



Overview and Scrutiny Committee

Monday, 27th November, 2017 at 5.30 pm
Conference Room, Parkside, Chart Way, Horsham

Councillors:

Leonard Crosbie (Chairman)	
David Coldwell (Vice-Chairman)	
Toni Bradnum	Nigel Jupp
Alan Britten	Tim Lloyd
Peter Burgess	Mike Morgan
Paul Clarke	Brian O'Connell
Jonathan Dancer	Ben Staines
Matthew French	Michael Willett
Billy Greening	

You are summoned to the meeting to transact the following business

Tom Crowley
Chief Executive

Agenda

	Page No.
1. Minutes To approve as correct the minutes of the meeting held on 25 th September 2017	3 - 6
2. Apologies for absence	
3. Declarations of Members' Interests To receive any declarations of interest from Members of the Committee	
4. Announcements To receive any announcements from the Chairman of the Committee or the Chief Executive	
5. Cabinet Member Interview Cabinet Member for Waste, Recycling and Cleansing - Councillor Philip Circus	7 - 8
6. Update on the the Medium Term Financial Strategy Update on the Medium Term Financial Strategy – Report to Cabinet	9 - 26
7. Report on the Corporate Plan Priorities, Finance and Performance in Q2	27 - 52

2017/18

8. Updates from Task and Finish Groups

- a) CenSus Task and Finish Group
- b) S106 Task and Finish Group - Final Report 53 - 56
- c) Traffic Around Primary Schools Task and Finish Group

9. Work Programme 57 - 58

10. Urgent Business

Items not on the agenda which the Chairman of the meeting is of the opinion should be considered as urgent because of the special circumstances

Overview and Scrutiny Committee 25 SEPTEMBER 2017

Present: Councillors: Leonard Crosbie (Chairman), David Coldwell (Vice-Chairman), Toni Bradnum, Peter Burgess, Jonathan Dancer, Matthew French, Billy Greening, Nigel Jupp, Mike Morgan, Brian O'Connell and Ben Staines

Apologies: Councillors: Alan Britten, Paul Clarke, Tim Lloyd and Michael Willett

Also Present: David Skipp

SO/1 MINUTES

The minutes of the Committee held 12th September 2017 were approved as a correct record and signed by the Chairman.

SO/2 DECLARATIONS OF MEMBERS' INTERESTS

There were no declarations of interest.

SO/3 ANNOUNCEMENTS

There were no announcements.

SO/4 CABINET MEMBER INTERVIEW

The Chairman announced that the Cabinet Member interview item had been withdrawn from the agenda, due to a recent change in the Cabinet roles, it had been identified that the scheduled portfolio holder had already been interviewed at a meeting of the Committee on 30th January 2017. An alternative Cabinet Member was not available due to the short notice, therefore the item was withdrawn from the agenda on this occasion and the next interview would take place in November, according to the schedule which had been previously agreed.

SO/5 CORPORATE PLAN PRIORITIES AND FINANCE REPORT DATA FOR Q1 2017/18

The Director of Corporate Resources presented the Corporate Plan Priorities Report for Quarter 1 2017/18.

No questions had been submitted in advance of the meeting on the report. The Chairman reminded Members that any questions on the data should be submitted by the deadline before the meeting, in order for officers to prepare responses to be presented at the Committee.

The Director of Corporate Resources highlighted the key performance and financial issues and explained the quarter 1 report is rarely a reliable indicator for year-end performance or financial outturn.

The Committee was invited to comment on the report.

Members raised the following questions:

PS05a – Percentage of staff turnover – Members asked whether the relatively high staff turnover figures presented, reflected the CenSus ICT TUPE transfer. The Committee said its key interest was in the numbers of staff leaving from their own choice and would like to see the figure net of management action.

DM07 – Planning appeals – number of cost awards – The Chairman of the Committee asked for a supplementary figure to be included in the report indicating the value or costs awarded alongside the number of appeals.

FS09 – Parking: Total income – The Director explained that this had been affected by the delay in the Hurst Road car park. Members asked for a detailed breakdown of the parking budget and car park income to explain the variation in the figures. It was noted that the Head of Parking Services was projecting a recovery in figures by the year end. TS05 – Town Centre Parking – utilisation was also highlighted as part of this.

VE01b – Income from HDC owned and managed commercial and industrial estate space – The Committee asked for some further information from the officers on this indicator.

SO/6 **TASK AND FINISH GROUP UPDATES**

SO/7 **CENSUS TASK AND FINISH GROUP**

The Chairman of the CenSus Task and Finish Group updated the Committee on the first meeting held on 18th September 2017. The Terms of Reference and scope of the review were agreed and at the next meeting in November, the Group was hoping to hear from the Chief Internal Auditor.

The Group would be continuing the work which began under the former Finance and Performance Sub-Committee.

SO/8 **S106 TASK AND FINISH GROUP**

The Chairman of the Committee provided Members with an update following the first meeting of the S106 Task and Finish Group, in the Chairman's absence. The Group had requested a detailed breakdown of information on S106 unallocated monies, broken down into parish councils. The Group would

consider this, along with some other information requested, at it's next meeting in October.

SO/9 **TRAFFIC AROUND PRIMARY SCHOOLS TASK AND FINISH GROUP**

The Chairman of the Traffic Around Primary Schools Task and Finish Group provided the Committee with an update following the Group's first meeting. The terms of reference and scope of the review had been agreed. Since the meeting, a questionnaire had been sent out to all the primary schools in the District and the Chairman had met with the Parking Operations Manager. The Group was intending to interview officers from the District and County Council.

SO/10 **INFORMATION AND SUPPORT FOR OVERVIEW AND SCRUTINY RELATING TO ISSUES/PROJECTS/DEVELOPMENTS TO BE CONSIDERED BY THE COMMITTEE**

The Chairman said he was concerned about access to information by Overview and Scrutiny Committee, the timeframes the Committee had to consider information about items on the Cabinet Forward Plan and who the Committee was permitted to invite to attend its meetings. The Chairman sought the support of the Members to obtain clarity and guidance on these points.

It was noted that much of the guidance was available in the Council's Constitution, the Scrutiny Guide and also on the Centre for Public Scrutiny website. Some of this information had also been clarified under the recent self-evaluation review of Overview and Scrutiny.

The Chairman proposed to prepare a draft document to reflect the issues discussed and circulate this to the Committee. The Members supported this.

SO/11 **WORK PROGRAMME**

The Committee noted the Work Programme. It was suggested that the November meeting might be moved forward in order for the Committee to consider the Medium Term Financial Strategy before it went to Cabinet. This would be discussed with the Chairman and Director of Corporate Resources outside the meeting.

SO/12 **URGENT BUSINESS**

None.

The meeting closed at 7.03 pm having commenced at 5.30 pm

CHAIRMAN

Cabinet Member for Waste, Recycling and Cleansing Portfolio Summary 2017/18

27th November 2017

Responsibilities	Corporate Plan Priorities 2016 -19 (as updated for year Q2) Position at November 2017	Successes and challenges, performance summary	Forthcoming Decisions (Forward Plan)
<p>a) Overall responsibility for the development, implementation and review of the Council's policies and procedures for waste management, collection, recycling and disposal and associated education and enforcement.</p> <p>b) Overall responsibility for the development, implementation and review of the Council's environmental and sustainability policies and procedures.</p> <p>c) Overall responsibility for securing the development, implementation and review of the Council's policies and procedures for cleansing throughout the District.</p>	<p>Environment</p> <p>1. Implement the review of waste services to maximise efficiency <i>Implementation of 'Incab' digital solution completed and Fleet procurement, route optimisation and the changes to collections launch are being coordinated to ensure a successful roll out. New trucks roll out Oct – Dec 2017, changes to collections rollout phased Feb 2018 for 3 months.</i></p> <p>2.To reach 50% recycling of household waste by 2020 <i>Deliver a marketing and educational programme to increase the recycling rate, improve the quality of recycled material collected and reduce waste going to landfill under the waste hierarchy. This externally funded project has been running 2015/16 and onwards. Contaminated recycling materials have reduced over the last 3 years. With targets enshrined in UK legislation we will remain committed to a range of waste reduction measures raising awareness and promoting the value of recycling whilst remaining below the 6% threshold included in the new Memorandum of Understanding (MOU) Schedule 6. Achieved 46.97% recycling rate 2016/17.</i></p> <p>3.Deliver the new waste depot by March 2018 <i>Hurston Lane depot facilities consolidated into a single site at Hop Oast. Move into the new offices and workshop at the end of June 17 completed. Offices and workshop completed and existing offices and workshop now demolished. Formal handover 24 October 2017, on time and on budget.</i></p> <p>4.Work with WSCC to secure appropriate waste transfer arrangements <i>Consultation with WSCC has taken place. WSCC will produce a business case to support the construction of a transfer station in a location that gives a logistical benefit; existing sites within Counties and Partner portfolios are being considered along with a new build site.</i></p> <p>5. Adopt a low tolerance approach to environmental crime <i>Enforcement action to be taken where viable cases exist and record number of incidents and resultant actions where appropriate- currently measured on DEFRA's waste data flow. We are now deploying covert cameras in known hot spots and we have two cases pending for prosecution. In addition to this we will be running a new anti - litter campaign issuing Fixed Penalty Notices to the registered keepers of vehicles that are involved in littering incidents.</i></p>	<p>Portfolio performance summary as reported in the Corporate Plan Priorities and Finance Report November 2017.</p> <p>FS20 Trade Waste Income</p> <p>OP14 Acornplus recycling rate % (Tonnage) [2020 European Target is 50%]</p> <p>OP15 Number of garden waste customers (households)</p> <p>OP17 Number of refuse, recycling and garden waste collections reported as missed</p> <p>OP19 Quality of recycling - % contamination rate</p> <p>SSC9a No. of fly tipping incidents</p> <p>SSC9b No. of fly tipping enforcement notices</p> <p><i>Full Finance and Performance Report available as part of this agenda.</i></p>	<p>None at 27th November 2017.</p>

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Report to Cabinet

23 November 2017

By the Cabinet Member for Finance and Assets

DECISION REQUIRED



**Horsham
District
Council**

Not Exempt

Medium Term Financial Strategy 2018/19 to 2021/22

Executive Summary

The review of the Financial Strategy, as part of the budget setting process, enables a balanced budget target to be established with a focus on an affordable level of Council Tax, delivery of the corporate priorities and policies of the Council and the continued enhancement of value for money and satisfaction with services for the residents of the District.

The 2017/18 Budget was approved in February 2017 and a balanced budget was projected for 2017/18 through to 2019/20, with a projected deficit in 2020/21. Since then, the Council has been working further on income generation, continuing the business transformation journey to the next stage and other efficiency measures to mitigate against the cost pressures that continue to rise. This report sets out the proposed Strategy for the period 2018/19 to 2021/22 to establish the context for the Council's Budget and medium term financial planning scenarios and assumptions.

