

THE CABINET
31ST JANUARY 2013

Present: Councillors:

Ray Dawe	Leader
Roger Arthur	Deputy Leader and Efficiency & Resources
Andrew Baldwin	The Environment
Jonathan Chowen	Arts, Heritage & Leisure
Helena Croft	Communication, Horsham Town & Special Projects
Ian Howard	Living & Working Communities
Roger Paterson	The Local Economy
Sue Rogers	A Safer & Healthier District

Also present: Councillors: John Bailey, John Chidlow, George Cockman, Roy Cornell, Malcolm Curnock, Duncan England, Frances Haigh, David Holmes, Christian Mitchell, Godfrey Newman, Jim Rae, Kate Rowbottom, David Skipp, Claire Vickers

County Councillor Brad Watson, Chairman of the North Horsham County Local Committee

EX96 **RECORD OF THE MEETING OF 29TH NOVEMBER 2012**

The record of the meeting of the Cabinet held on 29th November 2012 was approved as correct and signed by the Leader.

EX97 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

EX98 **ANNOUNCEMENTS**

The Cabinet Member for Arts, Heritage & Leisure:

- Advised Members that Michael Gattrell, the General Manager at The Capitol would be leaving the Council's employment to take up a new position and expressed the Council's gratitude for his contribution towards the successful operation of The Capitol.
- Reminded Members of their opportunity to comment upon the draft Greenspace Strategy.
- Referred to proposals to commemorate the 100th anniversary of the First World War in 2014 on a District-wide basis, indicating that he would be seeking assistance from Members on this project.

The Cabinet Member for Communication, Horsham Town & Special Projects:

- Reported on the success of the recent 'Dressed for Success' campaign for Horsham town centre businesses and commended the work of the Council's officers in supporting the campaign.

EX98 Announcements (cont.)

- Advised that the Spring edition of the Horsham District News would be delivered to all households shortly and congratulated the officers in the Communications Team for producing an information packed edition at very little cost, thanks to their efforts in seeking sponsorship.

EX99 **PUBLIC QUESTIONS**

There were no public questions.

REPORT BY THE LEADER

EX100 **Community Engagement**

The Leader presented this report, which had been prepared jointly with the Chairman of the West Sussex County Council's County Local Committees and examined the relationships between Horsham District Council; West Sussex County Council; Parish/Neighbourhood Councils; Horsham District Community Partnership; and Local Community Partnerships.

The report set out details of the working relationships with these key partners in the District in terms of community involvement and made recommendations on how to strengthen some of the informal arrangements that existed, particularly in light of the localism agenda.

It was particularly important that the District and County Councils worked well together, in order that both had a better understanding of local issues and priorities. The aim was, therefore, to promote more joined-up working between County, District and Parish/Neighbourhood Councils with the recognition that it would provide a more effective and focussed allocation of resources and funds (including grants) and best enable local needs to be met.

Parish Councils looked after a range of local services and the Localism Act had enabled further empowerment of Parish Councils and other Neighbourhood/Community groups to have a greater involvement in what happened in their areas (e.g. Assets of Community Value and Neighbourhood Plans). In the unparished area of Horsham town, the Neighbourhood Councils provided a similarly important role representing their local communities, although they did not have any of the powers devolved to parish councils. The Horsham Association of Local Councils (HALC) was a forum that brought together all the Parish and Neighbourhood Councils on a regular basis. Both this Council and the County Council use the opportunities presented by HALC meetings to ensure Parish and Neighbourhood Councils were kept up-to-date with issues that affected them. As part of the current Community Engagement process, the Parish and Neighbourhood Councils would be asked if these meetings provided the most effective forum for such engagement.

EX100 Community Engagement (cont.)

The long term vision for the Horsham District was provided through the Local Strategic Partnership for the area, the Horsham District Community Partnership (HDCP), and both this Council and the County Council were key partners in the Partnership. However, currently no official agreement existed to govern the relationship that existed between the HDCP and the District and County Councils. It was therefore proposed that a Memorandum of Understanding should be prepared by this Council for discussion and agreement with the various partners in the HDCP.

