

THE CABINET
26TH JANUARY 2012

Present: Councillors:
Ray Dawe Deputy Leader and Efficiency & Resources
Roger Arthur A Safer & Healthier District
Andrew Baldwin The Environment
Jonathan Chowen Arts, Heritage & Leisure
Ian Howard Living & Working Communities
Roger Paterson The Local Economy

Also present: Councillors: John Bailey, John Chidlow, Helena Croft, Leonard Crosbie, Malcolm Curnock, Duncan England, Frances Haigh, David Holmes, Gordon Lindsay, Godfrey Newman, Kate Rowbottom, David Skipp

EX41 **RECORD OF THE MEETING OF 24TH NOVEMBER 2011**

The record of the meeting of the Cabinet held on 24th November 2011 was approved as correct and signed by the Leader.

EX42 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

EX43 **ANNOUNCEMENTS**

There were no announcements.

EX44 **PUBLIC QUESTIONS**

There were no public questions.

REPORT BY THE CABINET MEMBER FOR LIVING & WORKING COMMUNITIES

EX45 **Horsham District Planning Framework – “How much housing does Horsham District need?” – Draft Document for Consultation**

The Cabinet Member for Living & Working Communities reported that a revised planning policy framework, the Horsham District Planning Framework, was being prepared for the District, which would be key to delivering the needs of the District.

As part of the preparatory work a document, the “Horsham District Planning Framework – *How much housing does Horsham District need?*”, had been prepared for consultation, setting out four options for housing requirements for the District based on much detailed technical work. These homes were needed to meet the needs of local young people; people living longer; people wishing to

EX45 Horsham District Planning Framework – “How much housing does Horsham District need?” – Draft Document for Consultation (cont.)

move into the District; and to help ensure that local businesses and communities continued to thrive. The options proposed ranged from 590 – 730+ homes per year and the document explained the background as well as the benefits and consequences of these options.

If approved, the draft “Horsham District Planning Framework – *How much housing does Horsham District need?*” would be published for extensive consultation from 10th February to 10th April 2012, with the purpose of involving the community and stakeholders in discussion on the housing requirements for the District. The responses to this consultation, comments received through the September 2009 consultation, as well as further work, would feed into the Preferred Strategy for the District. In particular, this current consultation was needed in order to assist in determining the housing levels that needed to be planned for in the District. It was anticipated that the next stage in the production of the Horsham District Planning Framework, the Preferred Strategy, would be available for consultation in autumn 2012 and this would make decisions on the preferred locations to be allocated for strategic development and preferred policies to direct and determine planning applications. Following consultation on the Preferred Strategy, a Proposed Submission document would be published for a period of representation and then submitted to the Planning Inspectorate for public examination in early 2014 with adoption anticipated mid 2014.

The Cabinet Member gave a brief summary of the background to the Council’s current position in respect of housing numbers and plan-led development indicating that, whilst the adopted Core Strategy provided a sound basis for facilitating the way forward over the short to medium term, there was a need to update and extend its provisions. This would also afford the Council an opportunity to review its approach set out in the light of experience and changing circumstances since the Core Strategy had been prepared and adopted. However, it was not proposed to completely re-work the existing strategy but rather to build on its provisions and to show how the agreed objectives might be delivered in the future, such as those in relation to addressing housing need within the District. It was considered important to maintain a plan led approach, which once adopted, would give certainty to communities on the level and location of development, as well as the benefits and consequences from new development. Also, having a plan led approach would not only direct development but would help to safeguard against unsuitable development in the District, through the allocation of appropriate sites and the provision of policies which needed to be met in order for planning permission to be granted.

The Cabinet Member emphasised that all options, including any put forward by consultees, needed to be supported by evidence. Any alternative proposals received as a result of the consultation would be assessed and put to Members for consideration.

EX45 Horsham District Planning Framework – “How much housing does Horsham District need?” – Draft Document for Consultation (cont.)

Other Cabinet Members spoke in support of the proposed consultation.

Other Members addressed Cabinet welcoming the proposed extended period of consultation and referring to: the need to ensure an adequate supply of affordable and social housing; the need for organic growth throughout the District; the importance of a balanced mix of dwellings, particularly smaller properties; the fact that there was undoubtedly a shortage of housing in the District; and the need to ensure that extensive publicity was given in respect of the consultation process. Some concern was expressed that the process was being rushed and that more justification was required in respect of the proposed options.

