



THE CABINET

**Thursday 26th March 2015 at 5.30 p.m.
COUNCIL CHAMBER, PARK NORTH, NORTH STREET, HORSHAM**

Councillors:	Ray Dawe	Leader
	Helena Croft	Deputy Leader and Communication, Horsham Town & Special Projects
	Andrew Baldwin	The Environment
	Jonathan Chowen	Arts, Heritage & Leisure
	Gordon Lindsay	Resources
	Roger Paterson	The Local Economy
	Sue Rogers	Safer & Healthier District
	Claire Vickers	Living & Working Communities

You are summoned to the meeting to transact the following business

Tom Crowley
Chief Executive

AGENDA

	Page No.
1. Apologies for absence.	
2. To approve as correct the record of the meeting of 29 th January 2015 (herewith).	1
3. To receive any declarations of interest from Members of the Cabinet.	
4. To receive any announcements from the Leader, Cabinet Members or Chief Executive.	
5. To receive questions from and provide answers to the public in relation to matters which in the opinion of the person presiding at the meeting are relevant to the business of the meeting.	
6. To consider the following reports:	
(a) Report of the Cabinet Member for the Environment and the Cabinet Member for Resources on Hop Oast Depot Replacement	9

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|---|-----------|
| (b) Report of the Cabinet Member for Resources and the Cabinet Member for a Safer & Healthier District on the purchase of land and development of Temporary Accommodation Apartments for Homeless Households at land adjoining The Bishopric, Horsham Town Centre | 19 |
| (c) Report of the Cabinet Member for Resources on the proposed purchase of Myrtle Lane Car Park, Billingshurst | 29 |
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7. To consider any matters referred to Cabinet by the Scrutiny & Overview Committee - There are no matters currently outstanding for consideration.
 8. To consider matters of special urgency.

THE CABINET
29TH JANUARY 2015

Present: Councillors:

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

Also present: Councillors: Roger Arthur, George Cockman, Leonard Crosbie, Malcolm Curnock, Frances Haigh, Godfrey Newman, Kate Rowbottom

EX/37 **RECORD OF THE MEETING OF 20TH NOVEMBER 2014**

The record of the meeting of the Cabinet held on 20th November 2014 was approved as correct and signed by the Leader.

EX/38 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

EX/39 **ANNOUNCEMENTS**

There were no announcements.

EX/40 **PUBLIC QUESTIONS**

No questions had been received.

REPORT BY THE DIRECTOR OF CORPORATE RESOURCES

EX/41 **The Budget/Medium Term Financial Strategy 2015/16**

The Cabinet Member for Resources introduced this item, indicating that current Government grants (including New Homes Bonus) only covered 21% of the Council's total expenditure compared to 27% in 2006/07, thus illustrating the continuing decline in grant funding. In contrast, income from sources such as parking and green waste now covered 37% of the Council's total expenditure compared to 27% in 2006/07 and the Council was also becoming more reliant on business rates income, which now covered 10% of total expenditure. The report assumed that the Council would again accept the Government's Council Tax Freeze Grant and, therefore, not increase Council Tax for a fifth year.

EX/41 The Budget/Medium Term Financial Strategy 2015/16 (cont.)

The Director of Corporate Resources presented a report which set out details of the proposed 2015/16 revenue and capital budgets and reviewed the Medium Term Financial Strategy.

The Director of Corporate Resources drew Members' attention to the updated Medium Term Financial Strategy projections, which indicated that there would be a moderate surplus in 2015/16, thereby adding money to reserves. The main reasons for this position were the delivery of a number of elements of the Business Transformation Programme, which had already realised annual savings of £440,000 with a further £100,000 anticipated; reduced financing costs resulting from the forthcoming sale of the Council's offices; and increased business rate income. The internal budget challenge process had also resulted in officers identifying a lot of low value savings.

Whilst it was anticipated that over the next few years there would be a deficit, the Council had time in which to formulate plans on how to deal with this situation. Whilst a number of assumptions had been made in projecting the future budget position there was some political uncertainty regarding future policies, particularly in respect of New Homes Bonus and business rates, following the General Election in May 2015. It was therefore proposed that an updated Medium Term Financial Strategy would be presented to Cabinet in the summer in the light of emerging policies following the election.

In accordance with Section 25 of the Local Government Act 2003, the Director of Corporate Resources also reported on the robustness of estimates and the adequacy of reserves. She indicated that, whilst the Council had sufficient revenue reserves for the period covered by the Medium Term Financial Strategy, the projection of funds from New Homes Bonus might be too optimistic for 2016/17 and beyond. However, by holding some of the current New Homes Bonus in reserves, the Council should still be able to maintain a minimum level of reserves whilst it identified increased savings or additional income.

The report also set out a series of prudential indicators that were a statutory requirement to demonstrate that the Council's capital programme was affordable and prudent in the context of the Council's overall finances.

Cabinet Members supported the proposals in the report and expressed their thanks to officers for their efforts both in the current year and previous years in maintaining front line services whilst reducing costs and increasing income, which meant that Council Tax could be frozen for a further year. However, they were mindful of the uncertainty regarding future policies in the light of the forthcoming General Election. They were particularly pleased that the budget for grants to voluntary and community groups was to be maintained and expressed their appreciation for the contribution that such groups made to the community.

EX/41 The Budget/Medium Term Financial Strategy 2015/16 (cont.)

Other Members also commented on the value of the work of voluntary and community groups.

In response to a Member's question, the Cabinet Member for a Safer & Healthier District indicated that she would ensure the list of beneficiaries of community and individual grants in the current year was circulated to all Members for information.

The Director of Corporate Resources responded to questions regarding business rates, the possibility of 'earmarking' reserves, Council Tax banding of improved/extended properties and unplanned maintenance consequences arising from delays in the capital programme.

The Cabinet Member for Resources concluded the debate by expressing his thanks to the staff in the Finance Department for their work in producing the report now before Cabinet.

RECOMMENDED

- (i) That the level of Council Tax for 2015/16 remains at £135.54 at Band D.**
- (ii) That the net revenue budget for 2015/16 of £13.000m be approved as submitted.**
- (iii) That Special Expenses of £267,120 and a Band D charge of £23.60 be agreed in respect of the unparished area for 2015/16, as set out in the report.**
- (iv) That the capital programme for 2015/16 be approved as submitted and that the indicative capital budgets in the programme for future years be noted.**
- (v) 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 2016/17 and subsequent years.**
- (vi) That the Minimum Revenue Provision Statement set out in be approved, as set out in the report.**

EX/41 The Budget/Medium Term Financial Strategy 2015/16 (cont.)

- (vii) *That the prudential indicators and limits for 2015/16 to 2017/18 be approved as set out in the report.***

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 THE ENVIRONMENT

EX/42 **Review of Waste Services in response to Waste England and Wales Regulations 2011 (as amended): 'TEEP Assessment'**

The Cabinet Member for the Environment reported that the Waste England and Wales Regulations 2011 (the Regulations) imposed a duty on waste collection authorities to arrange for separate collection of each stream of recycling or to demonstrate that any alternative collection system used achieved objectives for high quality recycling as required by Regulation 13 of the EU Waste Framework Directive. The West Sussex Waste Partnership had therefore commissioned consultants to undertake a 'TEEP' review (which assessed whether the collection system used was technically, environmentally or economically practicable) for each of the Districts. The review had concluded that, whilst the current system did not achieve the quality of recycling that would be achieved by adopting source segregated collections, it was not economically practicable to change the current collection arrangements.