Recommendations

The Cabinet is asked to recommend to Council:

- i) the approval of the Medium Term Financial Strategy 2018/19 to 2021/22, and:
- ii) the approval to use New Homes Bonus to finance more infrastructure and investment property already in the capital programme as detailed in paragraph 3.29, and to:
- iii) note the projected balanced budgets and budget gap as detailed in paragraph 3.6 of the report

Background papers

Report to Cabinet

Wards affected: all

Contact: Jane Eaton, Director of Corporate Resources, 01403 215300
Dominic Bradley, Head of Finance, 01403 215302

Background Information

1 Introduction and background

- 1.1 The Medium Term Financial Strategy was last fully reviewed by Council on 15 February 2017 as part of the annual budget setting cycle. At that meeting a balanced budget for 2017/18 was approved. Cabinet and Members have been kept informed via quarterly budget monitoring and presentations since then to keep them informed of progress with the development of the new strategy.
- 1.2 The local government finance system is becoming increasingly complex. The difficulty of predicting what factors such as interest rates, grant funding and energy costs will be in two to five years' time is further complicated by uncertainty regarding the financial impact of the government's welfare reform programme and future income from retained Business Rates. It is however certain that the amount of money available to district councils will continue to reduce over the next five years.
- 1.3 Each year as the budget is set, unavoidable growth becomes apparent in the services. This is because of increased responsibilities from legislation, contractual obligations and inflationary pressures. However, balanced budgets in 2018/19 to 2019/20 remain predicted through a combination of a range of measures including income generation, continuing the business transformation journey to meet the demands and expectations of our customers, and other efficiency measures.
- 1.4 This review ensures that the 2018/19 Budget and resultant Council Tax level will be set within the context of the Council's Corporate Plan priorities and the financial strategy in order to deliver a balanced budget, updated for the latest information and knowledge available to the Council.

2 Relevant Council policy

- 2.1 To deliver a balanced budget over the medium term.

3 Details

Strategic political, economic and regulatory outlook

- 3.1 The offer of a four-year settlement through to 2019/20, which was made by Government in 2016 was accepted and remains in place. This provides a relative degree of certainty in that the Revenue Support Grant and the baseline Business Rates funding level will not get any worse during this period although it does result in a £0.8m reduction in our government funding over the period. However this is subject to any change to legislation for 100% Business Rates localisation, which is being piloted across the country but has yet to be formally legislated.
- 3.2 The Local Government Association (LGA) has calculated that the total Core Spending Power of all Local Authorities (defined as baseline funding from government in paragraph 3.1 and income from Council Tax and Business Rates retention) will reduce by £6.75bn over the review period (2015/16-2019/20). The Council's detailed financial settlement for 2018/19 which we expect to broadly confirm the four-year settlement will probably be communicated to us immediately prior to Christmas.

- 3.3 UK economists are divided over whether the UK economic outlook has been affected by the apprehensiveness and uncertainty surrounding the negotiations from Britain's exit from the European Union which may happen in March 2019. In the meantime, EU legislation remains in force.
- 3.4 Whilst the long term future impact remains uncertain it should be noted that interest rate forecasts have been updated based upon outcomes to date, the Bank of England base rate continues to be historically low, a £445m quantitative easing programme and some reduction in the credit rating of UK banks by investment firms. Whilst the Bank of England raised interest rates to 0.5% in November 2017, they remain at historically low levels with significant increases not predicted within the period of this MTFS. The value of the pound decreased significantly following the June 2016 referendum; and remains around 13% lower against the U.S. Dollar and the Euro. Conversely, the FTSE 100 share index has risen by around 23% since the referendum to around 7,500.
- 3.5 Inflation has started to increase in recent months putting pressure on expenditure. In October 2017 it measured 4.0% under the Retail Price Index (RPI) and 3% under the Consumer Price Index (CPI). The impact from the cost of fuel is also slowly rising. Both the demand for the Council's services and its income streams are affected by the general economic health of the District, and the prevailing interest rate has a direct impact on interest receipts. Figures from the first half of 2017/18 show planning and Horsham town centre parking below budget. These could be early signs of a downturn in the local economy. Therefore the uncertainty of the economic and regulatory outlook adds risk to the setting of a precise financial strategy. With this in mind, the assumptions within the MTFS have been revisited in the sections below.

Budget assumptions assuming income and efficiency actions being worked on are implemented

- 3.6 Future budget projections are based on a number of assumptions. Table 1 sets out the budget assumptions at November 2017 and Table 2 the forecast revenue budgets in 2017/18 through to 2021/22. Details of the budget assumptions and the reasons for the change in assumptions are explained in the following paragraphs.

Table 1: Budget assumptions

Budget Assumptions	November 2017			
	2018/19	2019/20	2020/21	2021/22
Pay award annual average 1.5%	£260k	£260k	£260k	£260k
Inflationary pressures approx. 3%	£350k	£350k	£350k	£350k
Pensions revaluation approx. 1%	£0	£0	£125k	£125k
Minimum level of reserves	£6m	£6m	£6m	£6m
Increase in borrowing costs	£125k	£125k	£125k	£125k
Reduction in RSG	£280k	£700k	*£0	*£0
Increase in dwellings	1,200	1,100	1,100	1,100
Increase in Council Tax	£5	-	-	-

* From 2020, 100% localisation of Business Rates growth is expected to end other forms of grant funding, such as RSG, but also result in a significant re-baselining of NDR income at a much lower level as well.

Table 2: Revenue budget assuming income and efficiency actions being worked on are implemented

	2017/18	2018/19	2019/20	2020/21	2021/22
November 2017	£000	£000	£000	£000	£000
Net expenditure	11,860	10,900	10,450	11,550	12,500
Funded by: New Homes Bonus	700	250	0	0	0
Council Tax	8,660	9,140	9,300	9,450	9,650
Government grant - RSG	280	0	(700)	0	0
Government grant - Business Rates	1,920	1,980	2,050	400	400
Additional Business Rates retained	200	200	0	0	100
Collection Fund surplus / (deficit)	180	-	-	-	-
Payment to parishes	(10)	0	0	0	0
Total funding	11,930	11,570	10,650	9,850	10,150
Net deficit	(70)	(670)	(200)	1,700	2,350
In year forecast surplus at M6	(250)				

Inflation cost pressures and interest rates

- 3.7 Local Government pay is negotiated nationally and the Council has no direct influence on the settlement. The local government pay award of 1% in May 2016 covered 2017/18 as well. Central government has indicated that they are aware that the potential prospect of inflationary pressures may drive further salary demands within the public sector. Increases above the 1% pay cap were announced in September 2017 for prison officers and the Police. As yet, this has not resulted in any intention being signalled for the local government sector but Parliament is debating public sector pay in early December. It is though anticipated to be revealed in the Autumn Budget on 22 November 2017. An average 1.5% pay increase each year through to 2021/22 has been budgeted in the MTFs above. In expenditure terms this equates to approximately £260k of additional expenditure per annum. Any changes will be reflected in the 2018/19 Budget in February 2018.
- 3.8 Economic forecasters are also predicting a diverse range on inflation over the next three years, reflecting the uncertainty of exit from the European Union. The MTFs currently budgets for a 3% increase in inflation on the expectation that inflation will remain at or near current levels. The Bank of England suggested in its November 2017 inflationary forecast CPI would peak in 2017 at 3.25% and fall back towards its own target of 2% reaching 2.5% by 2019. Whilst income is also affected by inflation, inflation also increases our expenditure that offsets the increases in Council Tax and charges. The impact of inflation on the MTFs will be revisited on a regular basis as the monthly statistics are released by the Office of National Statistics.
- 3.9 An increase in pension contributions is not currently anticipated in 2018/19 or 2019/20 on the basis of the 2016 triennial revaluation of the Council's Pension Fund. This will be revisited annually in the interim periods until information about the 2019 full triennial revaluation of the Council's Pension Fund funding statement is finalised by the actuary. But a future increase in funding remains probable.
- 3.10 The Bank of England base rate increased to 0.5% in November 2017 but remains at historically low levels, affecting the Council's income streams from investments. The Council has taken action over the past eighteen months to diversify the investment strategy into non- high street bank style deposit holdings which should help to

mitigate the effect by generating more income, but nevertheless, this will impact on the Council's ability to generate income from investments during the period.

- 3.11 The amount of money the Council has on deposit generating interest income is also likely to decrease as the proposed strategy to spend commuted sums on affordable housing will lower the amount of funds held by the Council. Significant capital expenditure is also rapidly reducing other funds held by the Council to the extent that the Council started to short term borrow in 2017/18, which will transition to long term borrowing by the end of the MTFs. The positive side of the low Bank of England base rate is that the cost of borrowing is also relatively low.
- 3.12 Economic forecasters are again divided on when an upturn in interest rates may occur. At the moment, the MTFs includes only a small increase over the three year period which is in line with our treasury management advisors' opinion.

Council Tax

- 3.13 The government's 2015 Settlement funding assumptions include all district councils increasing their Council Tax by the larger of 2% or £5 each year over the 4 year settlement period. The Council increased Council Tax by 2.5% (RPI at December 2016) in 2017/18 which equated to an increase of £3.43. It remains the lowest Council Tax in West Sussex and in the bottom quartile of all district councils. RPI is currently 4.0% at October 2017. An inflationary increase in Council Tax, capped at £5 is included in the 2018/19 budget projections, but no further increases have yet been built into the MTFs projections through to 2021/22. Every 1% increase in Council tax increases income by approximately £95k.

Localisation of Business Rates

- 3.14 The Council currently retains around 5% or £2m of the £44m Business Rates collected in the district, which is based on a complex calculation involving target rates of collection set by government. Local authorities can increase their business rate income by growing the business rate take in their area; conversely, if collections fall then local authorities bear an element of risk. Local authorities currently share this risk and reward with central government 50:50.
- 3.15 Historical data suggests a fairly 'flat' picture with limited material Business Rates growth envisaged over the period of the MTFs. This area is a 'momentum indicator' where growth is more likely to continue where it is already taking place. At the moment, on average, every successful new business opening is more or less offset by a conversion of a business premise to residential flats (under the permitted development regime introduced by the Government) or a closure. In 2016/17, after much fluctuation, the 2010 Rateable Value rose by £300k over the year. In the first seven months of 2017/18, the 2017 rateable value list has declined by £357k. Redevelopments in Piries Place and Swan Walk shopping centre are also likely to result in a significant reduction in RV before they improve. In the longer term, initiatives such as the development of North Horsham and the redevelopment of the former Novartis site may offer some upside but at the moment our economic growth as an area is way below the desirable level for affluence of its population.
- 3.16 In comparison with other authorities the Council is comparatively less at risk as it has relatively few single significant sites in respect of business rate valuations. For example, it is not the site of a power station, airport, major retail park or regional

distribution centre. Some risk does exist however, principally around outstanding rates appeals for which the Council would have to bear its share of lost revenue should those appeals prove successful. The Council had a provision of £2.13m for business rate appeals at 31 March 2017. The slow rate at which the Valuation Office is tackling the backlog of appeals makes the Council sceptical that the provision for appeals will fall, especially as a very high level of appeals against the 2017 revaluation listing is expected.

- 3.17 Whilst the 2017 Valuation Office revaluation listing has increased the rateable value, the multiplier has fallen to compensate, with a planned neutral net effect across the country. A period of transition with a damping effect to limit some of the increases and decreases to businesses will come into effect from 2017/18. A relatively small increase in cost to the Council is expected as a result of these changes over the period of the MTFS.
- 3.18 In 2013, Government announced its intention of allowing local government to retain 100 percent of growth of locally collected rates by 2019/20. How this will happen and what impact it will have on local government remains uncertain. No formal legislation has been put forward by Government. The Council is part of the 2018/19 100% Business Rates pilot bid with all the local government authorities in West Sussex but as this is a pilot and is only for one year, it is unclear how this will affect the finances over the medium term.
- 3.19 100% Business Rates localisation does not mean that the Council will get to keep the £44m that it currently collects from Business Rates. Business rate income will continue to be distributed around the country as before. The 100% localisation refers to the level of growth (or fall) from the baseline that is likely to be reset. The Council will also share this growth (or fall) with West Sussex County Council, although the current share of 20:80 may change.
- 3.20 In addition, based on the criteria for the pilot, the Council expects that any 100% localisation of Business Rates will involve the replacement of other funding streams such as RSG which by 2019/20 is a negative £700k, and is also likely to come with additional responsibilities that would give rise to additional costs. It is possible that New Homes Bonus could be made part of this too.
- 3.21 Furthermore, the March 2016 Budget announced that the increase in the Business Rates multiplier will be switched from RPI to CPI from 2020. The multiplier is the annual increase in Business Rates determined by the government. CPI tends to go up more slowly than RPI so this change is likely to reduce the buoyancy in the Business Rates yield. Over time this will have a significant impact on the resources that are available to local government as a sector. Some analysts close to government are predicting that this change may happen before 2020, to reduce the pressure on businesses sooner.
- 3.22 At this point therefore, it is difficult to calculate the effect of all these potential changes as not enough details are known but can conclude that there is a high degree of uncertainty, especially beyond 2020. The Council has made the assumption that a significant re-baselining and including the £700k negative RSG would result in Business Rate income of about £400k rather than the current £2m. The Council will revisit the impact of this as it learns more of how the scheme will work and will feed this into a future MTFS.