There were also seven Community Partnerships within the District, representing local communities. Relationships between these Partnerships and the local Parish and Neighbourhood Councils varied across the District and it was therefore proposed that a Memorandum of Understanding (MoU) should be established between this Council, the County Council and each Community Partnership, a condition of which would be that a current MoU existed between each Community Partnership and its local Parish or Neighbourhood Council.

Cabinet Members welcomed and supported the proposals.

County Councillor Brad Watson also spoke in support of the proposals.

RESOLVED

- (i) That ways of fostering closer joint working between West Sussex County Council (WSCC) and this Council be examined to support improved community engagement, including ways of involving Parish and Neighbourhood Councils in identifying priorities and working to action these.
- (ii) That a review of the operation of County Local Committees considers ways to develop new arrangements that would improve engagement between this Council, WSCC, Parish and Neighbourhood Councils and other key partners.
- (iii) That a Memorandum of Understanding (MoU) be prepared by the Chief Executive for agreement by this Council and WSCC with the Horsham District Community Partnership.
- (iv) That MoUs be established between this Council, WSCC and each Community Partnership (CP), a condition of which is that a MoU exists between each CP and its local Parish or Neighbourhood Council.

EX100 Community Engagement (cont.)

- (v) That a further report identifying progress be submitted in due course.

REASONS

- (i) To ensure the most efficient methods are used to address priority issues.
- (ii) To clarify responsibilities, working arrangements & decision making processes.
- (iii) To support effective local decision making.

REPORT BY THE CABINET MEMBERS FOR A SAFER & HEALTHIER DISTRICT AND LIVING & WORKING COMMUNITIES

EX101 **Draft Horsham District Council Housing Strategy 2013-15, draft Homelessness Prevention Action Plan 2013-15 and draft Allocations Policy**

The Cabinet Members for a Safer & Healthier District and Living & Working Communities reported that the Council's Housing Strategy and Prevention of Homelessness Strategy would both expire in 2013. Therefore, it was necessary to prepare and adopt new Strategies to set out how the Council intended to meet the housing needs of the District's residents, making the best use of all the resources at its disposal and achieving the priority identified in the Horsham District Plan 2011-15.

The Horsham District Council Housing Strategy 2013 -15 detailed the Council's vision in relation to:

- An increasing supply of homes that people in need could afford
- Effective support for homeless households
- Appropriate housing provision for vulnerable people
- Thriving rural communities
- The effective delivery and review of the Strategy

As the Council also worked corporately and with partners to prevent homelessness from occurring, the Homelessness Prevention Action Plan 2013 -15 identified specific actions that the Council would undertake to prevent homelessness.

The demand for social and affordable rented housing in Horsham District exceeded supply and it was important that the Council had a fair and transparent allocations policy which gave priority for certain groups. Officers had liaised with the Department of Communities and Local Government in conducting a District-

EX101 Draft Horsham District Council Housing Strategy 2013-15, draft Homelessness Prevention Action Plan 2013-15 and draft Allocations Policy (cont.)

wide consultation to establish whom the Council should house, and had worked with the Cabinet Members and Councillors on the Members' Affordable Housing Advisory Group to assess the results of the consultation and produce a new draft Allocation Policy.

The Tenancy Strategy had been approved by Cabinet on 29th November 2012 and adopted by the Government's deadline of 15th January 2013.

The draft Housing Strategy 2013-15, draft Homelessness Action Plan 2013-15 and draft Allocations Policy had been consulted on between 26th November 2012 and 1st January 2013 and some revisions had been made to the documents in the light of the consultation.

Cabinet Members supported the proposals.

Other Members commented on the documents, with particular reference to the assessment of housing need, the affordable housing targets for new developments and the use of commuted sums in lieu of on-site provision. With regard to the Affordable Housing Development Programme, it was clarified that whilst the Programme would be updated annually, it would be monitored regularly.

RESOLVED

That the draft Allocations Policy be approved and adopted.

RECOMMENDED TO COUNCIL

That the draft Housing Strategy 2013 -15 and the draft Homelessness Prevention Action Plan 2013 -15 be approved and adopted.