It was therefore considered that the existing co-mingled recycling collection system using blue-topped bins complied with the requirements of the Regulations. However, it was noted that there was an ongoing duty to ensure continued compliance with the regulations, therefore any significant changes in collection systems or external factors would require further reviews to be undertaken.

Members thanked the Cabinet Member and officers for their work on the review and noted that the conclusion was a good result for householders as there would be no increase in the number of bins per property. Members were reminded that the Council had received a Government grant which was now being used to fund a communications programme to promote and improve the quality of recycling. The possibility of a recycling and refuse collection calendar app was also being investigated. It was noted that the types of plastic that could be put in the recycling bin were currently being reviewed and that there might be some encouraging news in this respect later in the year.

EX/42 Review of Waste Services in response to Waste England and Wales Regulations 2011 (as amended): 'TEEP Assessment' (cont.)

RESOLVED

- (i) That the findings of the 'Waste Regulation 13 Assessment' produced by Ricardo-AEA on 19 December 2014, in particular the primary conclusion that, since it would not be economically practicable to change to source segregated recycling collections, the existing system complies with the duties imposed by the Regulations, be adopted.
- (ii) That the Director of Community Services be authorised to monitor continued compliance and undertake future reviews of compliance with the Regulations, as required by changes in circumstances or proposed service changes.
- (iii) That the Cabinet Member for the Environment and the Director of Community Services be authorised to promote environmental and economic improvements in recycling quality through the established partnership arrangements with West Sussex County Council and the other Districts and Boroughs in the area.

REASONS

- (i) To ensure compliance with the duties imposed by the Regulations as interpreted through statutory and non-statutory guidance issued by Government agencies.
- (ii) To seek to achieve continuous improvement of the environmental and economic performance of recycling collection arrangements.

REPORT BY THE CABINET MEMBER FOR A SAFER & HEALTHIER DISTRICT

EX/43 **Introduction of an Anti-social Behaviour Policy**

The Cabinet Member for a Safer & Healthier District reported that whilst the Council had had an anti-social behaviour team since 2003, it had never had a formal policy to govern the work of this function. However, over the years and by learning from best practice, the team had achieved an excellent reputation for delivering real results for residents using the powers set out in the Anti-social Behaviour Act 2003.

Approval was therefore sought for the introduction of an Anti-social Behaviour

EX/43 Introduction of an Anti-social Behaviour Policy (cont.)

Policy which had been developed to reflect the Anti-social Behaviour, Police and Crime Act 2014 and to ensure that the good work of this team was built upon. The policy would provide a transparent and consistent approach to dealing with the victims and perpetrators of anti-social behaviour, with clear information and advice.

The Council had a duty as a Relevant Body to ensure that it had the necessary procedures in place to deal with a Community Trigger activation. Adopting and applying the Anti-social Behaviour Policy was a key method of ensuring that the Council was doing all that it reasonably could to tackle anti-social behaviour, thereby reducing the likelihood of Community Trigger activations in the first place.

Cabinet and other Members welcomed the proposed introduction of this policy.

RESOLVED

- (i) That the draft Anti-social Behaviour Policy, applicable to all departments of the authority, be adopted as set out in the report.
- (ii) That the Community Safety Manager, in consultation with the relevant Cabinet Member, be authorised to make minor amendments to the policy, once adopted, to reflect changes in legislation or guidance and codes of practice where a full review of the policy is not warranted.

REASON

Horsham District Council as a Local Authority is considered by the new legislation a 'relevant body' and as such has a statutory duty to have a Community Trigger procedure to undertake case reviews where necessary.

REPORT OF THE FINANCE & PERFORMANCE WORKING GROUP

EX/44 **Finance and Performance Indicators for Quarter 2 2014/15, District Plan Priorities and Tracked Project List Progress**

Councillor Leonard Crosbie, Chairman of the Finance & Performance Working Group presented a report summarising the outcome of the Finance & Performance Working Group's quarterly performance review on 19th November 2014.

The report to the Working Group had detailed finance and performance

EX/44 Finance and Performance Indicators for Quarter 2 2014/15, District Plan Priorities and Tracked Project List Progress (cont.)

information for Quarter 2 of 2014/15 and had been presented in the new combined report format, providing a summary of financial expenditure along with performance data by service area. Councillor Crosbie thanked officers for the considerable effort they had put into the production of this report and noted that they were continuing to refine its presentation.

The Working Group had noted positive performance in the following areas:

- The forecast outturn for the year to 31 March 2015, which estimated an underspend of the approved revenue budget by £395,000.
- Increased attendance figures for Horsham Museum.
- Good attendance figures for visits to sports centres and swimming pools.
- The key government measure to improve the quality of decision making in relation to the percentage of all major planning applications allowed at appeal.

The Working Group had also expressed their thanks to the Spatial Planning Manager and her team for their work in relation to the Horsham District Planning Framework Public Examination.

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Additional background information had been requested in respect of the number of household and minor applications that had been subject to voluntary extensions and enforcement case data. This information had subsequently been provided to the Business Improvement Working Group.

The Working Group had also discussed the underspend on capital projects as at the end of Quarter 2.

With regard to the key performance indicators, the Working Group had noted that 68% were within target and 21% were close to target. Staff turnover and staff sickness were two areas that were outside the target range, although it was acknowledged that one case of long term sickness could have a disproportionate impact on the overall figures.

Councillor Crosbie noted that Councillor Claire Vickers, the Cabinet Member for Living & Working Communities was in the process of setting up a CIL Advisory Group, an area of interest that had also been raised at the Working Group.

RESOLVED

That the report be noted.

EX/44 Finance and Performance Indicators for Quarter 2 2014/15, District Plan Priorities and Tracked Project List Progress (cont.)

REASON

Performance Indicators are provided as part of the duty of Best Value to drive up service improvement.

EX/45 **SCRUTINY & OVERVIEW COMMITTEE – MATTERS REFERRED TO CABINET**

There were no matters currently outstanding for consideration.

EX/46 **MATTERS OF SPECIAL URGENCY**

There were no matters of special urgency to be considered.

The meeting closed at 6.51pm having commenced at 5.30 pm.

LEADER

Report to Cabinet

26th March 2015

By the Cabinet Member for the Environment and
Cabinet Member for Resources



**Horsham
District
Council**

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KEY DECISION

Not exempt

Hop Oast Depot Replacement

Executive Summary

The Council's existing waste facility depots extend across two sites at Hop Oast, Horsham and at Hurston Lane, Storrington. The building and yards on both sites are reaching the end of their physical lives and are in need of substantial capital investment.

A review has been undertaken to consider how best to bring the facilities up to date, whilst at the same time meet increased demands on the service which will arise with the projected population expansion in Horsham District and increasing Government and EU legislation for waste disposal. The review brief also incorporated a desire to achieve operational efficiencies and to prepare the service for commissioning, if this route were ever to be considered in the future.

A full feasibility study has been undertaken which has established that the optimum operational solution is to close the Hurston Lane depot and consolidate the two facilities onto a single site at Hop Oast. This will save the annual property cost of running Hurston Lane, which is approximately £36,000 pa.

