

EAST DEVON DISTRICT COUNCIL

Minutes of the meeting of Cabinet held at Council Chamber, Knowle on 6 February 2019

Attendance list at end of document

The meeting started at 5.30 pm and ended at 7.30pm

138 Public speaking

There were no members of the public wishing to speak.

139 Minutes of the previous meeting

The minutes of the Cabinet meeting held on 2 January 2019 were confirmed and signed as a true record.

140 Declarations of interest

Cllr Marcus Hartnell, Minute 153; personal interest – is a shop keeper
Cllr Jill Elson, Minutes 144 and 150; personal interest – Chairman of Exmouth and District Community Transport group
Cllr Pauline Stott, Minute 144; personal interest – Director of Queens Drive Exmouth Community Investment Company
Cllr Paul Diviani, Minute 154; personal interest – Chairman of Blackdown Hills Area of Outstanding Natural Beauty (AONB) joint advisory committee

141 Matters of urgency

None

142 Confidential/exempt item(s)

There were no items that officers recommended should be dealt with in this way.

143 Forward Plan

Members agreed the contents of the forward plan for key decisions for the period of 1 March 2019 to 30 June 2019.

144 Minutes of the Exmouth Regeneration Board held on 13 December 2018

Members received the Minutes of the Exmouth Regeneration Board held on 13 December 2018.

145 Minutes of the STRATA Joint Scrutiny Committee held on 14 January

Members received the Minutes of the STRATA Joint Scrutiny Committee held on 14 January 2019.

146 **Minutes of a Joint Meeting of the Overview and Scrutiny Committees held on 16 January 2019**

Members received the Minutes of a Joint Meeting of the Overview and Scrutiny Committees held on 16 January 2019.

The Chairman of the Scrutiny Committee wished to thank Simon Davey and fellow officers for their valuable input into the meeting.

RESOLVED (1) that the following recommendations be taken into account with the related report (Minute 150):

Minute 3 Draft Revenue and Capital Budgets 2019/20

SCRUTINY COMMITTEE RECOMMENDED to Cabinet:

1. To recommend to Council that the Council Tax for 2019/20 be increased by £5 a year;
2. To recommend to Council that the Draft Service Plans for 2019/20 be adopted with addition of:
 - a. The Planning Service Plan includes overage monitoring;
 - b. The Regeneration and Economic Service Plan ensures that business development opportunities are based on clear evidence of need; and includes developing a strategy for commercial unit delivery;
 - c. The Growth Point Team Service Plan includes more detail on the delivery of Cranbrook key facilities with timescales; and plans for inward investment;
 - d. The Environmental Health and Car Parks Service Plan includes a business case to consider extra resource to increase community engagement;
 - e. The Governance and Licensing Service Plan to specify what the local democracy activities currently are and what further activities could be undertaken;
 - f. The Finance Service Plan to make it clear that the Transformation Strategy to be completed by September 2019;
 - g. The Countryside Service Plan to revise the wording around 'inactive' in the second objective;
 - h. Any amendments to make objectives more SMART following a review by Strategic Lead – Organisational Development and Transformation together with the Chairs of the Overview and Scrutiny Committees
 - i. Review all service plans to include reference to Brexit as required.
3. To recommend to Council that the Draft Revenue Budget for 2019/20 be adopted; and
4. To recommend to Council that the Draft Capital Budget for 2019/20 be adopted.