The Cabinet Member advised that the Council was the last District in the County to go out to consultation on its housing requirements and that it was necessary to identify housing land supply for a 15 year period.

RESOLVED

- (i) That the “Horsham District Planning Framework – *How much housing does Horsham District need?*” and the Sustainability Appraisal of the Horsham District Planning Framework Scoping Report Update be approved for public consultation from 10th February to 10th April 2012.
- (ii) That the Member for Living and Working Communities be authorised to agree any necessary minor editorial corrections to the text of the “Horsham District Planning Framework – *How much housing does Horsham District need?*” and the Sustainability Appraisal of the Horsham District Planning Framework Scoping Report Update.

REASONS

- (i) In order to give stakeholders and the community the opportunity to consider the evidence and provide their comments on the number of homes Horsham District should plan for over the next 20 years for consideration alongside evidence when decisions are made about housing levels in the next stage of document production.
- (ii) The Government maintains encouragement of a planned system, with the expected removal of the South

EX45 Horsham District Planning Framework – “How much housing does Horsham District need?” – Draft Document for Consultation (cont.)

East Plan it will be for Local Planning Authorities to determine the level of housing, based on evidence that should come forward in their area. This consultation will feed into the decision process.

REPORT BY THE CABINET MEMBER FOR ARTS, HERITAGE & LEISURE

EX46 **Warnham Mill Pond Reservoir – Selection of a Preferred Option**

The Cabinet Member for Arts, Heritage & Leisure reported that Warnham Mill Pond, which was managed by Horsham District Council, the Environment Agency and a local landowner, was situated within and formed part of the Warnham Local Nature Reserve off Warnham Road, Horsham. It was classified as a “reservoir” under the Reservoirs Act 1975.

Under this Act, the reservoir “undertakers” had statutory responsibilities relating to the safe operation and maintenance of the reservoir, which had to be capable of safely withstanding an extreme flood event - categorised as a 1 in 10,000 year event which was a very low probability but very high impact event. The last routine inspection had identified that engineering works were required in this respect.

A Government grant of £50,000 had been secured and flood risk consultants had been appointed to undertake a study and options appraisal, resulting in three possible solutions and eight other options which were shown at public exhibitions during November and December 2011. The three possible solutions included: the construction of additional sluice gates and a larger culvert under the Warnham Road (Option 1c); raising the height of the embankment around the reservoir with a larger culvert under the Warnham Road (Option 2a); and declassifying the reservoir (by reducing the volume) by removal of the existing sluice gate and the formation of a wetland and natural floodplain environment (Option 4a).

A further appraisal of the emerging options by the consultants had resulted in a recommendation that Option 4a should be progressed further. Feedback from stakeholders and the public also showed a majority in favour of Option 4a, which would provide the opportunity to bring a wide range of new wildlife habitats and benefits to Warnham Nature Reserve. It was noted that Option 4a was the least cost solution, which was also the best option to attract funding and would allow the Council to fulfil its legal obligations.

RESOLVED

- (i) That Option 4a, involving de-classification of the reservoir, be approved as the Council's preferred option.

EX46 Warnham Mill Pond Reservoir – Selection of a Preferred Option (cont.)

- (ii) That, subject to Council approving the funding, the next stages of the project be commissioned which would involve outline design of the preferred option, detailed modelling, cost estimates, scheme plan and preparation of business case, which will include funding proposals.

RECOMMENDED TO COUNCIL

- (iii) *That funding of £500k be allocated in year 2012/13 and £500k in year 2013/14.***

REASONS

- (i) Option 4a meets the Council's legal responsibilities under the Reservoirs Act 1975 and new legislation under the Floods and Water Management Act 2010 when fully enacted. Following the consultation with stakeholders and the general public the option most favoured is Option 4a which provides the opportunity to bring a wide range of new wildlife habitats and benefits to Warnham Nature Reserve.
- (ii) To ensure that the Council's obligations are addressed in a timely manner.
- (iii) To ensure that provision is made for the costs of the work in the Council's budget.