The requirements for an expanding service have been identified and outline designs have been prepared.

The report is seeking approval to proceed with the redevelopment of the Hop Oast depot.

Recommendations

Cabinet is recommended:

- i) To approve the proposal to rebuild the Hop Oast Depot.

Agenda Item 6(a)

- ii) To **Recommend to Council** to approve an increase of £1,050,000 in the capital budget for this project to £4,550,000.

Reasons for Recommendations

- i) To ensure that the programme provides facilities that are suitable for the needs of the area over the 30 year projected life of the facilities
- ii) To ensure there is an adequate capital budget to deliver a new Depot and workshop facility and provide for the temporary relocation of the services currently based at Hop Oast Depot whilst the new depot is constructed.

Background Papers

None

Consultation

Wards affected: Southwater

Contact David Robertson x6455: Brian Elliott x5113

Background Information

1 Introduction

- 1.1 This report identifies the preferred option for rebuilding the facilities at Hop Oast depot to ensure they meet the requirements of the waste, recycling, litter, cleansing and fleet services over the next 30 years, taking into account the projected expansion of Horsham District by 19,500 homes.

Background/Actions taken to date

- 1.2 Hop Oast depot was developed during the 1980s for a waste operation that comprised of just 10 refuse collection vehicles and crews. The Council's waste disposal operation has grown significantly since then and there are now 25 large goods vehicles located at Hop Oast, with a further 14 at the Hurston Lane Depot in Storrington.
- 1.3 Both Hop Oast and Hurston Lane are towards the end of their physical and economic life; paved surfaces have degraded and the buildings do not meet modern operational, health and safety and welfare requirements. The increase in use over the years means that it has become increasingly difficult to segregate people and vehicles, which has increased health and safety risks on the site. The vehicle workshop at Hop Oast is unable to accommodate large refuse vehicles and does not have enough space, resulting in staff often needing to repair vehicles in the open air.

There are also a number of health and safety shortcomings at the Hop Oast site, which include:

- The site entrance is located on a blind bend creating a significant risk of collision with passing vehicles.
- There is insufficient space for parking vehicles on site leading to overcrowding and problems with vehicles moving on site.
- Very poor segregation between vehicles and pedestrians on site.
- Operational staff welfare facilities are inadequate, the canteen, toilets, lockers and showers do not comply with legal requirements.
- Vehicle maintenance often takes place in the open air, causing safety and welfare concerns for maintenance staff, e.g. working outside during rain or cold conditions

- 1.4 A review of the current facilities has been undertaken with three objectives:
- a. To create a facility that can cope with the increase in demand resulting from projected population growth over the next 30 years.
 - b. To achieve greater operational efficiency and a facility that is modern, safe and fit for purpose.
 - c. To create a facility that would be acceptable to an external provider, if the service is commissioned in the future.

- 1.5 A study has been carried out, which included consideration of different design options and a visit to a new, similar facility in Mid Sussex. To achieve improved operational efficiency and to take cost savings, the study has focussed on the consolidation of the two existing depots onto a single site at Hop Oast. This would allow Hurston Lane to be closed, which would achieve revenue savings of approximately £36,000 pa.
- 1.6 Consultants were employed to develop suitable outline proposals and indicative costs that can inform the decision making process.

2 Statutory and Policy Background

Statutory background

- 2.1 There are statutory duties on the Council to collect household waste and litter clearance. The Environmental Protection Act 1990 provides the primary legal framework and there is also extensive legislation and regulations relevant to individual waste streams. The depot operation must comply with health and safety legislation including the Health and Safety at Work Act 1974 and associated regulation and statutory guidance. The vehicle fleet is subject to statutory regulation and the Council's Fleet Operator Licence requires high standards of maintenance so the standards of the current workshop create challenges in this area.

Relevant Government policy

- 2.2 The Waste Management Plan for England outlines the government's waste strategy and commits the UK to achieve a 50% recycling rate by 2020. It also highlights the importance of achieving high quality recycling collections and creates a general duty on the Council to maintain and improve recycling services. The current depot provision is likely to restrict future opportunities to extend recycling services.

Relevant Council policy

- 2.3 The Council is committed to delivering high quality waste, recycling and litter services. The future strategy is currently under review in conjunction with the county wide waste partnership strategy. While the outcomes of this review will not be known for some time, it is likely that this will lead to an increase in recycling provision and a greater emphasis on the quality of recycling services.

3 Rebuild proposals

- 3.1 The minimum operational requirements for a new depot are a modern 3 vehicle workshop with a connected office/welfare building. Site constraints dictate that the entrance is from the north and the office facility will be positioned to reduce visitor movements within the site and to ensure the

safety of visitors and staff. The offices and workshop are linked to improve communication and movement of workers between the two buildings and to reduce build costs. A large yard is required for vehicle parking and cleaning, which must allow movement within the site, with turning circles and safe segregation of vehicle and pedestrian traffic.

- 3.2 The requirements for the facility to meet the needs of a growing population over the next 30 years resulted in the modelling of a number of scenarios to establish the likely number of vehicles required. This modelling considered likely service provision such as types of waste and recycling collected, frequency of collection and types of vehicles that could be used and a requirement of between 38 and 45 large vehicles is anticipated. The current proposals indicate parking for 39 large vehicles and it is clear that this could be reconfigured to accommodate additional vehicles if required.
- 3.3 A range of other factors have also been evaluated and incorporated in the outline design including pedestrian safety, suitability of staff welfare facilities, size of office accommodation and vehicle access arrangements.

4 Costs

- 4.1 The consultant's report assesses the likely cost of the proposals based on the outline designs. It also includes appropriate provision for professional fees and contingencies. The overall projected cost is budgeted at £4,550,000, including an allowance of £250,000 for temporary relocation costs. The previous budget allocation is £3,500,000 (excluding relocation costs) therefore there will need to be a further capital allocation of £1,050,000 to achieve the proposals. The variations between the original and revised budgets are summarised below:

	£000's
Increase in concrete for parking	£145 New item
Increase in retaining walls because of level changes	£ 90 New item
Various other costs	£ 50
Building inflation increase	£365
Projected inflation	£145
Temporary relocation allowance (estimate only)	<u>£250 New item</u>
Total	£1045

- 4.2 Revenue savings will be achieved by consolidating the operations from the Hurston Lane depot to Hop Oast. This will result in a saving of around £36,000 per year in building operating costs, totalling over £1 million over a projected 30 year life span. This excludes any operational efficiency costs such as reduced fuel consumption, staff turnover and administration costs.
- 4.4 There will be further benefit to the authority of either selling the Hurston Lane facility or refurbishing it to a standard suitable for rental. The depot is currently valued at £300,000 however there would need to be a detailed assessment of its market value prior to decisions being made regarding disposal.

- 4.5 The extent of the buildings works at the Hop Oast site mean that it is not practical or possible to continue operating the site during the redevelopment. It will therefore be necessary to relocate the day to day waste and litter services during the build programme; which is likely to be for between 12 and 18 months. The costs will include items such as site rental, increased operating expenses and costs of relocating staff, IT and business disruption. Whilst it is not possible at this stage to provide the exact costs of this an indicative estimate of £250,000 has been included in the revised capital budget. A detailed assessment of these costs will be provided later in 2015 when there is clarity on the build programme and possible temporary options have been investigated.