New Homes Bonus (NHB)

- 3.23 The New Homes Bonus provides an incentive payment for local authorities to stimulate housing growth in their area. The calculation is based on Council Tax statistics submitted each October. In two-tier local government areas this payment is currently split in the ratio 20% to county councils, 80% to district councils. NHB is currently not ring-fenced and can be spent at the Council's discretion.
- 3.24 Originally a scheme based on payments for six years, in 2017/18, the incentive was sharpened and the 'bonus' was payable for only the following five financial years based on each (net) additional property using a standardised Council Tax Band D amount (£1,455). A 0.4% baseline was also introduced in 2017/18 which needs to be exceeded before any NHB payments are made. For this Council, this means that approximately 240 band D equivalent dwellings need to be built before any grant is received.
- 3.25 From 2018/19, the mechanism under which NHB funding levels are determined will reduce to a four year payment. Government has also hinted that the baseline may be also reviewed. Therefore the future amounts the Council will receive in future will be limited as the sixth and fifth years are lost and will fall if the baseline is increased. Appendix A also models a 0.7% baseline scenario which is more akin to the national average increases in growth in the council tax-base.
- 3.26 Advisors have also tentatively expressed the view that the sharpening might include only payments over each council's Housing delivery requirement in the medium term. For the Council, this would be approximately 800 homes in the year and equates to about 1.2% as a baseline. Appendix A models this third scenario from 2019/20.
- 3.27 The future of New Homes Bonus itself is also uncertain as it is potentially a counterweight in any 100% localisation of Business Rates scheme that may happen in 2020. Government is yet to confirm that NHB will continue at all into the 2020s.
- 3.28 In anticipation of this reduction and potential loss in funding, the Council planned to taper its revenue reliance on NHB over the three year period so that by 2019/20 it does not include any NHB in revenue funding. This contrasts to the £1.17m that was included in the 2016/17 revenue budget.
- 3.29 The principle of using the reserve to strengthen the Council's ability to generate income from appropriate investments in order to receive income to support future service delivery and secure the delivery of infrastructure to serve the needs of the district's resident was considered in the budget papers in February 2017. A recommendation has been included in this report to fully finance the Broadbridge Health leisure centre and then to start to finance the planned annual £3m investment in property. Appendix A models this approach in all scenarios.
- 3.30 The allocation of some of the NHB to finance elements of the expected existing capital programme reduces the impact on the Minimum Revenue Provision which in simple terms is akin to an annual repayment to pay back the funds borrowed for the capital asset.
- 3.31 The NHB reserve stood at £4.9m at 31 March 2017. Depending on the severity of the sharpening of the scheme, the reserve is forecast to be between £3.6m and

£6.4m by 31 March 2020, after allowing for additional allocations to fully fund the new Broadbridge Heath leisure centre and then the planned annual £3m investment in property. This is subject to continued house building continuing at the same rate.

Capital programme

- 3.32 The July 2017 supplementary capital budget for the £15m acquisition the Forum as a commercial investment property and operational car park took the 2017/18 capital programme to £46m which includes the Broadbridge Heath Leisure centre, completion of the Hop Oast depot redevelopment and new waste collection vehicles. At month 6, capital budget holders are slightly optimistically anticipating that £32m (70%) will be spent by 31 March 2018. This compares to the 2016/17 outturn of £9.2m or 52% of the £17.9m capital budget.
- 3.33 Of the currently identified £14m slippage in 2017/18, £4m relates to the delay in the commencement of the Broadbridge Heath leisure centre, £4m on other commercial investment property, and £3.8m on temporary and affordable housing; relating to both housing enabling grants and two temporary housing developments that the Council is planning to deliver in house.
- 3.34 The provisional 2018/19 capital programme includes around 15 new capital programme bids for 2018/19 that have been put forward for consideration and the business cases are currently being reviewed. Around £0.6m of the £1.8m of new schemes has identified funding sources, with the remaining £1.2m currently unfunded. The schemes include improvements to parks and countryside, parking, property and the Capitol. The two-stage challenge process will refine this list before the capital programme is finalised in January 2018.
- 3.35 When the unspent 2017/18 programme is re-profiled and added to the new year programme, approximately £26m is expected in the programme in 2018/19. The programme includes £7.25m on Piries Place car park and £3m on investment property. The impact of an enlarged capital programme is that the Council's minimum revenue provision (MRP is a prudent mechanism to pay back the capital) increases significantly, as do the interest payments on the borrowing. Using NHB to finance BBH leisure centre and then future investment property expenditure reduces the pressure of MRP expenditure from around £0.9m per annum to around £0.75m per annum which is forecast each year from 2018/19 across the MTFS. Without this application, the cost of MRP would rise considerably. The 2019/20 capital programme is already indicatively forecast to be around £8.5m before any new schemes are considered.
- 3.36 The purchase of the Forum has had a positive revenue effect from commercial rental income and a removal of the lease cost for the car park. Together these have combined to substantially improve the forecast surplus for 2018/19 and 2019/20 and help to reduce the forecast deficits in 2020/21 and 2021/22.

Reserves and reserve strategy

- 3.37 The Council holds two types of reserves, earmarked reserves and general revenue reserves. Earmarked reserves are funds received for a specific purpose. For example, grant funding that can only be expended on particular purposes. Details of the earmarked reserves held by the Council at 31st March 2017 are shown in table 3 below.

Table 3: Earmarked reserves

Earmarked Reserves at 31 March 2017	£'000
Neighbourhood Planning Grant	278
S106 reserves	1,184
NNDR reserve	1,435
Council Tax localisation	293
Health and Wellbeing	177
Transformation fund	113
BBH leisure centre (NHB)	1,383
Other	718
Total	5,581

- 3.38 General reserves are reserves held to ensure that the Council has sufficient funds to deal with any emergency or uncertainty. The Council also uses its general fund reserves to fund capital expenditure and redundancy payments. General reserves at 31st March 2017 were £9.5m. Of this, £0.5m of the 2016/17 revenue budget surplus has subsequently been added into the earmarked transformation reserve to fund one-off up-front costs of business transformation in 2017/18.
- 3.39 The Council agreed in October 2012 on a minimum level of general reserves of £6m. From 2020 onwards income from central government is uncertain due to the consultation around business rate localisation. The Council's current strategy on reserves gives sufficient flexibility and headroom to deal with any issues that arise. Implementing Future Horsham efficiencies and planned income schemes, together with the potential actions set out later below, would result in balanced and surplus budgets through to 31 March 2020. Apart from funding this transformation, the Council would not need to dip into reserves. However, applying reserves in excess of the minimum level to finance the capital programme would help reduce the MRP charge. Therefore the general fund balance is anticipated to be around the £6m to £6.5m mark at the end of 2019/20.
- 3.40 The intention is to further review the strategy in the light of any new information on Business Rates localisation and political and regulatory announcements in the Autumn Budget as and when these become available to ensure that the budgets will be balanced on an ongoing basis into the 2020s as well.

Future Horsham

- 3.41 Under the banner of "Future Horsham", the Council has already started to implement some of the ideas to ensure that it can continue its business transformation journey to meet the demands and expectations of its customers in the face of financial and demographic pressures. Future Horsham will deliver a stronger Council which will be more productive and better equipped to serve customers. It will also help to protect front-line services whilst ensuring that the Council has a strong and responsive support services.
- 3.42 The key elements of the changes that are happening are:
- **Shared Services and back office functions:** Whilst the investigation into shared services with Chichester and Arun District Councils was ultimately not successful for Legal, HR and Internal Audit, the findings from this work have helped identify savings that will now be made locally. In addition, following with a review in ICT and a new Financial Management System in Finance, around £0.5m is anticipated to be

saved per annum from these back office functions from 2018/19. From April 2018, the Internal Audit service will be provided by Orbis, which is a wider Surrey and Sussex led partnership. In addition the Council is also looking at other areas of shared service, including for example expansion of the Building Control partnership to include Arun District Council.

- **Change of technology:** The Council has identified a new ICT strategy which will help to define how it invests in technology to support the Future Horsham programme. For example, this will enhance mobile working and there will be a greater ability for customers to self-serve online.
- **Self-service:** The future model for internal support services (e.g. Finance and HR) will mean that managers are trained, equipped and empowered to deal with routine matters directly so that costs are reduced in the back office.
- **Service efficiency:** A systematic approach to redesigning business processes will be implemented to ensure they are as streamlined as possible and that the technology the Council employs works to maximum benefit.
- **Contract reviews:** The Council will re-negotiate existing contracts with service suppliers to reduce costs. It has already done so to a substantial scale on the Leisure Centre Management contract.
- **New businesses:** The Council aims to become more commercial. It needs to generate more income and have more ideas such as the bulky bag collection service. An incubation hub has been set up to encourage this.
- **Benefits review:** The Council gave formal notice to leave the current Census Revenues and Benefits partnership arrangement in March 2017. From April 2018 the service will be provided by LGSS It is anticipated that this service has the potential to save money from an improvement in quality that reduces the penalty of lost subsidy from a Local Authority error rate that is over the government's tolerable threshold.

3.43 In total, Future Horsham business transformational efficiencies are expected to heavily contribute to the £1.5m efficiencies total by 2019/20. In addition, over the same period, the Council has also identified around £2m of new income sources from the Future Horsham project, including that from the larger property investment portfolio and additional income expected from a growth in the number of users.

3.44 The Council is also undertaking a productivity review of all front-line services over the next 18 months. The results of this will be incorporated into the MTFS should any savings or income be identified. This should help to mitigate some of the unavoidable cost increases each year.

Potential actions

3.45 Having implemented the rural car-parking strategy, agreed changes to the waste collection next year, increased garden waste charges and significantly increased the property investment portfolio in 2017/18, much of the big decision making has already been incorporated into the MTFS. Whilst there is now a healthier predicted surplus in 2018/19 and 2019/20 due to actions already taken in 2017/18, continuing action is needed to fund further transformation and help to prepare for the deficits that are currently predicted in the 2020s.

- 3.46 When the budget report is presented to Cabinet at the end of January 2018, it will include the anticipated savings from the business transformation programme, other service efficiencies and income.
- 3.47 The Council has some potential actions it could take now to further mitigate the deficit in 2021/22. It could choose to increase Council Tax, and other fees and charges. Potential options are in table 4 below. It could also consider reviewing the delivery of some discretionary services and further rationalising its property estates.