REPORT BY THE CHIEF EXECUTIVE AND THE HEAD OF FINANCIAL & LEGAL SERVICES

EX47 **Budget 2012/13 and Medium Term Financial Strategy**

The Chief Executive and the Head of Financial & Legal Services reported that the 2012/13 budget had been prepared against a background of deep cuts in local government expenditure and great uncertainty over the future economic outlook. In normal circumstances financial forecasting over the medium term was difficult, but at the present time there was a considerably higher level of uncertainty than usual, resulting from the government's Resource Review and other changes. From 2013/14 onwards there would be changes in the Revenue Support Grant (RSG) system, the National Non-Domestic Rates (NNDR) system and the way in which the New Homes Bonus was funded. There would also be a centralisation of the Housing Benefit system and the localisation of Council Tax Benefit, with reductions in the grant available to finance Council Tax Benefit. The way these

EX47 Budget 2012/13 and Medium Term Financial Strategy (cont.)

changes would impact upon the Council's financial position was difficult to forecast at this stage. In addition, the national and international financial climate was highly uncertain and would inevitably impact on the Council in unpredictable ways.

The government grant settlement for the years 2011/12 and 2012/13 had resulted in a total cut to this Council's grant of 28%. A further two year settlement would be announced in late 2012 for the years 2013/14 and 2014/15 and, for the purpose of financial projections, it had been assumed that the Council's grant would be cut by a further 5% in each of those years. However, it was not unlikely that reductions would be even greater than this in 2013/14 and beyond.

The financial outlook had been reviewed by the Council in October 2011, when projections of future expenditure and income had been considered, which indicated likely future deficits increasing each year to 2014/15. This situation could not be sustained and it was essential that the Council made plans to reduce costs and increase income to close the gap. As a first step towards this, the Council had agreed at its meeting on 19th October 2011 to increase charges in its car parks and to consult on a range of other proposals to reduce costs or increase income. The savings proposed had been anticipated to reduce the Council's deficit in 2012/13 by £1,000,000, leaving a balance of £300,000 to be funded from reserves or to be eliminated by further savings. It was now proposed that the balance should be funded from reserves, giving time for the development of a new Medium Term Financial Strategy with a view to eliminating the budget deficit for 2013/14 and future years. A summary of the savings proposals and comments received as a result of consultation was submitted.

Details of the current position in respect of the revenue budget for 2011/12 were reported and the draft revenue budget for 2012/13 was presented for approval. Information in respect of the major changes in the 2012/13 budget, as compared to the 2011/12 original budget, was submitted.

It was noted that, as a result of the budget proposals for 2012/13, a total of 6 posts (5.5 full-time equivalents) would be reduced and that provision would therefore need to be made in respect of likely redundancy costs. Reports on those proposals that had staffing implications would be considered by the Personnel Committee at its meeting on 8th February 2012. In addition, savings to the Council of £200,000 per year would be achieved by a reduction of staff in the CenSus revenues and benefits teams. Whilst these staff were employed by Mid Sussex District Council, the CenSus agreement provided that all three partners (Adur, Mid Sussex and Horsham) would share the redundancy costs as well as the resulting savings. It was therefore recommended that a total sum of £350,000 should be earmarked from reserves to meet redundancy costs arising from the budget proposals in 2011/12 and 2012/13, with an anticipated payback period of one year.

EX47 Budget 2012/13 and Medium Term Financial Strategy (cont.)

Details of the New Homes Bonus allocation for 2012/13, which it was proposed should be transferred to the Council's general reserve, were reported together with information in respect of the proposed repairs and renewals budget and capital budget, a revised version of which was circulated at the meeting to include provision for Swan Walk Car Park barriers which had been omitted from that circulated with the agenda. It was proposed that charges would be increased broadly in line with inflation, where appropriate.

The Government was encouraging councils to freeze Council tax in 2012/13 at 2011/12 levels and would again provide the equivalent of a 2.5% Council tax increase. However, the Council tax freeze grant payable in 2012/13 would be for one year only, unlike the 2011/12 grant which was payable for four years. This would create an additional budget pressure in 2013/14, which would have to be offset by increased income or a further reduction in expenditure. However, it was assumed that the Council would wish to freeze Council tax at current levels for 2012/13, taking advantage of the funding available from the government. The forward financial projections did not assume that the Council tax freeze would be extended beyond 2012/13, given the importance of Council tax as an income source to the Council as inflation levels continue to rise and other sources of income were constrained.