OVERVIEW COMMITTEE RECOMMENDED to Cabinet:

1. To recommend to Council that the Council Tax for 2019/20 be increased by £5 a year;
2. To recommend to Council that the Draft Service Plans for 2019/20 be adopted with addition of:
 - a. The Planning Service Plan includes overage monitoring;
 - b. The Regeneration and Economic Service Plan ensures that business development opportunities are based on clear evidence of need; and includes developing a strategy for commercial unit delivery;
 - c. The Growth Point Team Service Plan includes more detail on the delivery of Cranbrook key facilities with timescales; and plans for inward investment;

- d. The Environmental Health and Car Parks Service Plan includes a business case to consider extra resource to increase community engagement;
 - e. The Governance and Licensing Service Plan to specify what the local democracy activities currently are and what further activities could be undertaken;
 - f. The Finance Service Plan to make it clear that the Transformation Strategy to be completed by September 2019;
 - g. The Countryside Service Plan to revise the wording around 'inactive' in the second objective;
 - h. Any amendments to make objectives more SMART following a review by Strategic Lead – Organisational Development and Transformation together with the Chairs of the Overview and Scrutiny Committees;
 - i. Review all service plans to include reference to Brexit as required.
3. To recommend to Council that the Draft Revenue Budget for 2019/20 be adopted and include an additional £25k for staffing for Economic Development;
 4. To recommend to Council that the Draft Capital Budget for 2019/20 be adopted.

147 **Recommendations of the Minutes of the Special Asset Management Forum held on 17 January 2019**

Members received the Minutes of the Special Asset Management Forum held on 17 January 2019.

RESOLVED (1) that the following recommendation be taken into account with the related report (Minute 160):

Minute 37 Commercial Investment Framework

Cabinet approve the commercial investment framework and appendices, subject to:

- a) Reference to market sector and priorities
- b) Reflection of cost involved and output return (officer costs and consultant costs would be included in the £20 million).

148 **Recommendations of the Minutes of the Housing Review Board held on 24 January**

Members received the Minutes of the Housing Review Board held on 24 January 2019.

RESOLVED (1) that the following recommendation be agreed:

Minute 57 Housing Service Plan 2019-2020

Cabinet approve the Housing Service Plan for 2019/20.

RESOLVED (2) that the following recommendation be taken into account with the related report (Minute 150):

Minute 58 Draft Housing Revenue Account and Capital Budgets 2019-2020

Cabinet approve the Housing Revenue Account revenue and capital estimates.

149 **Programme of meetings 2019/20**

The Cabinet considered the proposed timetable of meetings for the next Council year.

RECOMMENDED:

that the draft meetings timetable be referred for approval to the annual meeting of the Council.

RESOLVED:

that the 2019 Annual Council meeting be held on Wednesday 22 May.

150 **Revenue and Capital Estimates 2019/20**

The Strategic Lead Finance presented the Revenue and Capital Estimates for 2019/20. Cabinet adopted draft Revenue and Capital Estimates for 2019/20 at its meeting on 2 January 2019. A joint meeting of the Overview and Scrutiny Committees reviewed those budgets on 16 January and the Housing Review Board considered the Housing Revenue Account budgets on 24 January.

As part of the Prudential Code for Capital Finance in Local Authorities the Council was required to set prudential indicators as part of its budget setting process, these indicators were detailed in the Treasury Management Strategy 2019/20 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy contained in the report for members' consideration.

Alongside the Treasury Management Strategy sits a new requirement for the Council to adopt a Capital Strategy, also contained in the report for members' consideration.

Discussions included the following:

- Economic Development needed to be strengthened and could do much better if supported
- Additional funding was being received through the Enterprise Zone as it was now exclusive to East Devon
- To attempt to produce a balanced budget from 2020/21 onwards difficult decisions had to be made
- Scrutiny Committee had looked at the Service Plans with SMART objectives being in place
- What plans were in place for the short and medium term resilience for EDDC to help its poorer residents?

RECOMMENDED:

That Cabinet recommends to Council:

1. to propose the Net Revenue General Fund Budget of £15.193m, which incorporated an additional £25K to reinstate the officer post within the Economy Portfolio,
2. a Council Tax increase is approved of £5 a year giving a Band D council tax of £141.78 a year for 2019/20,
3. the Housing Revenue Account Estimates with a net surplus of £1.154m be approved, and
4. the Net Capital Budget totalling £9.819m for 2019/20 be approved.