Table 4: Potential options

Potential Options	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	cumulative effect by 2021/22
Increase in C-Tax using inflation limited to £5 in 2019/20 and 2% limit thereafter.	Included in budget assumptions at £5	300	200	200	£700k
Increase in garden waste charge by £2	Included in budget assumptions at £2	100	100	100	£300k
Targeted increase of car parking charges across some car parks and season ticket price differentials	Included in budget assumptions at £150k	25	25	25	£75k
Total of potential options	-	425	325	325	£1.075m

- 3.48 This would have the impact of reducing the deficits in the latter years as shown in table 5:

Table 5: Possible budget in the future after actions:

	2017/18	2018/19	2019/20	2020/21	2021/22
November 2017	£000	£000	£000	£000	£000
Net expenditure	11,860	10,900	10,325	11,275	12,125
Funded by: New Homes Bonus	700	250	0	0	0
Council Tax	8,660	9,140	9,600	9,975	10,350
Government grant - RSG	280	0	(700)	0	0
Government grant - Business Rates	1,920	1,980	2,050	400	400
Additional Business Rates retained	200	200	0	0	100
Collection Fund surplus / (deficit)	180	-	-	-	-
Payment to parishes	(10)	0	0	0	0
Total funding	11,930	11,570	10,950	10,375	10,850
Net deficit	(70)	(675)	(625)	900	1,275
In year forecast surplus at M6	(250)				
Future efficiencies at £300k per annum (shown cumulatively)				300	600
Remaining gap to close				600	675

- 3.49 The current Future Horsham programme of efficiencies and income generation has not specifically identified schemes into the 2020s. However, the programme will be extended by looking for new sources of income, reviewing our workforce especially around recruiting and retaining local staff and supporting our people to take on

broader and more complex roles, comparing us to others through our productivity reviews to see if we can provide the same more efficiently, replacing our technology with cheaper, Cloud based options and increasing the amount of self-service using the internet and social media.

- 3.50 This would help to close the budget gap to a more manageable amount in the future. It is also expected that as the Council gets to these years, the budgets would be firmed up with actual efficiencies and income to balance the budget.

4 Next steps

- 4.1 On 25 January 2018, the 2018/19 Budget will be taken to Cabinet to recommend approval at the 21 February 2018 full Council meeting where the Council Tax for 2018/19 will be set. The MTFs will also be updated at this time to take account of the Autumn Budget and our settlement plus the final details of the 2018/19 Budget.

5 Views of the Policy Development Advisory Group and outcome of consultations

- 5.1 The proposed MTFs, assumptions and potential actions were considered by the Finance and Assets Policy Development and Advisory Group at its meeting on 30 October 2017. The Group was supportive of the proposed strategy and also supportive of inflationary increases in Council tax, fees and charges in all years over the MTFs to help deal with the deficits early.
- 5.2 The Chief Executive, Directors and the Head of Finance have been extensively involved in preparing the medium term financial strategy and fully supportive of its contents. The Monitoring Officer has also been consulted during the preparation of the document and is supportive of its contents.

6 Other courses of action considered but rejected

- 6.1 Not taking actions set out in this report would put at risk the ability of the Council to deliver the balanced budgets for 2018/19 and 2019/20 and reduce the budget deficits projected for 2020/21 and 2021/22. Therefore, not taking any action has been rejected.

7 Resource consequences

- 7.1 The Future Horsham changes will lead to a reduction in the size of the workforce over the next three years. In September 2016, Horsham District Council employed 462 staff in total. This constituted 413 full time equivalent (FTE) employees. By comparison at September 2017, the Council employed 427 staff in total, constituting 380 FTEs. The precise figure of future reductions, currently estimated at between 10 and 20 posts, will be firmed up as detailed plans for the individual elements are finalised.
- 7.2 In accordance with the Organisational Change Policy the Council will take steps to avoid compulsory redundancies as far as possible through a combination of vacancy control, redeployment and, in appropriate cases, voluntary redundancy.

8 Legal consequences

- 8.1 There are no legal consequences as a result of this report.

9 Risk assessment

- 9.1 The Council's reliance on central government funding and balancing the medium term financial plan is captured on the corporate risk register at CRR01. This is regularly reviewed and updated and is monitored at Audit Committee on a quarterly basis.

10 Other Considerations

- 10.1 There are no consequences of any action proposed in respect of Crime & Disorder; Human Rights; Equality & Diversity and Sustainability.

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New Homes Bonus (NHB) – November 2017

Appendix A

Dec 2016 settlement for NHB		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
5 years in 2017/18	2011/12	379	379	379	379	379	379				
4 years from 2018/19	2012/13		390	390	390	390	390				
Using current 0.4% baseline	2013/14			397	397	397	397	397			
	2014/15				776	776	776	776			
	2015/16					994	994	994	994		
	2016/17						1,462	1,462	1,462	1,462	
	2017/18							1,186	1,186	1,186	1,186
	2018/19								<i>1,186</i>	<i>1,186</i>	<i>1,186</i>
	2019/20									<i>1,186</i>	<i>1,186</i>
	2020/21										<i>1,186</i>
		379	769	1,166	1,942	2,936	4,398	4,815	<i>4,828</i>	<i>5,020</i>	<i>4,744</i>
	Used to fund revenue	0	0	1,166	1,166	1,166	1,166	700	250	0	0
	Used for BBH leisure centre	0	0	0	0	0	2,000	5,000	4,500	2,500	
	Used for investment property									2,000	3,000
	Added to / (drawn from) Reserves	379	769	0	776	1,770	1,232	-885	78	520	1,744
	Total Reserve figure	379	1,148	1,148	1,924	3,694	4,926	4,041	4,119	4,639	6,383

Notes:

The 2016 Autumn Statement introduced changes to the mechanism of NHB. The Council received 5 years of payments in 2017/18, which will reduce to 4 years in 2018/19. A 0.4% baseline was also introduced, which needs to be exceeded before any NHB payments are made. For 2018/19, measured against the total band D equivalents in the district, 0.4% equates to approximately 240 additional houses a year before we receive anything. The projected figures in *red italics* are subject to the announcement being made in the December 2017 settlement on the baseline. At this point too, no figures beyond 2020/21 are included on the assumption that payments may not continue into the 2020s. No decision has been made by central government and has not yet been confirmed.

Reliance on NHB to support revenue is being tapered down over the period from 2017/18 to 2018/19. This tapering period will enable us to take measures to increase income and phase in additional spending reductions to balance the budget as new homes bonus cannot be considered a permanent source of income, especially if it is included in 100% localisation of business rates. The table also assumes that NHB reserve is used to fully fund the capital project at Broadbridge Heath (BBH) leisure centre in addition to the £4m allocated in 2016/17 and in 2017/18 as previously approved by Cabinet. And that the £3m of commercial property investment each year starts to be funded from NHB once the BBH leisure centre is paid for, thus financing the purchases and reducing the MRP charge of an unfinanced asset.

The government has retained the option of making adjustments to the baseline in future years. An increase in the baseline of 0.1% is equivalent to approximately 60 band D dwellings, which at the standard payment of around £1,530 per dwelling would reduce NHB by £90k. The second table models NHB with a 0.7% baseline which is more akin to the national average increase.

By 2020/21, an increase in the baseline from 0.4% to 0.7% could impact the Council's NHB by approximately £1.65m over the period.

Dec 2016 settlement for NHB		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
5 years in 2017/18	2011/12	379	379	379	379	379	379				
4 years from 2018/19	2012/13		390	390	390	390	390				
Using 0.7% baseline	2013/14			397	397	397	397	397			
	2014/15				776	776	776	776			
	2015/16					994	994	994	994		
	2016/17						1,462	1,462	1,462	1,462	
	2017/18							1,186	1,186	1,186	1,186
	2018/19								911	911	911
	2019/20									911	911
	2020/21										911
		379	769	1,166	1,942	2,936	4,398	4,815	4,553	4,470	3,919
	Used to fund revenue	0	0	1,166	1,166	1,166	1,166	700	250	0	0
	Used for BBH leisure centre	0	0	0	0	0	2,000	5,000	4,500	2,500	
	Used for investment property									2,000	3,000
	Added to / (drawn from) Reserves	379	769	0	776	1,770	1,232	-885	-197	-30	919
	Total Reserve figure	379	1,148	1,148	1,924	3,694	4,926	4,041	3,844	3,814	4,733

If the Government sharpened the incentive even further to houses over and above the requirement as set out in the Housing Planning Framework, the Council could have its own baseline of about 1.2%, and a reduction in NHB. This is modelled below from 2019/20 on the assumption of a gradual sharpening. The impact by the end of 2020/21 would be £2.8m compared to the baseline staying as it is at 0.4%.

Dec 2016 settlement for NHB		2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
5 years in 2017/18	2011/12	379	379	379	379	379	379				
4 years from 2018/19	2012/13		390	390	390	390	390				
Using 0.7% baseline in 2018/19	2013/14			397	397	397	397	397			
Using 800 homes as per the Housing Planning Framework as the baseline from 2019/20. Equivalent to about 1.2%	2014/15				776	776	776	776			
	2015/16					994	994	994	994		
	2016/17						1,462	1,462	1,462	1,462	
	2017/18							1,186	1,186	1,186	1,186
	2018/19								911	911	911
	2019/20									530	530
	2020/21										530
		379	769	1,166	1,942	2,936	4,398	4,815	4,553	4,089	3,157
	Used to fund revenue	0	0	1,166	1,166	1,166	1,166	700	250	0	0
	Used for BBH leisure centre	0	0	0	0	0	2,000	5,000	4,500	2,500	
	Used for investment property									2,000	3,000
	Added to / (drawn from) Reserves	379	769	0	776	1,770	1,232	-885	-197	-411	157
	Total Reserve figure	379	1,148	1,148	1,924	3,694	4,926	4,041	3,844	3,433	3,590

In each of these scenarios, this is on the assumption that house building continues at the same rate which may not be the case if the economy slows down.

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Report to Overview & Scrutiny Committee

Date of meeting 25 November 2017

By the Director of Corporate Resources

INFORMATION REPORT

Not exempt



Horsham
District
Council

REPORT ON HORSHAM DISTRICT COUNCIL'S CORPORATE PLAN PRIORITIES, FINANCE AND PERFORMANCE IN QUARTER 2 2017/18

Executive Summary

This report gives the Overview and Scrutiny Committee information to help it carry out its role of monitoring the internal and external delivery of services by detailing how successful the Council has been in delivering against identified Corporate Plan Priorities. The Council uses corporate performance indicators; financial reporting and review of progress against key corporate projects to show progress against corporate priorities.

Three projects where the Council has made significant progress in the quarter include the Broadbridge Heath Leisure Centre; the Future Horsham Programme; and the completion of the Hop Oast Depot.

The financial performance is ahead of target at the mid-point of the 2017/18 financial year. Officers currently forecast a year-end revenue surplus of £257k.

Capital expenditure at month 6 was £19m which was 41% of the approved £46m capital programme including the £15m supplementary budget agreed by Council in July.

An analysis of performance indicators shows 63% within target and 20% close to target, and 17% below target and with no areas of major concern.

The trend of a decrease in complaints from the year 2016/17 has continued into the second quarter of 2017/18.

Recommendations

It is recommended that having reviewed the data provided, Overview and Scrutiny decide whether there is any further work they would like to add to their work programme.

Reasons for Recommendations

To enable Overview and Scrutiny to carry out its Constitutional role of monitoring the delivery of internal and external services and scrutinise any part of the Council's work.

Consultation: SLT, Cabinet members.