5 Procurement Options

- 5.1 Normal procurement processes and procedures for a project of this scale will be followed and the appropriate procurement option will be selected, complying with legislative requirements and the principles of fairness and transparency.

6 Timescales

- 6.1 It is anticipated that a planning application will be submitted in the third quarter of 2015 and work will start on site by the spring of 2016.

7 Outcome of Consultations

- 7.1 The Director of Corporate Resources comments are incorporated in this report.
- 7.2 The Council Solicitor/Monitoring officer has noted that an easement is required over land owned and controlled by WSCC in order to provide access to the site. An in principle agreement has been reached with WSCC concerning this, but the works cannot proceed until this has been documented.
- 7.3 Local Members have been briefed and are aware of these proposals.
- 7.4 Southwater Parish Council has been consulted. Offices will continue to work closely with the Parish Council to satisfy any concerns which may emerge as the design for the site progresses.

8 Other Courses of Action Considered but Rejected

- 8.1 The feasibility study also investigated the option of delivering the objectives at the least capital cost. The consultants considered and explored refurbishment options to determine whether it is possible to reduce the capital cost of building new offices, by refurbishing the existing office building. The

conclusion was that a refurbishment would significantly restrict the space available for parking large vehicles, which would reduce from 40 to a maximum of 29, and would lose parking for the 12 smaller vans and cleansing vehicles currently operated. A refurbishment would therefore mean that Hurston Lane depot could not be closed, so the cost of continuing to operate two facilities would continue to be incurred, including a capital cost for refurbishing Hurston Lane. This option has therefore been rejected on the grounds of practicality and cost.

- 8.2 Exploratory talks have taken place with West Sussex County Council to establish if there is scope for a combined depot facility to accommodate the County's highways function, thus sharing the costs. Although the County Council has aspirations to replace its current depots there are no specific plans or timescales so it is not feasible to explore this option further. The County Council is also intending to review its depot provision across the whole county with the likely outcome of rationalising the number of depots and favouring larger operating hubs. It is therefore unlikely that the County Council will pursue any plans for depot provision at Hop Oast as this site would not provide the amount of space required.
- 8.3 Alternative sites have been sought to build new facilities however no suitable land has been identified. It is likely that any plans to use new undeveloped land would be at a comparable cost.

9 Staffing Consequences

- 9.1 The project will involve significant amounts of officer time in the Property, Procurement and Waste Management teams and will be a priority project. Work is underway to recruit a technical project management consultant to support the project by maintaining project management controls, providing expert advice and delivering aspects of the project work streams.
- 9.2 Closure of the Hurston Lane depot will relocate around 20 operational employees from Storrington to Hop Oast Depot. There will need to be consultation with the affected staff once the timescales of the project are known. This will not affect staff terms and conditions of employment.

10 Financial Consequences

- 10.1 There is currently £3,500,000 allocated in the capital program to fund this project. There is £100,000 in the current year capital budget, £2,400,000 in 2015/16 and £1,000,000 in 2016/17. The total proposed rebuild programme and relocation cost package is projected to be £4,550,000; therefore the allocation in the capital programme will need to increase by £1,050,000 in 2016/17. The additional expenditure will increase the annual Minimum Revenue Provision (repayment of capital) by £35,000 over a period of 30 years and additional interest cost of borrowing of £35,000 per year will be

incurred.

- 10.2 The disposal of Hurston Lane depot will deliver operational savings of circa £35,000 per annum and will avoid capital costs of extensive renovations that would otherwise be required.

Appendix 1

Consequences of the Proposed Action

<p>What are the risks associated with the proposal?</p> <p>Risk Assessment attached Yes/No</p>	<p>As with any construction project there are many risks associated with building works. These include the design, material, construction and contingency costs. In addition Planning permission is required.</p> <p>These will be mitigated by applying rigorous project management in the delivery of this project.</p>
<p>How will the proposal help to reduce Crime and Disorder?</p>	<p>Section 17 of the Crime and Disorder Act 1998 requires the Council to do all that it reasonably can to reduce crime and disorder. There are no crime and disorder implications as a result of this report.</p>
<p>How will the proposal help to promote Human Rights?</p>	<p>The report is considered to be consistent with the provisions of the Human Rights Act 1998</p>
<p>What is the impact of the proposal on Equality and Diversity?</p> <p>Equalities Impact Assessment attached Yes/No/Not relevant</p>	<p>The proposal does not change policies or the delivery of any services. There are no direct or indirect impacts on any groups of people by adopting the recommendations in this report.</p>
<p>How will the proposal help to promote Sustainability?</p>	<p>The improvements in the depot will facilitate improvements in recycling performance by creating additional space for vehicles required for new services</p> <p>The new buildings will be designed and constructed to reflect current sustainability best practice</p>

Report to Cabinet

26th March 2015

By the Cabinet Members for Resources and a Safer & Healthier District

N KEY DECISION

Not exempt



PURCHASE OF LAND AND DEVELOPMENT OF TEMPORARY ACCOMMODATION APARTMENTS FOR HOMELESS HOUSEHOLDS AT LAND ADJOINING THE BISHOPRIC HORSHAM TOWN CENTRE

Executive Summary

The Council has agreed terms to purchase a block of 17 apartments to be built on part of the former Lifestyle Ford site, Bishopric, Horsham. This apartment block is located adjacent to the site of the development of Waitrose/John Lewis in Albion Way and is included within the section 106 obligations for the redevelopment of Bishops Weald House.

Planning consent for the development of 17 apartments was granted on 15 January 2015, and these consist of 6 x 1 bed 2 person flats, 2 x 1 bed 2 person wheelchair adapted flats and 9 x 2 bed 3 person flats.

The apartments would be owned and managed by the Council for the purpose of short stay temporary accommodation for homeless households. The proposal has significant social and financial benefits: It would provide new, well-equipped apartments in a town centre location and in addition would also significantly reduce the need to place homeless households in expensive Bed and Breakfast accommodation, providing a revenue increase (rental income plus saving of B&B) of circa £360,000 pa.

The acquisition of the apartments would be funded through Section 106 contributions received by the Council for the provision of affordable housing in the district.

The property acquisition is structured as a purchase of the land by the Council with the Council then taking the client role under a design and build contract. The method of disposal and development is a requirement of the seller due to its pension fund status. The deal has been structured to limit the Council's costs for the land purchase and building works to £2,750,000.00.

Recommendations

The Cabinet is recommended:

- i) to approve the purchase of the development opportunity to provide 17 apartments to be used as affordable short stay temporary accommodation for homeless households on land off the Bishopric, Horsham
- ii) To delegate to the Chief Executive under urgency powers to approve the supplementary capital estimate of £2,900,000.00 (purchase costs plus allowance for stamp duty and fees) to be funded from Section 106 contributions received by the Council for the provision of affordable housing in the district.

Reasons for Recommendations

1. To assist the Council in exercising its Statutory Duty under Part VII of the Housing Act 1996 (as amended) to provide temporary accommodation for homeless persons and reduce the number of households placed in bed and breakfast accommodation.
2. The seller requires the exchange of contracts for the purchase of the land to be entered into by the 1st April 2015. The date of the next Council meeting falls beyond this (28th April 2015) and therefore Chief Executive urgency powers are required to approve the necessary supplementary capital budget.

