetings would reduce from 12 to 6.

In discussing the report, Cabinet welcomed these changes as part of the Vision 2020 process which would save the Council £75000K by withdrawing the grant money paid to WSCC from April 2017. It was agreed that the Council would assist the Association of Local Councils (ADALC) with a payment of £500 for 2017/18.

The Cabinet confirmed its decision as per Decision Notice C/028/171016, a copy of which is attached to the signed copy of the Minutes, and

### RECOMMEND TO FULL COUNCIL – That

- (1) the Council welcomes and supports the reduction in Area Committees from three to two and the reduction in meetings from 12 per year to 6 from April 2017;
- (2) the Council withdraws £75000 in grant funding to the Area Committees from April 2017;
- (3) the Council reduces the administration grant that is currently paid to WSCC for the Area Committees from £7500 to £4000 from April 2017, and;
- (4) the Council pays a grant of £500 to the Arun District Association of Local Councils (ADALC) for 2017/18 to assist them in the administration of their organisation

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271. UPDATE ON THE COUNCIL'S 2020 VISION

Cabinet received an update on the Council's 2020 Vision from the Chief Executive which included an update on some of the projects including the management restructure.

It was noted that the first stage of the management restructure had been completed with interviews for Director posts.

It was announced that the Resources Director & Deputy Chief Executive would leave Arun District Council in early 2017.

It was also noted that the programme of Vision projects, including Shared Services were progressing well with a view to achieve:

- Offering an improved customer experience
- Building better relationships
- Providing more digital opportunities; and
- Becoming smaller and more effective

In receiving the report, Cabinet congratulated the Chief Executive and his team on the progress made with several complex projects which were already impacting positively on the Council's budget.

The Cabinet confirmed this decision as per Decision Notice C/029/171016, a copy of which is attached to the signed copy of the Minutes, and

RECOMMEND TO FULL COUNCIL

That it notes the update to the 2020 Vision programme and in particular progress on the management restructure (project number V31) under the principle of "becoming smaller and more effective".

(The meeting concluded at 6.12 pm)