Wards affected: All

Contact: Dominic Bradley, Head of Finance, 01403 215302

Background Papers:

Appendix A: Performance Issues dashboard Q1

Appendix B: 2017/18 Corporate Plan Priorities and Key Tracked Projects reporting

Appendix C: Q2 Monitoring of Key Performance Indicators Report

Appendix D: Q2 Financial Highlight report

Appendix E: Q2 Revenue Summary

Appendix F: Q2 Capital Budget Monitoring

Background Information

1. Reviewing the Internal and External Delivery of the Council's Services

- 1.1. One of the roles of the Overview and Scrutiny Committee is to review the internal and external delivery of the Council's services. The Committee does this by looking at the Council's progress in meeting the Corporate Plan priorities, financial performance, key performance indicators, major projects' progress and complaints and compliments.

2. Monitoring Corporate Plan priorities 2017/18

- 2.1. Appendix A is a dashboard of our Corporate Plan and Performance Monitoring and Appendix B give more detail on the Corporate Plan Priorities monitoring. Council approved the Corporate Plan in February 2016 and updated it for Year 2 in December 2016.
- 2.2. The new Hop Oast Depot has been completed on time and on budget and is in use. The Future Horsham programme made significant progress in the quarter.. The Broadbridge Heath Leisure Centre build is underway but the area may experience parking pressures until the existing building is demolished.

3. Performance Monitoring

- 3.1. Appendix C is a summary of the Council's key performance indicators at the end of the second quarter of the Council's 2017/18 business year (ending 30 September).
- 3.2. The key performance indicators support the Corporate Plan Priorities 2016-19. Where possible, we measure performance in numbers against set targets. Where we have no control of volume, for example the number of cases or enquiries we receive, we just report the number. This allows management, Cabinet and the Committee to look out for early patterns that might indicate we need more or less resource in the service.
- 3.3. We updated the list of key performance indicators and targets as part of the development of the departmental service plans. We published [Service plans for 2017/18](#) on the Council's website in April 2017.
- 3.4. In quarter two 63% of indicators met or exceeded targets set; 20% were close to target and 17% fell outside of the target range.
- 3.5. Services management are focusing on at present are:
 - 3.5.1. Cost of planning appeals. The Council had one planning appeal cost awarded this quarter. To improve performance, the Head of Development Management is undertaking a thorough review of all of the appeal decisions received from the Planning Inspectorate over the last 15 months to see whether there are any recurring themes. Council agreed that the Director can require cases which represent such a potential risk to be referred from the Planning Committee to full Council for determination. On a positive note the percentage of planning appeals allowed has fallen.
 - 3.5.2. Processing Housing and Council Tax Benefits. Following losses of housing benefit subsidy in previous years the CenSUS Joint Committee advised the

Benefits Service to focus on quality above speed at their meeting in December 2016. Therefore in quarter 2 processing performance of Housing and Council tax benefits remained below target, direction of travel is improving. Management are watching this performance to ensure we have optimal performance between quality and speed during the rest of the year.

3.5.3. Planning Income. The down turn in planning fee income continues. The Head of Service has commented that the budget 17/18 has been set against 16/17, a high income year; before the HDPF there were many speculative applications for development and that the one very large site (North Horsham) for £125,000 in 16/17; now the Plan is in place there are no more significant sites to come forward; applications are stable at the moment so fee generation is down.

3.6. Management reports performance improvement in quarter 2 in:

- Number of households in temporary accommodation and B&B;
- recycling levels;
- time taken to process planning applications;
- Percentage planning appeals allowed;
- Number of compliments received
- employee sickness levels.

4. Complaints

4.1. In the second quarter of 2017/18 the Council received 37 complaints and the Council's leisure centres received 69.

4.2. The trend of a decrease in complaints from the year 2016/17 has continued into the second quarter of 2017/18. The number of complaints received for this period has decreased by 9 complaints from the same time last year. The total number of compliments (excluding leisure centres) has increased by 40 this quarter. This is also a significant increase on the number received in the same quarter last year.

4.3. The Council uses this feedback to prevent recurrence of the same problems, improve Council services and promote good practice.

5. Financial performance

5.1. Appendix D is the Council's Financial Dashboard. At Q2 the officers forecast a £257k surplus for the full financial year. Within the surplus, there are services spending more than their budget and others spending less but most of the surplus is where the Council is collecting more money than budgeted.

5.2. Appendix E is the Council's Revenue Dashboard containing managers' comments on the more significant differences from budget.

5.3. Appendix F is a summary of the Council's capital programme and spend on projects so far this year. Projects had spent £19m (41% of the programme) at Q2, which compares to £3m (and 17%) at the same time last year. However, the total

includes buying the Forum in July 2017. The remainder of the project had spent £4m to the end of Q2, which is just £1m more than the same time last year.

- 5.4. Project Managers currently expect to spend £30m or 66% of the total programme by the end of the year. This is higher than achieved in previous years (52% in 2016/17) so may be over optimistic. Projects expecting to not complete in the year are the Broadbridge Heath Leisure Centre build, further commercial property investment and two temporary accommodation opportunities.

6. Outcome of consultations

- 6.1. The Chief Executive and Directors together with the individual Cabinet Members have reviewed the reports contained in the appendices to this reports. Sections 3.5 and 5 tell Committee where officers are taking action on points of concern. Action on lesser issues is mentioned in the appendices.

7. Other courses of action considered but rejected

- 7.1. None. The Council must monitor its performance and take corrective action where appropriate.

8. Resource consequences

- 8.1. There are no staffing or direct financial consequences from the Overview and Scrutiny Committee reviewing this report.

9. Consequences of the proposed action

- 9.1. This report does not impact on Crime & Disorder; Human Rights; Equality & Diversity and Sustainability matters. Overview and Scrutiny reviewing this report and raising any concerns they have reduces the risk that management or Cabinet have missed any performance or financial trends they need to address.

Performance Issues/Concerns Dashboard Q2 (ending 30 September 2017)

Performance Indicator Overview

On or above target  22	Just below target  7	Performance below target  6
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3 KPIs awaited

Any Potential Areas of concern	Remedy/Action
No Potential Areas of concern at the moment	Level of planning income being closely monitored.

Corporate Plan/Projects Review Overview -

Ongoing/ On Track  21 Completed  4	Under Senior Management Review  1	Senior Management Action  0
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Potential Areas of Concern	Remedy/Action	Status
BBHLC: Potential car parking pressures until demolition of existing building	Negotiation with neighbouring landowners	

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APPENDIX B: Corporate Plan Priorities & Key Tracked Projects Reporting

Qtr 2 ending 30 September 2017/18

Progress against the **Corporate Plan (Year 2)** priorities reported across 4 themes: Communities, Economy, Efficiency and Environment

Symbols Used/status				
 0	 21	 1	 0	 4
Not Started	On going/ On Track	Under Senior Management Review	Senior Management Action	Completed

Corporate Plan Theme	Corporate Plan Priorities Strategic Objectives			Portfolio Holder	Lead Officer	Status
	2017/18 Year 2	Qtr. 2 Update	Due Date			
Theme 1: Communities <i>Support our communities</i>	1.1 Deliver the new Broadbridge Heath Leisure Centre and associated sports and cultural facilities on time and within budget	Cabinet has agreed Leisure Centre main contract. A value engineering exercise was undertaken to bring the project cost within budget. Works on site, Phase 1, commenced late July and framework emerging. MUGAs almost complete. Potential car parking pressures until demolition of existing building.	2018	Cllr Jonathan Chowen Cllr Brian Donnelly	Lead Officer: Adam Chalmers Support: Trevor Beadle	
	1.2 Grow the footfall of HDC's cultural and leisure facilities	Although there have been significant increases in use of facilities such as Southwater Country Park (Dinosaur Island), last year saw lower attendances at Leisure Centres and at the Capitol. The Leisure Centre performance was almost solely the result of the swimming pools at Pavilions and Billingshurst being closed for repairs for parts of the year. Museum attendances increased.		Cllr Jonathan Chowen	Lead Officer: Trevor Beadle Support: Section Heads	
	2.Work with community stakeholders to put in place arrangements to deliver a Year of Culture	Year of Culture for 2019 launched September 2017. Following discussions with Arts Council England, Informal Cabinet and PDAG it was decided that the new heritage and culture strategy should be developed over a 3 year period using intelligence gathered through the preparations for the 2019 Year of Culture and be delivered in 2020. Work will now be undertaken in 2017/18 to consider arts and heritage infrastructure requirements for the next 30 years.		Cllr Jonathan Chowen	Lead Officer: Trevor Beadle Support: Section Heads	
	3.Develop the case for potential expansion of community wardens with parishes	New scheme now launched at Pulborough 2016/17 but no further schemes anticipated this year 2017/18		Cllr Kate Rowbottom	Lead Officer. Greg Charman Support. Neil Worth	

	4. Press the NHS to encourage delivery of improved health facilities and outcomes with strategy prepared	Continuing work with the two CCGs and NHS England and local health practitioners to secure appropriate primary health care for the District.		Cllr Tricia Youtan	Lead Officer: Support: Trevor Beadle	
	5. Support and deliver initiatives to improve the quality of life of the most vulnerable within the district and deliver Phase 2 of the Think Family programme	<p>Funding of grants to organisations that support vulnerable people across the district. Strategic grants in 2017/18 include for support of older people through AgeUK and Impact Initiative, support for younger people through Purple Bus and the Y Centre, support for rural and social isolation through a grant for community transport through Horsham District Community Transport and support for families and communities through Homestart, Relate and West Sussex Mediation Service. Funding is available for smaller community projects through the Community Grants scheme.</p> <p>Service Level agreements are also in place with Citizen Advice, Snack Wagon, Horsham Matters Community Youth work (based in the Horsham Town Centre) and support for the Community and Volunteer sector groups through Horsham and Mid Sussex Voluntary Action.</p> <p>Helping vulnerable people access leisure services to improve their quality of life by managing the Leisure Access Card scheme which enables residents on a low income to receive discounts on leisure activities – this improves both physical and mental wellbeing.</p> <p>A number of initiatives have been delivered including</p> <ul style="list-style-type: none"> • Reaching Higher sports and arts weekly programmes including new Wheels for All cycling programme (including £20K for purchase of adapted bikes) • Satellite club funding to support promotion of softball at Millais School • Young carers sessions at Horsham Youth Club • Alternative sports days targeting primary pupils with special educational needs and those with less active disposition • New Age Kurling and Indoor Bowls festivals targeting less sporty/active/confident children • Support of young sports leaders with disabilities 		Cllr Tricia Youtan	Lead Officer: Support: Trevor Beadle	

		<ul style="list-style-type: none"> Falls Prevention Programme HeartSafe Men's Sheds Programme Pre-diabetes Programme 				
	6.1 Endeavour to prevent homelessness throughout the District	<p>Following the Housing Services restructure a renewed emphasis being placed upon early intervention for homelessness prevention and joint working with other professionals. The Council places great emphasis on homelessness prevention and the issuing of robust, fair homeless decisions that withstand legal challenge. In 2016/17 the Housing Homelessness team supported 205 households to prevent the loss of their home or secure alternative accommodation to prevent homelessness. This is an increase from 122 households supported over the previous year.</p> <p>The Homeless Reduction Act is expected to be implemented April 2018 and will bring additional responsibilities.</p>		Cllr Kate Rowbottom	Lead Officer: Adam Chalmers Support: Rob Jarvis	
	6.2 Undertake an annual review of Housing Strategy (revised following Cabinet/PDAG May 2017)	<p>The Housing and Planning Act received Royal Assent on 13 May 2016. Late 2016/17 the Government's Housing White Paper was published, the details of this are being digested and required changes to Housing and Planning Strategies will be consulted upon and implemented where necessary.</p> <p>Focus of priority shifted for Year 2 to undertake annual review of Strategy.</p> <p>NI154 - 2015/16 monitoring period delivery, the net increase in dwelling stock over the year was 1,201 and that this is the most the authority has accommodated since such records began; it is also higher than all other local authorities in West Sussex last year.</p>		Cllr Claire Vickers	Lead Officer: Adam Chalmers Support: Rob Jarvis	
	7 Support an expanded effective telecare and tele-healthcare service	<p>The Community Link Team moved from the Housing Department to Environmental Health and Licensing in June 2016.</p> <p>Work in partnership with West Sussex Telecare providers to prepare and submit a bid for the WSCC telecare tender during 17/18.</p>	Ongoing	Cllr Kate Rowbottom	Lead Officer: Adam Chalmers Support: Lisa Boydell	