Background Papers – Exempt

Agreed Heads of terms

Consultation

Wards affected Denne

Contact Brian Elliott, Property & Facilities Manager - Ext 5150
Andrew Smith, Strategic Housing Manager – Ext 5202

Background Information

1 Introduction

The purpose of this report is to seek Cabinet's approval for the acquisition and development of 17 apartments to be used as affordable short stay temporary accommodation for homeless households to be constructed on land off the Bishopric, Horsham, and to fund the project through affordable housing Section 106 contributions.

Background/Actions taken to date

- 1.1 The section106 agreement for this property currently provides for the block of 17 flats to be used for shared ownership type affordable housing by a registered provider. In addition, the section106 agreement imposes a requirement that development of these apartments must be completed before occupation of the flats in Bishops Weald House. Development Control (North) Committee on 3 March 2015 agreed to amend the Section 106 Agreement to enable a Deed of Variation to be completed with the developer to widen the restriction on shared ownership to include other forms of affordable housing including temporary accommodation and to remove the requirement for the flats to be occupied prior to the completion of Bishops Weald House if the flats are sold to the Council.

2 Statutory and Policy Background

Statutory background/ Relevant Government policy

- 2.1 Part VII of the Housing Act 1996 (as amended) paragraph 193 sets out the Council's duty to provide accommodation for persons with priority need and who are not homeless intentionally. The Council owns and manages some short stay temporary accommodation for these purposes.

Relevant Council policy

- 2.2 The Council's Housing Strategy 2013-15 states that the Council will aim to provide effective support for homeless households by:
- a) Eliminating the use of Bed & Breakfast for expectant mothers and households with children
 - b) Maintaining the quality of temporary accommodation provided in the District
 - c) providing enhanced support where necessary with newly acquired accommodation to be centrally located, near to services
- 2.3 The Council's District Plan includes the provision of access to appropriate and affordable housing

3 Details

Transaction structure

- 3.1 The transaction has been structured as a purchase of the land by the Council with the Council taking on the responsibility from the seller for development of the apartments. This is required by the seller because the seller is a pension fund trustee company and is restricted in its powers to develop residential property and to develop property for disposal to another party.

The seller has already procured the building contractor for the apartments and the Council has had no involvement or influence over the choice of construction contractor.

3.2 Transaction Financial details

The transaction is made up of a price of £710,000.00 for the acquisition of the freehold interest in the land and a fixed price of £2,040,000.00 for the development of the apartments on the land through the design and build contract. The maximum amount payable by the Council for the completed development is therefore £2,750,000.00.

To reduce the financial risks to the Council of any overrun in costs in respect of the building contract, the seller has agreed that £300,000.00 of the purchase price shall be deposited into an escrow account and shall be available for the Council to draw down against any unforeseen events arising while the building contractor is on site. This sum is equivalent to approximately 15% of the building contract sum. The Council will undertake due diligence of the building contract, including the quantum of the sum of £300,000, to ensure that the terms and conditions of the design and build contract are acceptable to the Council.

3.3 Projected Financial Returns

The price of £2,750,000.00 was settled following negotiations with the seller's development agents. The rental income for the completed flats is projected at approximately £150,000.00 pa, which shows an initial yield on cost of 5%.

The financial return as a property investment is one element of the total return on this transaction, as the availability of the accommodation will mean that the Council will save approximately £210,000.00 per annum in Bed and Breakfast accommodation. Therefore the revenue improvement as a result of this investment is £360,000.00 pa, which is equivalent to a total cash return of approximately 13%.

3.4 Reduction in shared ownership accommodation implications

There may be some concern regarding the implications for any reduction in shared ownership units from the Council's affordable housing development

programme. However, the loss of 17 shared ownership units would not significantly affect the Council's objectives to meet local housing need, because there is a considerable supply of shared ownership accommodation in the district whereas opportunities to increase and improve temporary accommodation are much more limited. Demand for temporary accommodation is presently in excess of the Council's current provision, which means that the Council has to resort to using Bed and Breakfast accommodation to address the supply gap. It is considered therefore that the loss of shared ownership use for these 17 apartments would not impact adversely on the Council's affordable housing development programme to the extent where the Council would wish to forgo the current opportunity to utilise these apartments for temporary accommodation.

3.5 Timing

The seller requires exchange of contracts for the purchase of the land to be entered into by the 1st April 2015, with completion of the transfer of ownership of the land to the Council by the end of April. It is expected that the development contract would commence on site in July with a contract period of approximately 10 months. The target completion date will therefore be May 2016.

3.6 Housing background

Part VII of the Housing Act 1996 (as amended) places a statutory obligation on Horsham District Council to provide temporary accommodation.

If demand for accommodation exceeds supply, or if the Council does not have the appropriate accommodation to suit the household's requirements, the applicant is placed in Bed and Breakfast accommodation at a premium cost to the Council, which has been in excess of £250,000 per annum for the last two years. These costs will be substantially reduced through this acquisition.

The District's population is increasing and the full impact of Welfare Reform and Universal Credit is still unknown. Placing households, especially families, in Bed and Breakfast accommodation is not just expensive but also the least appropriate type of accommodation in which to house families with dependent children.

The number of households placed in Bed & Breakfast over the last 11 quarters is shown in figure 1 below:

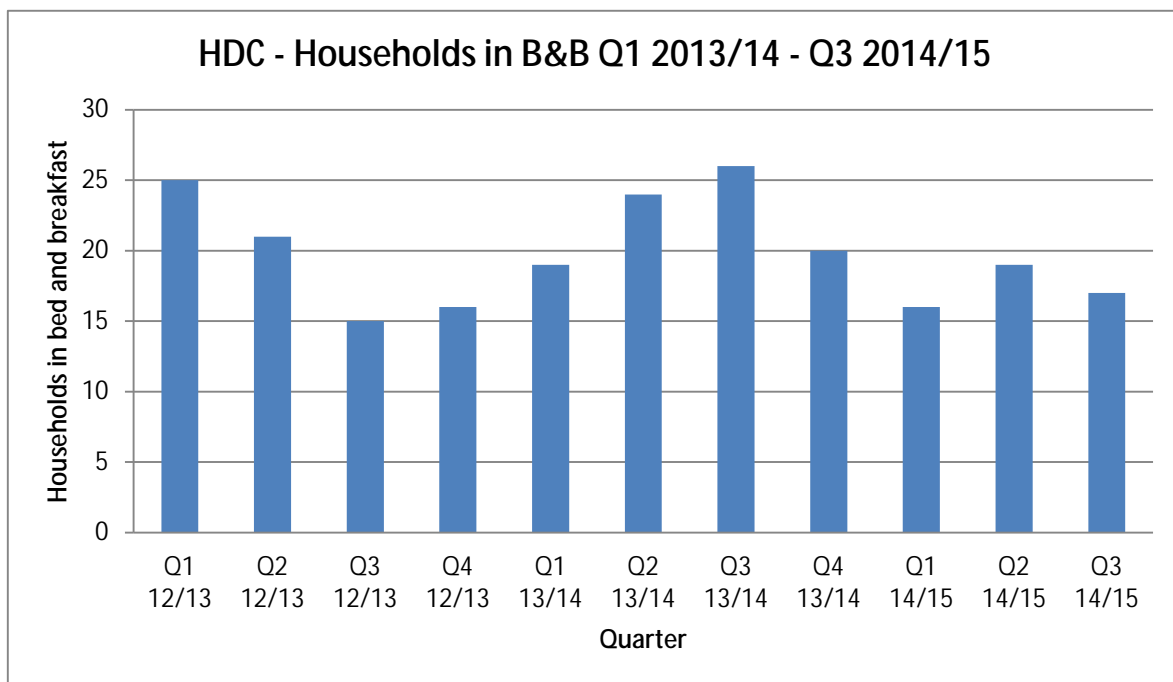


Figure 1: Households place in B&B accommodation

It is highly likely that the demand for short stay temporary accommodation will remain consistent and may increase as the overall population of the District increases.