REASONS

- (i) Social and affordable housing is a scarce resource. The allocations policy reconciles the Council's statutory duties with broader Council agendas, resident and partner views and government guidelines and details how this scarce resource will be allocated. It is also a legal requirement to have an Allocations Policy.
- (ii) The Housing Act 1996 (as amended) Section 166A (1) requires every local housing authority to have a scheme for determining priorities and as to the procedure to be followed in allocating housing

EX101 Draft Horsham District Council Housing Strategy 2013-15, draft Homelessness Prevention Action Plan 2013-15 and draft Allocations Policy (cont.)

accommodation. Additionally, Government guidelines recommend that Housing Strategies should be accompanied by Homelessness Prevention Action Plans.

REPORT BY THE CABINET MEMBER FOR THE ENVIRONMENT

EX102 **The Green Deal and the Warmer Energy Saving Homes programme for Sussex**

The Cabinet Member for the Environment reported on a new programme being led by West Sussex County Council which aimed to reduce the energy consumption of the existing building stock in the County by utilising a new finance mechanism known as the Green Deal. This approach had the potential to draw in some private sector finance; principally under the Energy Company Obligation (ECO), a legal obligation placed on the large energy companies to provide finance to install energy efficiency measures in low income households and hard to treat homes such as those with solid walls.

The Green Deal would enable property owners and tenants (for domestic and non-residential properties) to fund the installation of energy efficiency measures and renewable energy without upfront costs. The measures would be paid for by a loan that was paid back through a charge on the electricity meter over a period of up to 25 years, with the loan staying as a charge on the property if the occupier moved. A loan would only be given if it met the "Golden Rule"; that is the cost of the loan was less than the savings made in energy costs once the measures were installed.

The Energy Companies Obligation (ECO) would sit alongside the Green Deal and would comprise money provided by the Energy Companies to install energy efficiency measures in certain buildings. It would be used to finance measures for low income households and certain measures that did not meet the Golden Rule, such as insulation for solid wall properties. Any measures installed under ECO would not have to be paid for by the householder. In many cases a householder was likely to receive a mix of finance both from the Green Deal and ECO.

In November 2012, the County Council had agreed to secure a Delivery Partner to implement the energy reduction programme and would be providing £2,000,000 for the procurement process and to support the mobilisation phase of the project over the next 10 to 12 months.

The County Council had approached the District and Borough Councils in West Sussex to become partners in the programme at one of the three designated levels. The County Council had also been in discussions with the Councils in East Sussex.

EX102 The Green Deal and the Warmer Energy Saving Homes programme for Sussex (cont.)

It was recommended that the Council became an affiliate partner in the programme initially, which would carry minimal risk as it did not involve a financial commitment. This Council's contribution would be "in kind" (e.g. officer time) and commitment would be given by the signing of a Memorandum of Understanding with the County Council. It was noted that the Council could raise its level of partnership or withdraw from the programme at a later date.

Members, whilst expressing some reservations, generally supported the proposal.

RESOLVED

- (i) That the Council becomes a partner in the 'Warmer energy saving homes in Sussex' programme at affiliate level.
- (ii) That the signing of a Memorandum of Understanding with West Sussex County Council be delegated to the Leader and the Cabinet Member for the Environment.

REASON

To derive the benefits of improving the energy efficiency of the District's building stock and the associated stimulus to the local economy without the need for financial investment and with minimal risk.

REPORT BY THE DIRECTOR OF CORPORATE RESOURCES

EX103 **Budget 2013/14 and Medium Term Financial Strategy**

The Director of Corporate Resources reported that the 2013/14 budget had been prepared against a background of deep cuts in local government expenditure and continuing uncertainty over the future economic outlook.

Details of the funding available for 2013/14 and 2014/15 had been announced in the Local Government Finance Settlement in December 2012 and, from 1st April 2013, there would be a number of significant changes to the way local government was funded. These would add to the financial uncertainties and make forward planning more difficult. The main changes were in respect of the Business Rates Retention Scheme and the Localisation of Council Tax Support.