		<p>Deliver training to all relevant organisations including HDC, WSCC, The Mental Health Teams, GP practices and the Voluntary Sector.</p> <p>At 1st April 2017 the service had 1702 Units installed. Recent award for passing the accreditation for the new quality standards framework with the highest possible score.</p>				
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Corporate Plan Themes	Corporate Plan Priorities Strategic Objectives			Portfolio Holder	Lead Officer	Status
	2017/18	Qtr. 2 Update	Due Date			
Theme 2: Economy <i>Improve and support the local economy</i>	1.1 Develop and progress a master plan for Horsham Town Centre	1.1 A project to produce an imaginative, innovative and dynamic vision for Horsham town centre. Member briefings have been held followed by public consultation in May 2017 – in advance of preparing a Town Centre Vision Statement for Horsham. Public consultation closed 19 June. Updated Vision report completed, All Member briefing held on 12 September, Stakeholders and the general public consultation closes 16 Oct with results analysis reported to Board and subsequently to Cabinet Nov 17.	Ongoing	Cllr Gordon Lindsay	Lead Officer: Chris Lyons	
	1.2 Develop and progress a master plan for Hurst Road, Horsham by June 2016	1.2 Develop and deliver a combined, comprehensive Public Sector development solution for Hurst Road to include re-provisioning of existing services and maximising development potential. The Council is working with landowners on options to relocate them so the site can be freed up for comprehensive redevelopment.	Ongoing	Cllr Gordon Lindsay	Lead Officer: Chris Lyons	
	2. Implement the Economic Development strategy to support the local economy	<p>The Economic Development Strategy was adopted by Cabinet on 12th January 2017.</p> <p>An action plan to support the delivery of the strategy in place.</p>	March 2017	Cllr Gordon Lindsay	Lead Officer: Chris Lyons	

Corporate Plan Themes	Corporate Plan Priorities Strategic Objectives			Portfolio Holder	Lead Officer	Status
	2017/18 - Year 2	Qtr. 2 Update	Due Date			
	2. Work with partner councils across Sussex and Surrey to secure schemes to address the infrastructure deficit that will be of benefit to the residents of our district	Council Leaders in West Sussex recently agreed that previous efforts to secure Government support to tackle the infrastructure deficit through the proposed 3SC devolution bid should now be refocussed. The emphasis will now be on joint work within West Sussex to develop a long term vision for economic growth, housing and infrastructure in order to achieve a coherent strategic planning framework and to strengthen the case for investment in infrastructure. Since the Brexit vote and the General Election it has become clear that the Government is not prioritising any further non metropolitan devolution.	Ongoing	Cllr Dawe	Lead Officer: Tom Crowley	
	3. Implement the Medium Term Financial Strategy to deliver a balanced budget over the medium term	<p>SLT working with Cabinet and service managers to identify potential ways to increase income and reduce costs. This has been consolidated into the Future Horsham Programmes: Income and New Businesses, and Service Efficiency and Cost.</p> <p>To be supported by introduction of new FMS system in Autumn 2017. New FMS went live on 5th Sept 2017, work is continuing to support users and move historical data across to new system.</p> <p>The Council's 2016/17 statutory accounts were completed before the end of July, two months earlier than in 2015/16, and received an unqualified audit report. This is on track to meet the brought forward statutory deadline next year.</p>	Ongoing	Cllr Brian Donnelly	Lead Officer: Jane Eaton	
	4. Grow the council's property portfolio to increase income	<p>Development of 17 apartments built at the Bishopric, Horsham. The apartments, owned and managed by the Council, for short stay temporary accommodation significantly reducing the need to use bed and breakfast accommodation. This will provide a revenue increase: rental income plus saving on B&B. Funded through Section 106 contributions received by the Council for the provision of affordable housing in the District. Completed summer 2017.</p> <p>Additional investment of £15m agreed for purchase of The Forum, Horsham in July 2017.</p>		Cllr Donnelly	Lead Officer: Chris Lyons	

Corporate Plan Themes	Corporate Plan Priorities Strategic Objectives			Portfolio Holder	Lead Officer	Status
	2017/18 - Year 2	Qtr. 2 Update	Due Date			
Theme 4: Environment <i>Manage our natural and built environment</i>	1. Horsham District Local Plan – monitor and review the local plan requirements and keep up to date	<p>Authority Monitoring Report published December 2017. Local Development Scheme published January 2017 which sets the timetable and key milestones for the preparation of policy documents.</p> <p>Commenced evidence base for HDPF review – Housing Mix Report Nov 2016; Starter Homes Report Nov 2016; Employment Floorspace Review June 2016; Hotel and Visitor Accommodation Study July 2016; Horsham Town Retail and Leisure Study March 2017</p> <p>Commenced Site Allocation document – evidence base complete to establish the needs of Gypsy and Traveller and Travelling Showpeople and identifying suitable sites for allocation, March 2017</p> <p>HDC's CIL proposals are acceptable to the Examiner, and a report taken to Cabinet March 2017 and to Full Council April 26 for adoption of the CIL Charging Schedule. CIL in place from 1 Oct 17</p>	31 March 2018	Cllr Vickers	Lead Officer: Chris Lyons	
	2. Ensure that the plans for the new community and business park at North Horsham are delivered with all necessary infrastructure and services	Planning application considered at Planning Committee North on 28 April 2017 and referred to full Council for decision. At meeting 22 May 2017 approval for outline planning given subject to completion of s106 agreement. This is nearing completion.	TBA	Cllr Gordon Lindsay	Lead Officer: Chris Lyons	
	3. Support delivery of Neighbourhood Plans	Significant progress has been made over the in relation to neighbourhood planning. In 2016/17 the District has over 90% coverage of Parishes progressing plans.	31 March 2018	Cllr Claire Vickers	Lead Officer: Chris Lyons	
	4.1 Implement the review of waste services to maximise efficiency	Implementation of 'Incab' digital solution completed and Fleet procurement, route optimisation and the changes to collections launch are being coordinated to ensure a successful roll out. New trucks roll out Oct – Dec 2017, changes to collections rollout phased Feb 2018 for 3 months.	Mar 2018 (2 wkly collections) July 2017 (Incab)	Cllr Philip Circus	Lead Officer: Adam Chalmers	

Corporate Plan Themes	Corporate Plan Priorities Strategic Objectives			Portfolio Holder	Lead Officer	Status
	2017/18 - Year 2	Qtr. 2 Update	Due Date			
	4.2 To reach 50% recycling of household waste by 2020	<p>Deliver a marketing and educational programme to increase the recycling rate, improve the quality of recycled material collected and reduce waste going to landfill under the waste hierarchy. This externally funded project has been running 2015/16 and onwards. Contaminated recycling materials have reduced over the last 3 years. With targets enshrined in UK legislation we will remain committed to a range of waste reduction measures raising awareness and promoting the value of recycling whilst remaining below the 6% threshold included in the new Memorandum of Understanding (MOU) Schedule 6.</p> <p>Achieved 46.97% recycling rate 2016/17.</p>		Cllr Philip Circus	Lead Officer: Adam Chalmers	
	4.3 Deliver the new waste depot by March 2018	Hurston Lane depot facilities consolidated into a single site at Hop Oast. Move into the new offices and workshop at the end of June 17 completed. Offices and workshop completed and existing offices and workshop now demolished. Formal handover 24 October 2017, on time and on budget.	Completion March 2018	Cllr Philip Circus	Lead Officer: Adam Chalmers Support: Brian Elliott	
	5. Work with WSCC to secure appropriate waste transfer arrangements	Consultation with WSCC has taken place. WSCC will produce a business case to support the construction of a transfer station in a location that gives a logistical benefit; existing sites within Counties and Partner portfolios are being considered along with a new build site.	31 March 2018	Cllr Philip Circus	Lead Officer: Adam Chalmers	
	6. Adopt a low tolerance approach to environmental crime	Enforcement action to be taken where viable cases exist and record number of incidents and resultant actions where appropriate- currently measured on DEFRA's waste data flow. We are now deploying covert cameras in known hot spots and we have two cases pending for prosecution. In addition to this we will be running a new anti - litter campaign issuing Fixed Penalty Notices to the registered keepers of vehicles that are involved in littering incidents.	31 March 2018	Cllr Philip Circus	Lead Officer: Adam Chalmers	

Monitoring Report Q2 (ending 30 September) 2017/18

Generated on: 15 November 2017 3 KPIs awaited



2016/17 KEY PERFORMANCE INDICATORS

Code	Short Name	Q1 2017/18	Q2 2017/18			Notes
		Value	Value	Target	Status	
BT1	Number of self service (eform and web based) payments	12,282	6,381			Measures channel shift. 5144 Q2 16/17 24% increase Cabinet Member: Cllr Dawe
CC05	No of followers of @HorshamDC Twitter feed (not including Twitter feeds for The Capitol, Piazza Italia, etc.)	5,390	5,556	5,586		Cabinet Member: Cllr Dawe
CS01	Contact Centre: % of incoming calls answered within 20 seconds	97.8%	92.08%	93%		The Centre now handling generic calls for the Council's Wellbeing hub, Parking, Housing Services, Waste and Recycling, Switch-board, Elections and Capitol Box office overflow. Average of 95% of calls answered within 20 seconds year to date. Preparing for Waste collection changes and associated customer calls. Cabinet Member: Cllr Dawe
DM07	Planning appeals - number of cost awards	1	1	0		HDPF adoption will reduce challenges. This case relates to Park North and North Point. Cabinet Member: Cllr Vickers
DM22	Planning appeals – adverse costs awarded £	£0	£0			Volumetric. No financial settlements finalised this quarter. There is often a long lead in as negotiations for a settlement take place. Cabinet Member: Cllr Vickers

Code	Short Name	Q1 2017/18		Q2 2017/18		Notes
		Value	Value	Target	Status	
DM09	Percentage of planning appeals allowed	43.48%	16.67%	30%		Low is good In order to improve performance, the Service is undertaking a thorough review of all of the appeal decisions received from the Planning Inspectorate over the last 15 months to see whether there are any recurring themes. Cabinet Member: Cllr Vickers
DM17	Processing of planning applications: Minor applications (or subject to voluntary extension)	98.17%	97.22%	65.00%		Cabinet Member: Cllr Vickers
DM18	Processing of planning applications: Other applications (or subject to voluntary extension)	98.90%	97.12%	80.00%		Cabinet Member: Cllr Vickers
DM19	% Major planning applications determined under 13 weeks or subject to voluntary extension	100%	100%	80%		Cabinet Member: Cllr Vickers
DM20	Number of major planning applications determined subject to voluntary extension	11	18			Volumetric Cabinet Member: Cllr Vickers
DM23b	Speed of decision – Majors (Oct 15 – Sept 17)	90.74% FINAL		>60%		New DCLG Designation criteria Reporting the final outturn position Cabinet Member: Cllr Vickers
DM25b	Speed of decision – non-Majors (Oct 15 – Sept 17)	91.16% FINAL		>70%		
DM24	Quality of decisions – Majors (April 15 – March 17) Reporting Dec 17	Forecast <2%		<10%		New DCLG Designation criteria Reporting the forecast position at Q2 against target Cabinet Member: Cllr Vickers
DM26	Quality of decisions – non Majors (April 15 – March 17) Reporting Dec 17	Forecast <3%		<10%		
FS01	Planning: Fee income	£240,847	£497,683	£599,760		Lower than budget income from planning applications. Now HDPF adopted less speculative applications and no large applications expected. Management will watch this closely. Cumulative Cabinet Member: Cllr Vickers
FS02	Local Land Charges: Fee income	£67,617	£136,056	£117,453		Cumulative Cabinet Member: Cllr Vickers