3.7 Funding

The Council receives section 106 contribution receipts, which have been secured through the planning system and the money is used exclusively for the provision of affordable housing in the District. Projected receipts from section 106 affordable housing contributions are sufficient to fund the acquisition and development of the 17 apartments.

Commuted sums are ring fenced for the provision of affordable housing within the District. In the event that the Council decided in the future that the 17 apartments were no longer required for short stay temporary accommodation then the Council could ensure that the units remain as affordable accommodation by disposing of the units to an Affordable Housing Registered Provider, some other housing body, or otherwise leased to provide affordable rent properties.

If the property were sold at a future date, the capital receipt would need to be ring-fenced and recycled for affordable housing provision within Horsham District.

3.8 Conclusions

Acquiring the development presents a rare opportunity for the Council to improve its provision of affordable housing used for short stay temporary accommodation in an ideal highly sustainable town centre location.

4 Next Steps

- 4.1 Completion of the variations to the s106 agreement, which is a condition of the transaction.
- 4.2 Completion of the purchase of the land and entering into a contract to build the property

5 Outcome of Consultations

- 5.1 The Director of Corporate Resources comments are incorporated in this report.
- 5.2 The Head of Legal and Democratic Services and Monitoring Officer comments as follows:-
 - a) The Council has the power to use some of the commuted sums received by the Council pursuant to Section 106 agreements for the purchase of affordable housing properties itself. Whether the Council can use specific commuted sums depends upon the terms of each section 106 agreement. Several agreements have been identified that would allow use of commuted sums for the purchase of affordable housing properties and the amounts involved more than meet the costs of acquiring the Bishopric properties for this purpose.
 - b) The Council will acquire the land with a design and build contract to build the apartments. Whilst the Council will not have procured the contractor, the works are below the EU threshold and so the full EU procurement regime does not apply, although transparency and fairness obligations do. Officers will need to carry out due diligence of the proposed design and build contract to ensure satisfactory compliance with these obligations.
- 5.3 The Director of Community Services fully supports this proposal. Not only will the provision of such accommodation be financially beneficial, it will also result in better outcomes for individuals and families by avoiding them being placed in Bed & Breakfast accommodation.

6 Other Courses of Action Considered but Rejected

- 6.1 None

7 Staffing Consequences

- 7.1 The Housing Services Support Manager and Temporary Accommodation Manager will have capacity to extend management to include this block with effective support from legal and property departments.
- 7.2 The legal work and advice for the acquisition and development of the property will be undertaken by external solicitors in liaison with the Head of Legal and Democratic Services.

8 Financial Consequences

- 8.1 The transaction is made up of a price of £710,000.00 for the acquisition of the freehold interest in the land and a price of £2,040,000.00 for the development of the apartments on the land through the design and build contract. The maximum amount payable by the Council for the completed development is therefore £2,750,000.00 plus costs
- 8.2 The risk of the price going higher as a result of unknowns arising from the building contract has been offset by the agreement to place £300,000 into an escrow account to be drawn down in that eventuality. Due diligence will be undertaken on the building contract and specification before entering into an agreement to purchase the site.
- 8.2 The purchase will be funded from Section106 contribution receipts, which have been secured through the planning system and the money is used exclusively for the provision of affordable housing in the District. There will be sufficient funding from section 106 contributions to fund the acquisition and development of the 17 apartments in 2015/16.

Appendix 1

Consequences of the Proposed Action

What are the risks associated with the proposal?	The section106 variation needs to be completed with the developer. Committee approval to the variation has been granted.
Risk Assessment attached No	Until such time as contracts are exchanged the developer could sell the apartments to a registered housing provider
How will the proposal help to reduce Crime and Disorder?	Adequate housing is considered vitally important in helping to prevent people from turning to crime and disorder
How will the proposal help to promote Human Rights?	<p>The Council is obliged (a) to give positive effect to the Convention rights and (b) not to infringe those rights as scheduled in the Human Rights Act 1998. Of particular relevance to the proposal are Article 8 (right to respect for private and family life) and Article 1 of the First Protocol (right to property).</p> <p>As said, the Council is required to consider not only the detrimental effects on citizens' Convention rights but also positively to enhance those rights. Providing housing through the scheme highlighted in this report will prevent homelessness and enable those in need to be accommodated satisfactorily.</p>
What is the impact of the proposal on Equality and Diversity?	The scheme will contribute to preventing homelessness and meeting the housing need of persons in the District.
Equalities Impact Assessment attached Yes/No/Not relevant	<p>Two of the units will be wheelchair adapted</p> <p>No</p>
How will the proposal help to promote Sustainability?	Delivering affordable housing and preventing homelessness are considered to be fundamental to establishing and maintaining sustainable communities.

Report to Cabinet

26th March 2015

By the Cabinet Members for Resources



KEY DECISION

Not Exempt



Horsham
District
Council

Billingshurst Myrtle Lane Car Park: Proposed Purchase

Executive Summary:

The purpose of this report is to seek Cabinet approval to enter into an agreement to acquire a completed car park on an area of land situated south of Myrtle Lane, Billingshurst from Thakeham Homes Ltd and for Council to agree to provide the funding through a supplementary capital estimate (and any subsequent S106 funds) and to pay for the acquisition of the property as set out in the body of this Report.

Following an approach by local District Councillors, and reported demand for greater car parking capacity in the vicinity of Billingshurst Station, an opportunity has arisen in which the District Council will be able to provide a long stay car park. Thakeham Homes Ltd, the developer of a mixed residential and commercial site at Myrtle Lane, is proposing to dispose of its interest in the commercial element of land adjacent the railway shown highlighted on the attached plan. A premium of £300,000 has been negotiated for a completed 33 space surface car park for use by long stay users.

Capital funding of £315,000 inclusive of Stamp Duty and other costs is therefore required by means of a supplementary capital estimate to be funded by anticipated Section 106 contributions from the east of Billingshurst site.

The Car Parking Scheme is illustrated on the attached plan.

Recommendations

Cabinet is recommended:

- i) To approve the Council entering into a Purchase Agreement to acquire a completed 33 bay Car Park subject to an approved design, specification and Planning Permission.

Recommend to Council

- ii) To approve a supplementary capital estimate for an estimated payment of £315,000 to acquire the completed long stay car park to be funded S106 contributions from the east of Billingshurst S106 Agreement.