REASON:

There was a requirement for the Council to set a balanced budget for both the General Fund and Housing Revenue Account and to levy a Council Tax for 2019/20.

151 **Capital Strategy 2019/20 - 2022/23**

The Strategic Lead Finance's report asked Cabinet to consider this new strategy which would form part of the annual budget setting approval process. The report draws together various adopted strategies and agreed process of the Council that govern how the Council manages capital expenditure and investment decisions. The Capital Strategy brings these areas together in one overarching document.

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code had introduced a new requirement for local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions were taken in line with desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability. The Council's practices met these outcomes and therefore it was useful to set these out in one place to demonstrate this.

The Capital Strategy was a key document, it provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provided an overview of how associated risk was managed and the implications for future financial sustainability. It included an overview of the governance processes for approval and monitoring of capital expenditure.

RECOMMENDED:

That Cabinet recommend to Council that the adoption of the Capital Strategy 2019/20 – 2022/23 be agreed.

REASON:

In order to comply with good practice there was a new requirement for the Council to have in place an adopted Capital Strategy.

152 **Treasury Management including the Strategy 2019/20 - Minimum Revenue Provision Policy Statement and Annual Investment Strategy**

The report highlighted the overall position and performance of the Council's Treasury Management Strategy during 2017/18. The mid-year review for April to September 2018 detailed the overall position and performance of the Council's investment portfolio for the first six months of 2018/19.

The Chartered Institute of Public Finance and Accountancy (CIPFA) produced a Code of Practice for treasury management for Public Services. One of the main recommendations of the code was the requirement for an annual Treasury Management Strategy to be formally adopted by the Council. There was also a requirement to set prudential indicators relating to all treasury activities that the authority would undertake in the forthcoming financial year.

RESOLVED:

1. **Annual Treasury Management Review 2017/18 – 1 April 2017**

to 31 March 2018 - that the investment values and performance for the year to 31 March 2018, and

2. **Treasury Management Mid-Year Review 2018/19 – 1 April 2018 to 30 September 2018** – that the investment values and performance for the period to 30 September 2018, both be reviewed and noted.

RECOMMENDATION:

3. **Treasury Management Strategy 2019/20 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy** – that Cabinet recommend to Council:
 - a. the Treasury Management Strategy including the Prudential Indicators for 2019/20, be adopted,
 - b. the Minimum Revenue Provision Policy Statement, and
 - c. the creditworthiness criteria and updated list of counterparties, be approved.

REASON:

The Council was required:

1. to produce an annual review of its treasury management activities and performance,
2. to produce a half yearly review of its treasury management activities and performance,
3. to formally adopt a Treasury Management Strategy and set prudential indicators before the beginning of the financial year.

153 **Business Rates - Rate Relief Measures**

The report from the Service Lead Revenues & Benefits, updated Members on business rates measures announced in the Budget on 29 October 2018, namely the;

- Retail Discount scheme for two years
- Extension of the local newspaper business rates discount
- 100% rate relief for public conveniences

The first two measures needed to be adopted by the Council in order to ensure that Government funding was passed onto eligible businesses. The third measure relating to public conveniences was for information only as it required the Government to amend legislation in order for this to be implemented.

RESOLVED:

1. that the 'Retail Discount Scheme' for 2019/20 & 2020/21 in line with the Government's scheme guidance including delegated authority to the Service Lead and the S151 to determine eligibility, be agreed,
2. that the continuation of awarding the local newspaper discount in line with Government policy, be agreed and,
3. that the Government's intention to implement 100% rate relief for public conveniences, be noted. Should this measure require the Council to adopt a local discount/relief scheme then this was delegated to the Council's S151 Officer in conjunction with the Finance Portfolio to implement.

REASON:

Members need to approve these rate reliefs to ensure that ratepayers can benefit from the extra funding announced in the Autumn 2018 Budget.