Also, Formula Grant had now been replaced by "Start-Up Funding Assessment", which included a number of grants that had formerly been paid separately

EX103 Budget 2013/14 and Medium Term Financial Strategy (cont.)

including the Council Tax Freeze Grant, Homelessness Grant and Localising Support for Council Tax. "Start-Up Funding" was further split between Revenue Support Grant and the Business Rates Spending Baseline. Details of the actual figures for 2013/14 and provisional figures for 2014/15 were submitted.

The Government had provided figures to show the impact of changes in grant in 2013/14 on every council's "spending power", which included Government grants, New Homes Bonus and Council Tax. To make the comparison with 2012/13, the Government had constructed a Start-Up Funding Assessment figure for last year (grant the Council would have received had the changes to the grant mechanism been in place in 2012/13). These figures were for comparison purposes only, as neither represented funds actually available in the relevant year, and the Government's estimate of this Council's reduction in spending power from 2012/13 to 2013/14 was 1.2%.

Under the new "Business Rates Retention Scheme" half of the rates collected would go straight to Government as in the past, whilst the remaining 50% was described as the local share (split 80:20 district: county), although it would not all be kept locally. For each authority, the Government had determined a "Business Rates Baseline" figure, based on average of 2010/11 and 2011/12 rates receipts adjusted for inflation. An estimate of business rate income was therefore needed to forecast the Council's income for the coming year and, for the purposes of planning the 2013/14 budget, it had been assumed that the local share of Business Rates in 2013/14 would be £15,225,000 (the baseline figure). Any additional local share would be subject to a 50% levy to Government, whilst any shortfall would be a loss up to the safety net.

Under the new localised Council Tax Support Scheme, the tax base had a downward adjustment for those properties where Council Tax benefit was claimed and Council Tax Benefit Subsidy (at 100% of cost of benefit) would no longer be paid to the District. The reduction in tax base meant that the same level of tax would raise less cash. To offset this, the Government would be paying grant (at 90% of the previous level) direct to the County and Police for their share of the loss, and to the District for both its share and the parish share. It was a fixed amount and, unlike benefit subsidy, would not increase if benefits increased. From 2014/15 onwards, the amount of grant relating to Council Tax Support would not be separately identified in the Start-Up Funding Assessment. The £691,000 included as Council Tax Support Grant within the start-up funding assessment in 2013/14 included an estimated £151,000 grant which would be distributed to the parishes to compensate for reductions in the tax base as a result of the new approach to council tax benefits.

The financial outlook had been reviewed by the Council in October 2012, when projections of future expenditure and income had been considered, which indicated likely future deficits increasing each year to 2015/16. At its meeting on

EX103 Budget 2013/14 and Medium Term Financial Strategy (cont.)

19th December 2012, the Council had agreed to introduce a basic charge of £29 per household for the green waste service and to increase charges in Horsham town centre car parks. It was estimated that these two measures would bring in net additional income of £914,000 and the financial projections for the medium term had been updated accordingly.

Details of the current position in respect of the revenue budget for 2012/13 were reported and the draft revenue budget for 2013/14, which had been prepared following a detailed "Budget Challenge" exercise designed to identify areas where further savings could be achieved, was presented for approval. Whilst the decisions taken to deal with the anticipated deficit in the medium term resulted in the outturn for 2013/14 projecting a surplus of £486,000, the Medium Term Financial Strategy indicated that this would disappear in subsequent years, giving a projected deficit of £1,631,000 by 2015/16. Information in respect of the major changes in the 2013/14 budget, as compared to the original 2012/13 budget, was submitted.

New Homes Bonus had become payable for the first time in 2011/12 and, as agreed in February 2012, the sums received in 2011/12 and 2012/13 had been put into the Council's general reserves. It was now recommended that they be transferred to a separate New Homes Bonus reserve, to enable clear and transparent tracking of any subsequent use of these funds. As previously reported, it was proposed that sum received in 2013/14 should be used to fund the revenue account in 2013/14. Details of New Homes Bonus receipts and projections of future years' income were reported, together with information in respect of the proposed repairs and renewals budget and capital budget. It was proposed that charges would be increased broadly in line with inflation, where appropriate.