Reasons for Recommendations

- i) The proposed long stay car park will address the current and future need for additional car parking for commuters and users of the railway station at Billingshurst particularly with regard to future housing growth in the village. The new car park will address difficulties of displaced 'on road' car parking throughout the village following the recent imposition of 'on road' parking restrictions in the local residential roads near to the Station

- ii) A supplementary capital budget is required to execute the purchase.

Background Papers: None but site plans attached

Consultation: Local District Councillors, Parish Council, Billingshurst Community Partnership. Principal Property Solicitor, Billingshurst Working Group, Head of Finance. Parking Services Manager

Wards affected: Billingshurst

Contact : John A Loxley MRICS Estate Management & Valuation Surveyor x5483

Background Information

- 1 **Introduction:** The purpose of this report is to seek Cabinet approval to recommend that the Council enter into an Agreement to acquire an area of land situated south of Myrtle Lane Billingshurst from Thakeham Homes Ltd subject to the vendors completing works to create a car park and to provide the capital funding through a supplementary capital estimate to pay for the acquisition of the completed car park.

2 Statutory and Policy Background

- 2.1 **Statutory background:** Section 120 of the Local Government Finance Act provides that the Council may acquire any land for the benefit, improvement or economic development of their area.
- 2.2 **Relevant Government policy:** National Policy Planning Framework 2012 seeking sustainable development to support the local economy and the creation of jobs.

3. Details:

Background:

- 3.1 The Estate Management & Valuation Surveyor was alerted by Local District Councillors of the possibility that Thakeham Homes Ltd would consider disposal of the commercial element of its mixed residential development site at the end of Myrtle Lane Billingshurst under Planning Permission Reference DC/12/0029 and DC/13/1346 as part of a 12 dwelling development.
- 3.2 At the beginning of November 2014 WSCC imposed parking restrictions around the local residential roads near to the Station, shown on the attached plan, causing a major displacement of cars parking elsewhere.
- 3.3 Parking Services have calculated budget figures based on potential long stay car parking and on a 33 bay car park with 2 free disabled spaces. Using appropriate occupancy ratios and management charges, they have calculated a residual surplus of £11,722 pa equating to a return on cost of 3.9% before capital contributions are taken into account. This assumes season ticket charges at £650 pa, compared with £759 pa charged by Railtrack
- 3.4 Prolonged negotiations have resulted in a package deal being agreed in which a completed 33 bay surface car park, built to an agreed standard in accordance with Planning Permissions, would be transferred upon completion.
- 3.5 The District Valuer was asked to look at the value of the Site as a completed car park, assuming a completely remediated site, and concluded that current rental levels precluded a commercial development opportunity due to the costs of construction and that it had only limited value of circa £165,000 as a Car Park based on the tentative initial proposed ticket regime: this fell short of the level at which Thakeham Homes Ltd would be willing to sell the property. Thakeham Homes Limited has advised that if the Council does not purchase the land as a car park for the agreed price, they will utilise it for their own operational purposes. In paying more than the District Valuer's assessment, the Council would be

Agenda Item 6(c)

recognising that a purchase of the site could not otherwise be achieved and also the considerable benefits to the community of providing a local car park to alleviate significant local parking issues.

- 3.6 The Council's Property Investment & Advisory Group has considered and supports the principle of the proposed purchase subject to Cabinet Approval.

- 3.7 **The Heads of Terms** agreed between the parties are:

The purchase price agreed is £300,000 for the acquisition of the land as a completed car park. The vendors will secure planning permission to undertake the works to create the car park, including providing fencing and marking out the car park, but excluding ticket machines. These works will include remediation of any contamination on the site. The Council will ensure that the works are completed in accordance with the planning consent prior to completion of the transaction and payment of monies. The proposed car park layout is indicated on the attached plan.

4 Next Steps

- 4.1 To instruct Solicitors to complete a Purchase Agreement with Thakeham Homes Ltd for the seller to complete the car park works and for the Council to complete the sale of the purchase of the completed car park.

5 Outcome of Consultations

- 5.1 The Director of Corporate Resources comments have been incorporated in this report.
- 5.2 The Head of Legal & Democratic Services and Monitoring Officer supports the proposal.
- 5.3 The Local Members support the principle of the proposal.
- 5.4 The Property Investment & Advisory Group supports this proposal.
- 5.5 The proposal has the support of the Billingshurst Working Group.
- 5.5 The Parking Services Manager has been consulted and supports the proposal.

6 Other Courses of Action Considered but Rejected

- 6.1 The Council could choose not to purchase the completed Car Park however the long term car parking issues will remain in Billingshurst.

7 Staffing Consequences

- 7.1 The purchase of this Car Park will result in an additional requirement on Parking Services staff to manage the Car Park although it is a marginal cost above existing costs incurred in the management of the other HDC Car Parks in Billingshurst.