154 **Adoption of the East Devon AONB Management Plan**

The Service Lead Countryside and Leisure alongside the East Devon AONB Partnership Manager stated that East Devon District Council, together with other local authorities, authorised the East Devon and Blackdown Hills AONB Partnerships to undertake reviews of the Management Plans for both AONBs by April 2019, as required under Section IV of the Countryside and Rights of Way Act 2000.

Public consultation on the reviews took place across the summer and autumn in 2018, followed by endorsement by the AONB Partnership's respectively and final approval from the statutory consultee, Natural England. Adoption of the AONB Management Plans by East Devon District Council and the other local authorities for each AONB was required before lodging the Plans with Defra.

Discussions included:

- Why the East Devon AONB did not have a planning officer as did the Blackdown AONB? In response the East Devon AONB Manager stated that it was in part down to cost but also a decision to be proactive and develop policy and guidance and it was important to note that planning is not a Statutory function for any AONB team
- It was important the areas were enjoyed but it was felt the plan did not provide essential protection to the environment, especially by horses and equestrian users on places like Woodbury Common. In response the East Devon AONB Manager confirmed the Natura 2000 sites and other important areas were carefully considered in the Plan both through the Habitat Regulation Assessment and Strategic Environmental Assessment which ensured all policies were compliant
- It was noted that AONBs had Statutory Public Rights of Way which restricted user types e.g. bridleways
- The AONB covered a wide range of countryside issues including the rural economy, farming, planning, recreation and tourism.

RESOLVED:

that the formal adoption of the East Devon AONB Management Plan, be agreed.

REASON:

Under Part IV of the Countryside and Rights of Way (CROW) Act 2000 the relevant local authorities were required to review the AONB Management Plans for the East Devon and Blackdown Hills AONBs at intervals of not more than 5 years. The review for the 2014 - 19 Plans needed to be completed by April 2019.

East Devon District with other local authorities had authorised East Devon and the Blackdown Hills AONB Partnerships to review the AONB Management Plans on their behalf.

155 **Coast Protection Act consent for Devon County Council Alma Bridge Advance Works**

The report from the Engineering Projects Manager asked Members to consider whether to grant consent to Devon County Council for works under the Coast Protection Act 1949.

RESOLVED:

that the request for coastal protection work consent and delegated authority be given to the Strategic Lead – Housing, Health and Environment to grant the consent subject to completion of consultation with two neighbouring Coast Protection Authorities, be agreed.

REASON:

In order for Devon County Council to proceed with advance works for the replacement of the Alma Bridge at a site upstream of the present structure.

156 **Review of the Local Code of Corporate Governance**

The Council's Code of Corporate Governance, which set out the overarching approach to corporate governance arrangements, was adopted by Cabinet in December 2016 and was now due for review. It was a requirement of the Constitution that Cabinet consult with Audit & Governance in relation to the approval, implementation and monitoring of the Code of Corporate Governance and a report was presented to Audit & Governance on 31 January 2019.

RESOLVED:

That following a review, the Local Code of Corporate Governance should continue without amendment and be reviewed again in two years' time, unless circumstances require an earlier review, be agreed.

REASON:

The Council regularly reviews the policies, codes and procedures that govern the way it operates. The Code of Corporate Governance provided the overarching framework for the Council's Corporate Governance. It was updated in December 2016 following revised guidance from CIPFA/SOLACE. It was not a standalone document but rather identifies the key principles that the Council agrees to follow in establishing its governance framework. It was supported by a number of other documents, being the key policies, which in combination seek to ensure that the Council had systems, processes, culture and values that it engaged with and act by and were accountable in respect of. Ultimately the Code was about ensuring that the Council does the right things, in the right way for the right people in a timely, inclusive, open, honest and accountable manner.

The effectiveness of the Code of Corporate Governance was effectively monitored through a number of routes, including the production of the Annual Governance Assurance Statement which was presented to Audit and Governance for approval. Section 11 detailed other mechanism which contribute on an ongoing basis to monitoring the overall effectiveness. In that regard the role of both the internal and external auditors played an important part and it should be noted that in the Healthy Organisation audit the Council received 'high assurance' in relation to both the Corporate Governance and Financial Management themes.