In accordance with Section 25 of the Local Government Act 2003, the Head of Financial & Legal Services reported on the robustness of estimates and the adequacy of reserves.

The Chief Executive emphasised that, in order to develop and deliver the Medium Term Financial Strategy (MTFS), it would be necessary to tackle major issues and a broad based approach would be necessary, looking at all aspects of cost reduction and income generation. The "ASPIRE" themes (Ambitions: Sharing services: Procuring: Income generating: Redesigning: Economising) had guided budget preparation over the last two years and would help the Council to continue to ensure that all options were considered. In recent months the Cabinet and the Corporate Management Team had identified the outline of a change programme comprising key projects that could deliver savings and additional income to enable the Council to close the projected 2015/16 deficit. The programme and project management that would be required to ensure that the Council could proceed with confidence to design and deliver the significant organisational changes that were needed would require additional capacity, including the creation of a "Change Team". As a first step, consideration was currently being given to an opportunity to revise the structure of the Corporate Management Team in the light of the resignation of the Director of Development & Environment. If the post were not replaced, the funds released would enable a significant part of the cost of a small corporate change team to be created and details of this proposal were currently being explored and an initial report would be submitted to the Personnel Committee on 8th February 2012.

EX47 Budget 2012/13 and Medium Term Financial Strategy (cont.)

A year-end review of the District Plan 2011-15, which had been in place for one year, would be undertaken and reported to Cabinet. Whilst innovative ways of working, in line with "ASPIRE" were in place and continued to be explored in order to deliver the Plan, further cuts in budgets would undoubtedly reduce the Council's ability to deliver across the full range of the District Plan.

The Local Government Act 2003 required the Council to adopt the CIPFA Prudential Code (2011) and produce prudential indicators. Revised indicators for 2011/12, 2012/13 and 2013/14 and new indicators for 2014/15 were proposed, with each indicator either summarising the expected activity or introducing limits upon the activity. The indicators were intended to show the affordability and prudence of the Council's underlying capital finance planning.

Cabinet Members discussed the proposals and other Members commented and asked questions.

RECOMMENDED TO THE COUNCIL

- (i) That the level of Council tax for 2012/13 remains at that for 2011/12 equating to £135.54 at Band D.**
- (ii) That Special Expenses of £264,170 (equating to a Band D equivalent of £23.71) be agreed in respect of the unparished area for 2012/13.**
- (iii) That the net revenue budget for 2012/13 of £12,785,000 be approved.**
- (iv) That the repair and renewals programme be approved, as submitted.**
- (v) That the capital programme be approved, as submitted.**
- (vi) That the schedule of charges for 2012/13 be noted.**
- (vii) That the New Homes Bonus allocations for 2011/12 and 2012/13 be transferred to the Council's General Revenue Reserve.**
- (viii) That £350,000 be set aside from the General Revenue Reserve to meet estimated redundancy costs arising from the budget proposals.**

EX47 Budget 2012/13 and Medium Term Financial Strategy (cont.)

- (ix) That the projected future deficits on the revenue account be noted and the Medium Term Financial Strategy be reviewed and developed, as proposed, to ensure a balanced budget in 2013/14 and subsequent years.*
- (x) That the Minimum Revenue Provision (MRP) Statement be approved, as submitted.*
- (xi) That the prudential indicators and limits for 2012/13 to 2014/15 be approved, as submitted.*

REASON

To meet the Council's statutory requirement to approve a budget and to approve prudential code indicators and the treasury management strategy before the start of a new financial year.

EX48 SCRUTINY & OVERVIEW COMMITTEE – MATTERS REFERRED TO CABINET

There were no matters currently outstanding for consideration.

EX49 FORWARD DECISION MAKING PLAN

The Cabinet received a schedule detailing the revised forward decision making plan.

RESOLVED

That the Forward Plan of Key Decisions be noted.

REASON

To comply with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and the Council's Constitution.

The meeting closed at 7.54pm having commenced at 5.30 pm.

LEADER