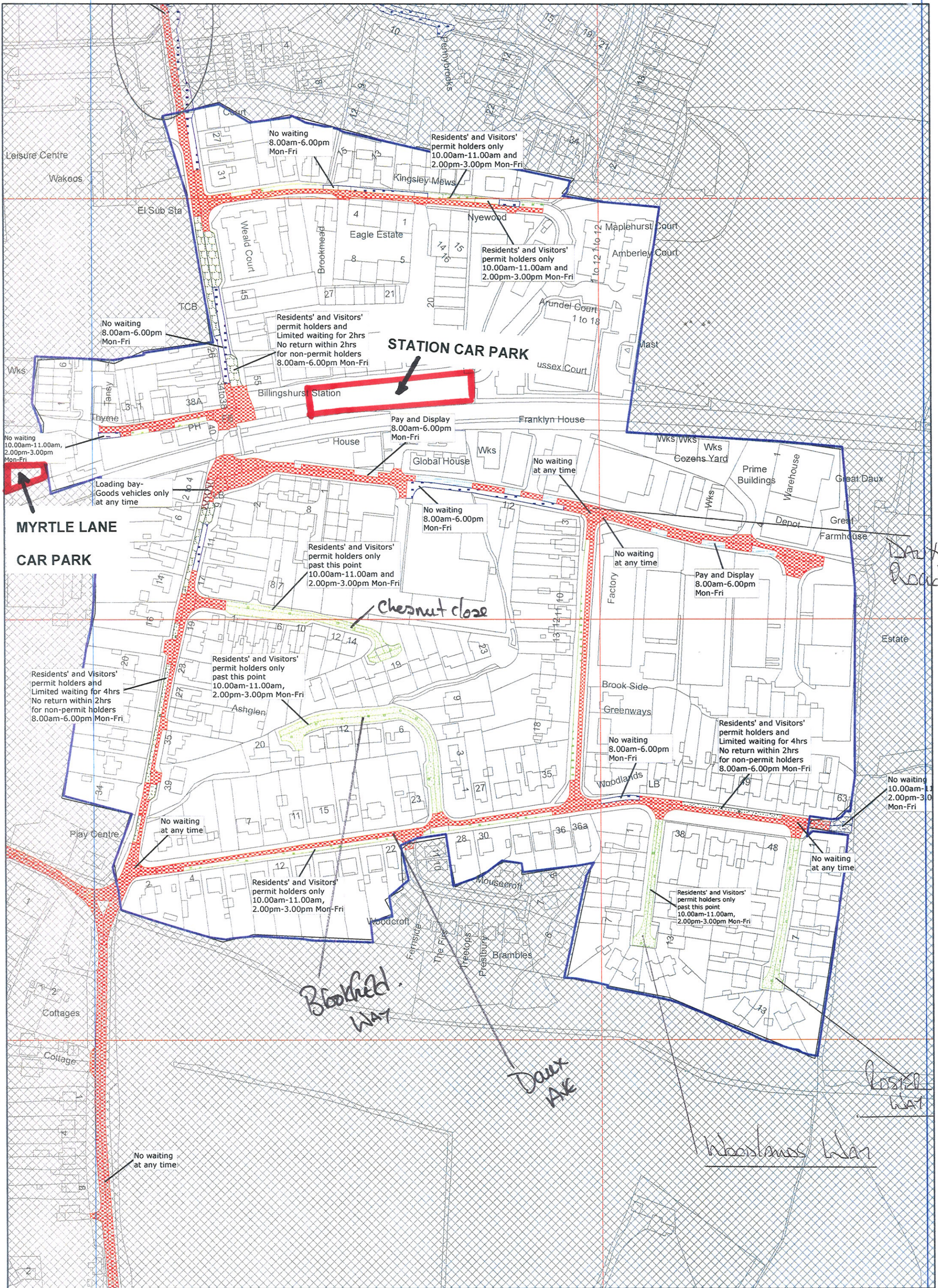
8 Financial Consequences

- 8.1 A Supplementary Capital Estimate is required for £315,000 to include stamp duty and provision of a ticket machine.
- 8.2 Contributions towards the cost are anticipated from the Section 106 Agreement for the East of Billingshurst Development Scheme. These sums will be received as those developments progress
- 8.2 The 33 space car park is anticipated to produce an estimated net income stream of about £12,000pa excluding two non-income producing disabled parking bays. The figures will be subject to review having regard to initial take up and its popularity.

Appendix 1

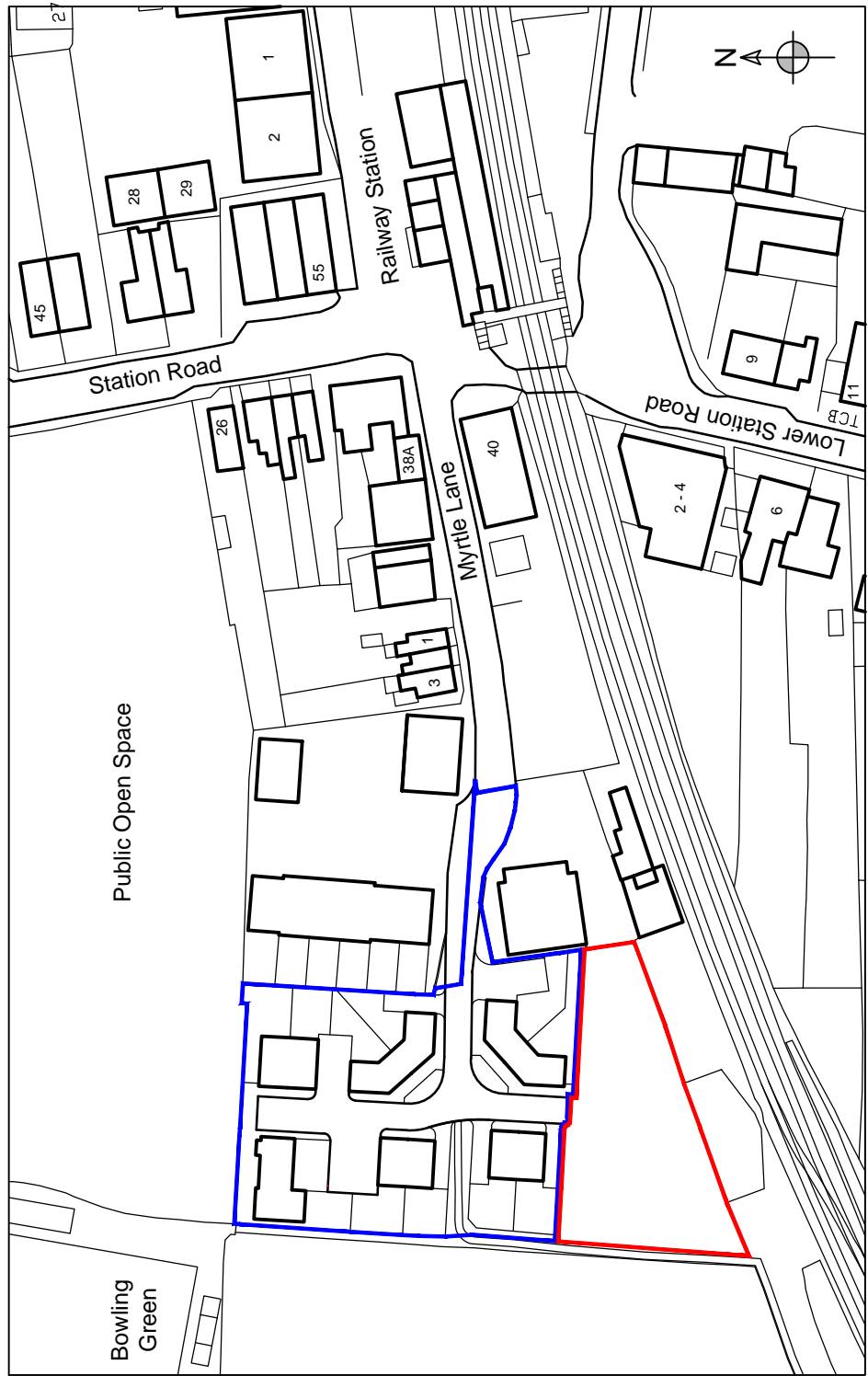
Consequences of the Proposed Action

<p>What are the risks associated with the proposal?</p> <p>Risk Assessment attached Yes/No</p>	<p>That Thakeham Homes Ltd will not receive Planning Permission for the proposed 'Public' Car Park.</p> <p>That the anticipated Section 106 funding does not materialise.</p>
<p>How will the proposal help to reduce Crime and Disorder?</p>	<p>The proposal may assist in preventing congested car parking on roads in the vicinity of Billingshurst Station.</p>
<p>How will the proposal help to promote Human Rights?</p>	<p>There are no direct impacts from this proposal on human rights.</p>
<p>What is the impact of the proposal on Equality and Diversity?</p> <p>Equalities Impact Assessment attached Yes/No/Not relevant</p>	<p>The proposal will have a positive effect on disabled people, as one or two accessible/disabled parking bays are proposed. No other equality issues have been noted</p>
<p>How will the proposal help to promote Sustainability?</p>	<p>The proposal will help promote the sustainable use of public transport</p>





Site Layout
Scale 1:200



Location Plan
Scale 1:1250

REV.	DATE	NOTE
DEVELOPMENT		
Proposed Car Park		
Myrtle Lane		
Billinghurst		
DRAWING TITLE		
Location Plan & Site Layout		
DRAWING No.		
T017_P100		
REV.		
A		

THAKEHAM
Thakeham Homes Limited
Thakeham House | Summers Place
Stane Street | Billingshurst
West Sussex | RH14 9GN

DRAWN	DATE	SCALE
RJS	October 2014	1:200/1250 @ A1