Code	Short Name	Q1 2017/18	Q2 2017/18			Notes
		Value	Value	Target	Status	
FS07	% of invoices paid on time	95.01%	data awaited	96.00%		Delay getting data off FMS Cabinet Member: Cllr Donnelly
FS07a	% of invoices paid within 10 days	78.17%	data awaited	75%		Delay getting data off FMS Cabinet Member: Cllr Donnelly
FS09c	Parking combined: Total Income	£1,003,410	£1,916,458	£1,837,777		Cumulative Cabinet Member: Cllr Lindsay
FS13	Business Rates: Rateable Value	£113,660,862	£113,459,092			This decrease is due to 4 show homes being deleted and the loss of storage land at the Railway Goods Yard on Nightingale Road to the Central list Cabinet Member: Cllr Donnelly
FS20	Trade Waste Income	£510,155	£1,000,499	£998,081		Cumulative Cabinet Member: Cllr Circus
HS01b	Homelessness: Decisions	42	36			Volumetric Cabinet Member: Cllr Rowbottom
HS17	No of Homelessness Preventions	72	50			Cabinet Member: Cllr Rowbottom
HS18	No of households in temporary accommodation	95	82			Burstow Court temporary accommodation (17 units) completed and reduced the use of bed and breakfast.
HS19	Of which no of households in B & B accommodation	32	17			The Quarterly figure is shown as the average of 3 months. Cabinet Member: Cllr Rowbottom
HS21	No of households on the Housing Waiting list	695	613			Cabinet Member: Cllr Rowbottom
LS01a	Attendance at Sports Centres	272,836	257,610	245,363		Rookwood to be added Cabinet Member: Cllr Chowen
LS01b	Swimming attendances	119,511	116,299	105,459		Cabinet Member: Cllr Chowen
LS03	Overall attendance at The Capitol including hirers, art exhibitions, conferences, cafe users	33,609	36,831	40,090		Cabinet Member: Cllr Chowen
LS05(i)	Total attendance at Horsham Museum and Visitor Information Centre	22,892	22,510	16,800		Cabinet Member: Cllr Chowen
OP14	Acornplus recycling rate % (Tonnage)	50.84%	55.01%	48%		

Code	Short Name	Q1 2017/18	Q2 2017/18			Notes
		Value	Value	Target	Status	
	[2020 European Target is 50%]					Data provided one month in arrears, as WSCC data included. High is good. Cabinet Member: Cllr Circus
OP15	Number of garden waste customers (households)	31,644	data awaited	31,000		Delay getting data off FMS Cabinet Member: Cllr Circus
OP17	Number of refuse, recycling and garden waste collections reported as missed	887	900			(0.225%) Cabinet Member: Cllr Circus
OP19	Quality of recycling - % contamination rate	6.77%	6.57%	6%		Cabinet Member: Cllr Circus
PP08	Number of FOI requests received	245	190			Cabinet Member: Cllr Dawe
PP09	% of FOI requests responded to within 20 days	96%	97%	85%		Change of target set by ICO Cabinet Member: Cllr Dawe
PP10	Number of complaints received	46	37	91		Cabinet Member: Cllr Dawe
PS05a	Percentage Staff turnover - All	8.01%	6.06%	3.12%		SLT- includes planned (end of contract, TUPE, redundancy, retirement, dismissal) and unplanned
	Staff turnover - unplanned	1.4%	3.11% 21 out of 65			Additional detail for indicator PS05a – unplanned (moved to other LA, private sector, personal etc) for period April to September 2017
PS11c	Total sickness (excluding leavers sickness) days per FTE	6.6	6.77	8		Short term 1.85 days per FTE SLT
R05	% of Council Tax collected in year	30.02%	58.18%	58.2%		Cabinet Member: Cllr Donnelly
R06	Percentage of Non-domestic Rates collected in year	29.71%	60.39%	60.14%		Cabinet Member: Cllr Donnelly
R09a	HB -Speed of processing - new HB claims	YTD 21.3	YTD 21.8	18		Increased level of quality control checking. Options for future of the service agreed.
R09b	CTB - Speed of processing - new CTB claims	YTD 24.3	YTD 24.1	20		
R10a	HB - Speed of processing - changes of circumstances for HB claims	YTD 11.3	YTD 11.1	10		
R10b	CTB- Speed of processing - changes of circumstances for CTB claims	YTD 11	YTD 10.3	10		
						Cabinet Member: Cllr Donnelly

Code	Short Name	Q1 2017/18	Q2 2017/18			Notes
		Value	Value	Target	Status	
R15	Benefits accuracy rate – check of at least 10% of benefit assessments to establish an accuracy rate of at least 98%	99%	95.1%	98%		Increased level of quality control checking. Options for future of the service agreed Cabinet Member: Cllr Donnelly
SSC9a	No. of fly tipping incidents	192	172			The waste types vary some of which will include small items as well as larger loads Cabinet Member: Cllr Circus
SSC9b	No. of fly tipping enforcement notices	0	0			Cabinet Member: Cllr Circus
TS02a	Parking: Total paid car park users (excludes Season Ticket holders from 1.4.15)	400,709	399,059	399,300		Data provided one month in arrears Cabinet Member: Cllr Lindsay
TS05	Town Centre Parking - utilisation (% full)	48%	38%	60%		These occupancy figures represent the average occupancy within the car parks over 7 days a week between the hours 9am to 6pm. Peak periods show around 80% usage in our car parks Cabinet Member: Cllr Lindsay
TS07	Rural Car parking strategy, including car park discs £	£200,719	£295,945			Cabinet Member: Cllr Lindsay
VE01a	Percentage of total HDC owned and managed commercial and industrial estate space occupied	98.03%	99%	95%		Cabinet Member: Cllr Donnelly
VE01b	Income from HDC owned and managed commercial and industrial estate space	£1,009,474	£1,976,179	£1,859,703		Cabinet Member: Cllr Donnelly

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Budget Monitoring and Forecast Outturn – April to September 2017

Highlight report – 23 October 2017

Monthly Summary:

The outturn forecast surplus has increased. The forecast now includes the Forum rent (£415k), an increase in interest earned (£27k), costs for remedial works at Steyning LC (£20K) and a reduction in planning fee, Cil and Planning advice income (£245k) partially offset by department savings of £148k.

Revenue Outturn Forecast:

FR8 – Compliance 79% 

Directorate	£000s
Chief Executive	(5)
Resources	(325)
Community and Culture	372
Planning, property and economic development	(298)
Total overspend / (surplus) 	(257)

Capital Outturn Forecast:

£30m out of £46m programme (66%) 

Capital Expenditure:

Spend £19m, 41% of the capital programme. Budget includes supplementary £15m budget already spent on Forum. BBH leisure centre £10.6m and vehicle replacement £3m are about to start major spending phase. Piries car park not yet been added to totals. 

Debtors:

£1.424m was due to HDC at the end of September. Seven customer accounts made up £674k (47%) of that amount. Of the latter amount most has since been paid or is in a payment plan, but £120k is currently outstanding from a Housing developer and comprises interest due on late S106 payments and bin purchases. 

Revenue Expenditure and Income (exc. HB):

Overall net expenditure amounted to £5.08m, 46% of the annual monitoring budget. This figure is ahead of the same period last year when net spend was £4.33m. Expenditure is largely in line between the years whereas income is in arrears. As in M5 customer receipts are ahead of 2016/17 mid-year levels, the shortfall lies in the timing of reimbursement payments. 

Staffing costs

Costs are under budget by £522k and are lower than the mid-year period last year by £281k. 

M1-6	Actuals	Budget	Variance
Salaries and Wages	7,846	8,645	(799)
Overtime	122	61	61
Casual Staff	185	114	71
Temporary Staff	368	204	164
Redundancy/termination	106	125	(19)
	8,627	9,148	(522)

Transformation Fund: £0.5m [+ £113k b/f]

Projects	Allocation	M6 spend*
Unlocking the ICT Strategy	17	34
FMS Implementation	180	51
Alternate Weekly Collections	200	27
Learning Pool	16	16
Income feasibility study	5	5
Revs Bens Transition	182	44
Future Horsham Manager	13	0
	613	179

(*spend on the system)

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	Income			Total Exp			Total Net Exp		Forecast over / (under) spend £000	Comments
	Gross income £000s	Annual Budget £000s	Gross income as % of annual income budget	Gross spend £000s	Annual Budget	Gross exp as % of annual spend budget £000s	Net spend £000s	Comparison to M6 in 2016/17 £000s		
Cummulative Revenue figures for April to September 2017										
Waste & Recycling	(2,529)	(3,421)	74%	1,868	3,279	57%	(660)	(1,047)	289	Trade waste disposal costs and other operational replacement equipment costs and recycling education.
Development	(691)	(1,709)	40%	1,064	2,065	52%	372	222	98	Income reductions offset by service savings
Building Control	(368)	(854)	43%	409	833	49%	41	13	65	Agency costs
Housing	(412)	(879)	47%	601	852	71%	189	69	50	Delay opening the temporary accommodation in the Bishopric
Parks & Countryside Services	(209)	(461)	45%	695	1,490	47%	486	461	27	These will continue to be monitored and action taken to reduce. No significant individual items highlighted.
Leisure Services	(346)	(784)	44%	402	690	58%	57	99	22	
Street Scene & Fleet	(35)	(33)	109%	1,495	3,054	49%	1,460	1,541	16	
Capitol	(807)	(1,405)	57%	841	1,688	50%	33	38	12	
Museums	(39)	(36)	108%	164	271	60%	125	157	4	
Spatial Planning	(85)	(34)	252%	400	921	43%	315	487	1	
Business Transformation	0	0	0%	38	0	0%	38	103	-	
Census ICT	(522)	(2,000)	26%	1,169	2,753	42%	647	596	-	
Community & Culture	0	0	0%	249	215	116%	249	63	-	
Customer Services	(1)	(5)	21%	178	344	52%	176	189	-	
Economic Development	(37)	(58)	64%	329	472	70%	292	211	-	
Finance Accountancy	(7)	(16)	47%	440	842	52%	432	433	-	
HDC ICT	(1)	0	0%	510	1,012	50%	509	410	-	
Health and Wellbeing	(75)	(354)	0%	134	324	42%	59	(10)	-	
Revs And Bens Admin	(489)	(892)	55%	643	1,446	45%	154	65	-	
Operational Properties	(32)	(63)	51%	439	593	74%	408	476	-	
Communications	(7)	(15)	46%	192	437	44%	185	150	(2)	
Community Development	(35)	(65)	53%	247	547	45%	213	216	(3)	
Community Safety	(46)	(226)	20%	218	541	40%	172	171	(7)	
Human Resources & Org Development	(2)	(8)	28%	281	546	51%	279	242	(11)	
Environmental Services/Licensing	(404)	(634)	64%	620	1,311	47%	217	257	(18)	
Corporate Management	0	0	0%	336	767	44%	336	359	(20)	
Parking Services	(2,267)	(4,591)	49%	1,058	1,816	58%	(1,209)	(1,193)	(45)	Additional parking income
Commissioning	(10)	(34)	28%	179	365	49%	170	134	(52)	Staffing savings from deleted post and reduction in hours
Audit	0	0	0%	78	196	40%	78	98	(53)	Staffing savings from deleted post
Properties & Facilities	0	(1)	0%	280	620	45%	280	223	(59)	Staffing savings from vacancy
Legal & Democratic	(27)	(136)	20%	779	1,587	49%	753	761	(73)	Staffing savings from vacancies
Finance Corporate	(312)	(577)	54%	327	993	33%	15	63	(136)	Additional interest received from higher yielding deposits and delay in apprenticeship scheme
Investment Properties	(2,009)	(3,131)	64%	224	546	41%	(1,786)	(1,727)	(362)	Rental income mainly from new Investment Property.
Total	(8,585)	(17,291)	50%	13,956	28,071	50%	5,370	5,158	(257)	
Benefit Payments	(15,209)	(31,530)	48%	14,593	31,740	46%	(616)	289	0	
Total	(23,795)	(48,821)	49%	28,549	59,811	48%	4,754	5,447	(257)	

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CAPITAL BUDGET MONITORING Period 6 in 2017/18

Appendix F

Capital projects	Department	Net expenditure	Budget	Spend as % of budget
Broadbridge Heath Leisure Centre - new build	Property & Facilities	699,133	10,576,139	7%
Other Community and Culture projects	Comm and Culture	81,355	914,004	9%
Hop Oast depot development	Waste & Recycling	1,875,389	2,365,941	79%
Vehicle Fleet	Streetscene & Fleet	41,157	3,898,821	1%
Grants - Environmental health	Envir Health & LM	301,830	838,000	36%
Housing Enabling Grants	Housing	404,000	2,215,000	18%
ICT projects - HDC	Resources ICT	31,780	224,721	14%
ICT projects - Census	Resources ICT	0	64,145	0%
Car Parks Fabric and Equipment	Property & Facilities	12,372	1,377,354	1%
Town centre improvements	Property & Facilities	7,206	88,911	8%
Commercial Property Investment Fund	Property & Facilities	15,306,492	19,713,873	78%
Miscellaneous properties spend	Property & Facilities	307,077	3,855,737	8%
Total		19,067,792	46,132,646	41%

Forecast outturn	Spend as % forecast outturn	comment
6,733,131	10%	Total project budget £12.3m: 2016/17 spend : £0.6m; 2017/18 budget £10.6m and 2018/19 budget £1.1m. With delays to the contract it's expected that £3m from 2017/18 will need to be re-profiled into 2018/19.
552,820	15%	Spend to date is mainly for Southwater Country Park car park initiatives (budget £189k). Budget also includes: Warnham Nature Reserve £47k, Horsham Park Pond £30k, Play area improvements (multiple sites) £242k and Southwater Country Park Toilets £73k.
2,365,941	79%	Total project budget of £4.55m, approved by Council: 2014/15 spend £0.02m; 2015/16 spend £0.18m; 2016/17 spend £1.99m and 2017/18 budget £2.36m. The budget includes provision for new Depot and workshop facility and for the temporary relocation of services currently based at Hop Oast while the new depot is constructed.
3,000,000	1%	Budget based on latest estimate of spend on vehicles and is part of the ongoing replacement programme. 19 new vehicles (cost circa £3m) are being aquired before the end of 2017 to replace the current sideloaders. Net expenditure includes spend on the Waste Recycling InCab system (covered by Govt Grant).
613,000	49%	Spend mostly demand led on disabled facilities and home repair grant.
404,000	100%	The £404k spend is for a grant to Hyde Housing Association for a development at Christ's Hospital.
200,000	16%	No expenditure to date.
0	0%	No expenditure to date.
521,550	2%	Current spend is for work on Forum Car Park lift, Rural car park infrastructure and signage . Budget also includes: work to extend ANPR (Hurst Road), replace Piries Place and Forum lifts and improve car park lighting.
20,000	36%	Expenditure is for improved street signage in East Street
15,306,492	100%	To allow the expansion of the Council's property portfolio in order to increase the contribution to revenue (anticipated that purchases would normally achieve a 6% return). The spend is for purchase of a commercial property for which a supplementary budget of £15m was approved in July 2017. Anticipated that £2m will be re-profiled into 2018/19.
701,302	44%	Spend is mainly build of Temporary Accommodation in Bishopric. Budget includes: £0.4m to finish build of Temporary Accommodation (Bishopric) and £2.1m to build additional Temporary Accommodation in Billingshurst & Horsham. These will be funded by S106 Affordable Housing receipts, but the latter are expected to be re-profiled into 2018/19.
30,418,236	63%	

Net expenditure excludes Capitalised Salaries that are apportioned to capital schemes.

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Report to Overview and Scrutiny Committee

27th November 2017

By the S106 Task and Finish Group



**Horsham
District
Council**

Not Exempt

Final Report of the S106 Task and Finish Group

Summary

The suggestion to set up a task and finish group to review S106 arose from a report presented to the Overview and Scrutiny Committee, as part of the former Business Improvement Sub-Committee's review into S106 Funding. This report was presented to the Committee on 5th June 2017 and three recommendations were made:

1. That the possibilities for an appropriate way to fund parishes and wards with no planned development, be investigated.
2. That an appropriate way to fund unparished areas that will have community projects but no developments, be investigated
3. That the ward members and parish councils continue to receive the S106 reports, to allow them to stay updated and work better with the parish councils on S106 monies.

The Committee agreed to set up a task and finish group and recommendations one and two formed the basis for the review.

The Members of the Group were Councillors Michael Willett (Chairman) Paul Clarke, Nigel Jupp, Tim Lloyd and Councillors Leonard Crosbie and David Coldwell were ex-officio members

At the first meeting of the S106 Task and Finish Group on 7th September 2017, the Group approved recommendations one and two as its terms of reference, along with three additional terms as set out below.

Terms of Reference

1. That the possibilities for an appropriate way to fund parishes and wards with no planned development, be investigated.
2. That an appropriate way to fund unparished areas that will have community projects but no developments, be investigated
3. Identify unallocated historic funds available for either a) no identified parish or unparished wards, and/or b) no particular purpose

4. Identify allocated historic funds which remain unused
5. Seek clarification of how S106 monies can be drawn down by various bodies.

Report

In respect to the five agreed Terms of Reference for the review, the Group responded as follows:

1. Almost by definition, parishes and wards with no developments will not have specific S106 money allocated to them. However, there may be unallocated monies which could be useable for the general benefit of a wider area than a particular parish or ward. An application could be made to use this money, using the link in the note by the Head of Development (see below).
2. Unparished areas of Horsham town: Denne, Forest and Trafalgar Neighbourhood Councils could also apply for this money.
3. The figures for the total funds are available. These figures, for all the individual parishes and wards in Horsham District, were printed out for the Task and Finish Group at its request. The figures were subdivided as:
 - (I) Funds received and unspent.
 - (II) Potential funding.
 - (III) Agreements for period April 2014 to October 2017 as previously reported to Overview & Scrutiny Committee on 5th June 2017, the S106 monies are held on the balance sheet in three areas, including those held on behalf of West Sussex.

The historic funds have been allocated from specific developments, and are generally, but not always, for use in the parish or ward in which the development took place. In some instances the money can be used elsewhere. It would be completely nugatory to attempt to determine what could possibly be used for any unspecified project from the potential monies available.

4. The historic funds which remain unused can be determined but would be a “snapshot” at a fixed time and will change.
5. The issue of the availability and usage of S106 monies is not simple, as the Group discovered. The individual allocations often have several different conditions on them. This makes it difficult and not practicable to suggest to parishes or wards what would be the beneficial use, to them, of any available monies.

The recommendations are made, therefore, to encourage any relevant body to contact the officers of Horsham District Council to be able to ascertain if a project, initiated by themselves, can be funded by any of the S106 money held on their behalf by Horsham District Council.

Note by the Head of Development to all Parish and Neighbourhood Councils

UNSPENT SECTION 106 FUNDS

I would like to draw to your attention that Horsham District Council holds unspent S106 funds which may be available to you.

If you have a project you believe could benefit from the Section 106 funds, please contact either Suzanne Shaw (Planning Obligations Officer) or Melanie Stowell (Grants and Funding Officer) in the first instance in order that we may offer you advice on the suitability of your proposal and its ability to reach the criteria required to receive Section 106 funding.

What can Section 106 funds be spent on?

The use of Section 106 funds must:

- be for capital expenditure, (not maintenance or repair);
- comply with the Community Infrastructure Levy regulations
- accord with any other relevant criteria within the S106 Agreement

We would be happy for you to put forward a project and officers of the Council could assess it against the requirements above, and provide further advice on the process.

What is the process for applying for Section 106 funds?

If you would like to formally apply an online application can be made to the District Council and will be heard by the Planning Obligations Panel. If successful, the funds would be paid on presentation of an invoice for the works. The online application form can be found on the Council's web site.

This can be found at the following link:

http://ebusiness.horsham.gov.uk/outreach/LEI_s106GrantApplication.ofm

We look forward to speaking to you and advising you further on this matter.

Head of Development

Recommendations

The Committee is recommended:

- i) To support the issue of a short guide to all parish and neighbourhood councils explaining the potential funds that may be available to them, and how to set about starting the process. (See the note above "UNSPENT SECTION 106 FUNDS").
- ii) That the S106 process be added to the forthcoming training event for parish councillors organised by Horsham District Council.
- iii) For the Council to continue to send S106 reports to parish councils and ward members, quarterly, as previously recommended and agreed.

Background Papers

1. S106 Funding Review Report to Overview and Scrutiny Committee on 5th June 2017
2. Figures for total S106 funds provided by the Head of Development on 12th October 2017

Councillor Michael Willett
Chairman of the S106 Task and Finish Group
10th November 2017

Contact: Daniela Smith, Lead Scrutiny and Committee Support Officer, 01403 215138.

Overview & Scrutiny Work Programme
May 2017 to May 2018

	Scrutiny & Overview Committee	Traffic Around Primary Schools T&F Group	S106 T&F Group	CenSus Revs and Benefits Service T&F Group
June	S106 Funding report from BISC Call-In Note			
July	24 th July Cabinet Member interview Quarterly Finance and Performance Report from June 2017 12 month follow up on s106review to review outcome and progress (see SO minutes 14/03/16)			
August		1 st meeting to appoint chairman, agree terms of reference, scope review and agree work programme and timescales.		
September	25 th September Cabinet Member Interview Quarterly F&PSC Report		7 th September 1 st meeting to appoint chairman, agree terms of reference, scope review and agree work programme and timescales.	1 st meeting to appoint chairman, agree terms of reference, scope review and agree work programme and timescales.
October			12 th October 2 nd Meeting to consider information from officers	12 th October 2 nd Meeting (TBC by Group)
November	27 th November Cabinet Member Interview Quarterly F&PSC Report MTFS	9 th November 2 nd Meeting to consider feedback from school questionnaires	9 th November 3 rd Meeting	
December				
January 2018	23 rd January 2018 Cabinet Member Interview Budget			
February				

Overview & Scrutiny Work Programme
May 2017 to May 2018

March	26 th March Cabinet Member Interview Quarterly F&PSC Report Crime and Disorder End of Year Report (TBC)			
April				
May				
June	12 month review of new format of O&S with T&F Groups (see minutes of O&S 5/6/17) Cabinet Member Interview			