There had been no concerns raised regarding the suitability or effectiveness of the Code of Corporate Governance and there had been no legislative or guidance changes that would necessitate any revisions being made. KPMG, as part of the formally auditing of the Council's accounts for 2017/18, considered the Annual Governance Statement and found that it was '*consistent with their understanding and did not raise any issues*'.

It was therefore considered that the adopted Code of Corporate Governance continues to reflect the current standard as to what constitutes good governance and that the

Council's approach remains relevant and effective. The monitoring processes identified in the Code would continue including the continued publication of the Annual Governance Assurance Statement.

For the above reasons it was recommended that the adopted Code continued to be of effect without amendment with a further review to be carried out by the Monitoring Officer in two years' time.

157 **Exmouth Neighbourhood Plan Examiner's Report**

The report provided feedback and set out proposed changes following the examination of the Exmouth Neighbourhood Plan.

RESOLVED:

1. that the Examiner's recommendations on the Exmouth Neighbourhood Plan, and
2. that a 'referendum version' of the Neighbourhood Plan (incorporating the Examiner's modifications) should proceed to referendum and a decision notice to this effect be published, be agreed and,
3. that the Neighbourhood Plan Steering Group be congratulated on their hard work.

REASON:

The legislation required a decision notice to be produced at this stage in the process. The Plan was the product of extensive local consultation and had been recommended to proceed to referendum by the Examiner subject to modifications which were accepted by the Town Council.

158 **Response to Sid Valley Neighbourhood Plan Submission**

The report asked for agreement to the response by the Council to the current Regulation 16 submission consultation for the Sid Valley Neighbourhood Plan.

RESOLVED:

1. that the formal submission of the Sid Valley Neighbourhood Plan (the Plan) and the producers of the Plan be congratulated on the dedicated hard work and commitment in producing the document, be noted and,
2. that the council make the proposed representation set out at paragraph 5.2 in the report in response to the consultation.

REASON:

To ensure that the view of the District Council was recorded and informed the consideration of the Plan by the independent examiner.

159 **Monthly Performance reports - December 2018**

The report set out performance information for the 2018/19 financial year for December 2018 and was supplied to allow the Cabinet to monitor progress with selected performance measures and identify any service areas where improvement was necessary.

There was one indicator showing excellent performance:

- Percentage of planning appeal decisions allowed against the authority's decision to refuse.

There were two performance indicators showing as concern for the month of December:

- **Days taken to process new Housing Benefit claims** – Officers were currently working through a transition period to Universal Credit which is impacting on performance.
- **Working days lost due to sickness absence** - It was anticipated that EDDC would be above its target for absence for 18/19. As previously reported, there had been a significant increase this year in employees who had been absent for two months or more as a result of surgery and serious health issues for 2 or months. These cases were all proactively managed and the Council had started to see levels reduce towards the end of 2018.

RESOLVED:

that the progress and proposed improvement action for performance measures for the 2018/19 financial year for December 2018, be noted.

REASON:

The performance report highlighted progress using a monthly snapshot report; SPAR report on monthly performance indicators and system thinking measures in key service areas including Development Management, Housing and Revenues and Benefits.

160 **Commercial Investment Framework**

The Senior Manager Property & Estates presented the Council's Transformation Strategy accounts for certain property investment net income. The Commercial Investment Framework provided the mechanism to help deliver this income.

Discussions included:

- Borrow substantial funding to build and refurbish council homes
- The Commercial Investment Framework was very important and this was a relatively low amount compared to other local authorities' borrowing
- Moving into the area of commercial identity was essential for future investment. It was paramount to be able to move quickly as the window of opportunity was limited

The Chairman thanked Tim Child and Councillor Geoff Pook for their hard efforts into setting this up.