The Government was encouraging councils to freeze Council tax again in 2013/14 and would provide the equivalent of a 1% Council tax increase, payable for two years only, dropping out at the same time as the 2011/12 freeze grant which had been for four years. The 2012/13 Council Tax freeze grant had been for one year only. The Council, at its meeting on 19th December 2012, had agreed to freeze Council tax at current levels for 2013/14, taking advantage of the funding available from the Government. It was noted that a recent Government announcement had indicated that district councils whose tax was in the bottom quartile might increase Council tax by up to £5 per year without the need for a referendum and, therefore, this option was open to the Council.

Details of the Special Charge expenditure were also reported.

In accordance with Section 25 of the Local Government Act 2003, the Director of Corporate Resources reported on the robustness of estimates and the adequacy of reserves.

EX103 Budget 2013/14 and Medium Term Financial Strategy (cont.)

At its meeting on 24th October 2012, the Council had considered its Financial Strategy for the period to 2016 and noted the scale of the budget gap anticipated. On the 19th December 2012, the Council had agreed to introduce a charge for the green waste service and to increase town centre car park charges, which would raise additional income. Future financial projections had been revised in the light of the recent Local Government Finance Settlement and using a number of assumptions including Council Tax levels, staff pay awards, reducing Government grant levels, business rate income, pension fund contributions and the capital programme. Additional New Homes Bonus would be paid in 2014/15, 2015/16 and 2016/17, with the actual amount depending upon new homes built, affordable homes and empty homes brought into use. It was suggested that the anticipated funds from New Homes Bonus should be split between revenue and reserves. By holding some of the projected New Homes Bonus in reserves, if the Council found itself in a stronger position and the projected deficits in future years were offset by increased savings from the business transformation work or additional income, it would be able to invest in infrastructure for those communities that had experienced significant growth in houses.

Despite being below average in the level of reserves held when compared to other district authorities, when looking at the possible scenarios that would require a draw on reserves, it was considered that a minimum general reserves balance of £6,000,000 should be sufficient to deal with the uncertainty and increased volatility facing the Council.

The District Plan 2011-15 had now been in place for two years and a year end review would be undertaken and reported to Cabinet. The measures proposed in the budget would not adversely impact on the Council's ability to deliver the Plan, but if further reductions in service budgets were required, the ability to make progress across the full range of the District Plan would be put in jeopardy.

The Local Government Act 2003 required the Council to adopt the CIPFA Prudential Code (2011) and produce prudential indicators. Revised indicators for 2012/13, 2013/14 and 2014/15 and new indicators for 2015/16 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. The Council was also required to set aside funds to repay the borrowing need each year through a revenue charge (the Minimum Revenue Provision – MRP) and Regulations had been made which required the Council to approve an MRP Statement in advance of each year. The current statement was unchanged from the previous year. It was also necessary for the Council to adopt a number of prudential indicators covering the capital programme and its financing; the affordability of the capital investment plans; and borrowing limits.

EX103 Budget 2013/14 and Medium Term Financial Strategy (cont.)

The Cabinet Member for Efficiency & Resources indicated that the Government's sample spending power calculation, as shown in the report, had been based on a Council Tax of £8,141,000. If the actual Council Tax figure of £7,581,000 was used, the Government funding decrease became 6.29%, or 8.75% allowing for inflation. If New Homes Bonus was taken out of the equation, then the inflation-adjusted reduction was 12%. Therefore, the Government's estimate of this Council's reduction in spending power from 2012/13 to 2013/14 of 1.2% was an error.

The Cabinet Member reiterated that net Government funding had been reducing in real terms, since 2007/08 and, in December 2012 when a revenue deficit by 2015/16 of £2,600,000 was projected, measures had been agreed to counter that deficit. Although the eventual Government settlement resulted in a less severe cut in 2013/14 than had been anticipated, this was offset by a greater than anticipated cut in 2014/15, leading to a net £60,000 deficit increase, over the two-year period. In taking a three-year view, including anticipated income from car parking and green waste charges, estimated savings from Business Transformation and the potential reduced settlement for 2015/16, the Council now faced projected un-financed revenue deficits of £732,000 in 2015/16 and £1,631,000k by 2016/17.

The Cabinet Member indicated that the report assumed that capital receipts would be generated by 2016/17 to fund the new Leisure Centre at Broadbridge Heath, thereby avoiding excessive Minimum Revenue Provision charges and the risks associated with those plans would need to be carefully managed and coordinated.

The Cabinet Member considered that the current proposals created adequate room for manoeuvre, without cutting services or increasing Council tax, whilst getting the budget into balance. He therefore commended the report and its recommendations to Cabinet and thanked the officers for their tireless efforts in protecting the Council's financial position.

Other Cabinet Members supported the proposals in the report and other Members commented, mainly in support of the recommendations. However, one Member suggested that the Council should take the opportunity of the Government's announcement that district councils whose tax was in the bottom quartile could increase Council tax by up to £5 per year without the need for a referendum.

RECOMMENDED

- (i) That the level of Council tax for 2013/14 remains at that for 2012/13 equating to £135.54 at Band D.**
- (ii) That Special Expenses of £264,900 and a Band D charge of £23.71 be agreed in respect of the unparished area for 2013/14.**

EX103 Budget 2013/14 and Medium Term Financial Strategy (cont.)

- (iii) That the net revenue budget for 2013/14 of £12,678,000 be approved.*
- (iv) That the repair and renewals programme be approved, as submitted.*
- (v) That the capital programme for 2013/14 be approved and the indicative capital budgets in the programme for future years be noted, as submitted.*
- (vi) That the schedule of charges for 2013/14 be noted.*
- (vii) That the New Homes Bonus allocations for 2011/12 and 2012/13 in the Council's General Revenue Reserve be transferred to a separate reserve.*
- (viii) That the projected future deficits on the revenue account be noted and the Medium Term Financial Strategy continue to be reviewed and refined to ensure that decisions are taken to develop a balanced budget in 2014/15 and subsequent years.*
- (ix) That the Minimum Revenue Provision (MRP) Statement be approved, as submitted.*
- (x) That the prudential indicators and limits for 2013/14 to 2015/16 be approved, as submitted.*

REASON

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

REPORT BY THE CABINET MEMBER FOR EFFICIENCY & RESOURCES

EX104 **Report on and Performance Indicators for Quarter 2 2012/13; District Plan Priorities; and Tracked Project List Progress**

The Cabinet Member for Efficiency & Resources reported on the outcome of the quarterly review of the set of performance indicators for the second quarter of 2012/13 and the review of the Tracked Project List by the Scrutiny & Overview Committee's Finance & Performance Working Group.

EX104 Report on and Performance Indicators for Quarter 2 2012/13; District Plan Priorities; and Tracked Project List Progress (cont.)

It was noted that the priorities identified in the District Plan were reviewed on a monthly basis by the Corporate Management Team and quarterly by the Finance & Performance Working Group.

A review of the District Plan Priorities had been undertaken and a more focused approach to monitoring the priorities developed, with the aim of highlighting the priorities that were most important for the Council for each year of the District Plan 2011/15.

The main areas of concern highlighted by the Finance & Performance Working Group in respect of the quarterly review of performance indicators related to:

- the time taken to come to a decision on major planning applications;
- the speed of processing Housing Benefit/Council Tax Benefit claims;
- homelessness figures; and
- attendances at The Capitol.

The responses of the Heads of Service were noted.

It was noted that the Project Assurance Core Team (PACT), which had been set up to improve the way projects were managed and to act as a support mechanism for major projects, reported progress on sixteen key projects to Corporate Management Team each month and a summary was provided for the Finance & Performance Working Group each quarter.

RESOLVED

That the report be noted.

REASON

Performance Management is part of the duty of Best Value to drive up service improvement.

EX105 **SCRUTINY & OVERVIEW COMMITTEE – MATTERS REFERRED TO CABINET**

There were no matters currently outstanding for consideration.

The meeting closed at 7.35pm having commenced at 5.30 pm.

LEADER