RECOMMENDED:

1. that the Commercial Investment Framework including scoring matrices and new governance arrangements, be agreed

RESOLVED:

2. that Cabinet recommends to Council the availability of up to £20,000,000 through existing resources or Public Works Loan Board funding. Monies would be drawn down as and when required.

REASON:

To support the Council's Property Investment objective within the Transformation Strategy.

161 **Supporting the formation of South West Mutual**

The Strategic Lead Finance presented the report which outlined a proposal from South West Mutual to form a regional bank. Initial funding was being sought of £500,000 through the issuing of Founder Shares, local authorities had been approached to be part of this early investment in order to help set up a regional bank.

The report asked members to consider an investment of £49,995 which purchased 3,333 shares. These shares would receive a dividend of 7.5% once the new bank becomes profitable and this dividend would rise over time if South West Mutual was successful. Founder Shareholders would also receive an additional 2 shares for every share held. The combination of these two returns generated an estimated internal rate of return of approximately 20% per annum.

It was emphasised that that there was a risk that there would be no financial return and the entire initial investment could be lost if the plan to launch the mutual was unsuccessful or a banking licence was not granted. Accordingly the report did not recommend investing in the Mutual with the purpose of deriving a financial return as the proposal was deemed too much of a financial risk. Members were asked to consider other benefits to be obtained from supporting a regional bank and if supported it was proposed that the Council sets aside £49,995 from the business rate pilot monies in 2018/19 in a reserve that if necessary this investment could be written off against.

Discussions included:

- Concerns over risk and whether ratepayers would be happy with this
- The social benefits outweigh the risk
- This was a mutual bank who would also be looking at private investment rather than just local authorities
- Many market towns across the district now did not have a bank
- Branch networks were costly and risky
- Some banks now allow cheques to be paid in through the use of their apps
- Funding should come from Revenue or Investment accounts of the Council not business rates as a Social and Environmental issue
- Many people cannot access mobile banks hence the need for a new bank
- This was offering a face to face service which traditional banks were lacking. Banks need to support small businesses
- People need to access their revenues and benefits – not everyone could have a bank account as they did not meet the criteria
- Could this be used by the Council as its own bank?
- This would help all people

RECOMMENDED:

1. that an investment of £49,995 to support the formation of South West Mutual with the equivalent sum to be set aside in a reserve from the 2018/19 business 100% rate pilot gain, in order to back the investment risk, be agreed and,
2. *(If 1 approved)* Delegated authority be given to the Strategic Lead for Finance to conclude the ordinary share acquisition.

REASON:

The reasons and purpose of setting up a South West Mutual Bank meets a number of priorities in the Council's Plan, included within encouraging communities to be outstanding and developing an outstanding local economy.

Attendance List

Present:

Portfolio Holders

I Thomas
P Skinner

D Barrow
I Chubb

A Dent
P Diviani

J Elson

M Hartnell
T Wright

Cabinet apologies:

G Pook

Also present (for some or all the meeting)

Bruce de Saram
Pauline Stott
Susie Bond
Roger Giles
Steve Hall
Tim Dumper
David Barratt
Mike Allen
Eleanor Rylance
Andrew Moulding
Eileen Wragg
Paul Carter
Maddy Chapman
Peter Faithfull
Rob Longhurst
Megan Armstrong
Steve Gazzard
Geoff Jung
Brian Bailey
Marianne Rixson
Cathy Gardner

Also present:

Officers:

Mark Williams, Chief Executive
Richard Cohen, Deputy Chief Executive
Simon Davey, Strategic Lead Finance
John Golding, Strategic Lead Housing, Health and Environment
Henry Gordon Lennox, Strategic Lead Governance and Licensing
Charlie Plowden, Service Lead Countryside and Leisure
Tim Child, Senior Manager Property and Estates

Chris Woodruff, East Devon AONB Manager
Amy Gilbert-Jeans, Acting Service Lead Housing
Amanda Coombes, Democratic Services Officer

Officer apologies:

Karen Jenkins, Strategic Lead Organisational Development and Transformation

Chairman

Date: