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Cabinet

Thursday, 24th November, 2022 at 5.30 pm
Conference Room, Parkside, Chart Way, Horsham

Councillors:	Jonathan Chowen	Leader and Local Economy
	Tony Hogben	Deputy Leader and Finance & Parking
	Toni Bradnum	Recycling & Waste
	Liz Kitchen	Community Matters
	Lynn Lambert	Planning & Development
	Christian Mitchell	Horsham Town
	Roger Noel	Leisure & Culture
	James Wright	Environment & Rural Affairs
	Tricia Youtan	Housing & Public Protection

You are summoned to the meeting to transact the following business

Jane Eaton
Chief Executive

Agenda

	Page No.
1. Apologies for absence	
2. Minutes	3 - 12
To approve as correct the minutes of the meeting held on 29 September 2022 (<i>Note: If any Member wishes to propose an amendment to the minutes they should submit this in writing to committeeservices@horsham.gov.uk at least 24 hours before the meeting. Where applicable, the audio recording of the meeting will be checked to ensure the accuracy of the proposed amendment.</i>)	
3. Declarations of Members' Interests	
To receive any declarations of interest from Members of the Cabinet	
4. Announcements	
To receive any announcements from the Leader, Cabinet Members or the Chief Executive	
5. Public Questions	
To receive questions from and provide answers to the public in relation to matters which in the opinion of the person presiding at the meeting are relevant to the business of the meeting	

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| 6. | Update on the Council's financial position in 2022/23 and Medium-Term Financial Strategy update 2023/24 to 2026/27 | 13 - 30 |
| | To consider the report of the Cabinet Member for Finance & Parking | |
| 7. | Horsham Carfax Markets Operator Contract Award 2023 - 2026 | 31 - 40 |
| | To consider the report of the Cabinet Member for Horsham Town | |
| 8. | Procurement for Commercial Waste and Mixed Recycling Disposal Tender Award | 41 - 52 |
| | To consider the report of the Cabinet Member for Recycling & Waste | |
| 9. | Refuse Vehicle Refurbishment Tender Award | 53 - 60 |
| | To consider the report of the Cabinet Member for Recycling & Waste | |
| 10. | Approval of Business Case for Horsham District Homes for affordable homes in London Road, Horsham | 61 - 76 |
| | To consider the report of the Cabinet Member for Housing & Public Protection | |
| 11. | Procurement of Merchant Acquiring Service | 77 - 82 |
| | To consider the report of the Cabinet Member for Finance & Parking | |
| 12. | Residential Management Services Tender Award | 83 - 90 |
| | To consider the report of the Cabinet Member for Finance & Parking | |
| 13. | Overview & Scrutiny Committee | 91 - 94 |
| | To consider any matters referred to Cabinet by the Overview & Scrutiny Committee and to note the outcome of the recent call-in request | |
| 14. | Forward Plan | |
| | To note the Forward Plan (latest published version available at: November Forward Plan) | |
| 15. | To consider matters of special urgency | |

Cabinet
29 SEPTEMBER 2022

Present: Councillors: Jonathan Chowen (Leader), Tony Hogben (Deputy Leader), Toni Bradnum, Lynn Lambert, Christian Mitchell, Roger Noel, James Wright and Tricia Youtan

Apologies: Councillors: Liz Kitchen

Also Present: John Blackall, Martin Boffey and Ruth Fletcher

EX/28 **MINUTES**

The minutes of the meeting of the Cabinet held on 21 July were approved as a correct record and signed by the Leader.

EX/29 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

EX/30 **ANNOUNCEMENTS**

Councillor Lynn Lambert, Cabinet Member for Planning & Development, congratulated the Head of Development & Building Control and the Building Control Team for doing so well at the LABC Building Excellence Awards 2022 regional finals. They won Best Residential & Small Commercial Designer, Public Service Superstar and Best Partnership. They go forward to the finals in London in January.

EX/31 **PUBLIC QUESTIONS**

No questions had been received.

EX/32 **UPDATE ON THE COUNCIL'S FINANCIAL POSITION IN 2022/23 AND MEDIUM-TERM FINANCIAL STRATEGY UPDATE 2023/24 TO 2026/27**

Councillor Tony Hogben, Cabinet Member for Finance & Parking, introduced the report on the Council's financial position and how the Medium-Term Financial Planning scenarios and assumptions had changed since the budget was set in February 2022. The level of uncertainty had increased due to a number of factors including inflation, world events, the payment settlement, uncertainty on government funding, and how food waste collections would be funded.

Action would be required to prevent a deficit of approximately £1m per year in future years. The Cabinet Member stated that it was not practicable to reduce staffing numbers further and there would therefore be an emphasis on

increasing income and revenue. This would include: an increase in council tax of £5 next Financial Year; a modest increase in the charge for garden waste collection; and an increase in fees and charges of approximately 6%.

As more information becomes available during 2022/23, there will be further updates with the focus on levels of inflation and the work needed to set balanced budgets across the medium-term. An update would be brought to Cabinet in November.

Councillor Martin Boffey, Shadow Cabinet Member for Finance, questioned whether there should be some flexibility regarding the standard rates for the hire of community spaces referenced in paragraph 3.22 of the report. The Cabinet Member confirmed that there was a mechanism for some discretion through delegated authority held by the Head of Property & Facilities. The Leader agreed that there was a case for some flexibility regarding the standard rate of hire for long-term users, but the community rate already offered very good value.

RESOLVED

- (i) To note the changes in the Council's financial position in 2022/23 and the medium term.

RECOMMENDED TO COUNCIL

- (ii) To approve the updated list of fees and charges in paragraph 3.22.

REASON

- (i) The Council needs to acknowledge the effects that high levels of inflation will have on its financial position both in the short and medium-term. This has moved the council from what has been a long-term healthy financial position to one with predicted deficits unless action is taken on fees and charges. Given the level of uncertainty in the projections, the economy and proposed Government action, the report does not recommend direct action to reduce expenditure at this stage.
- (ii) To ensure these fees and charges are approved by full Council as per the constitution.

EX/33 **DECOMMISSIONING OF LONDON ROAD CAR PARK**

Councillor Hogben presented the report, which sought to approve the decommissioning of the London Road Car Park. It had been used by season ticket holders before the pandemic, but had been closed and then used as an NHS Covid-19 testing centre. The car park remained closed with previous users accommodated elsewhere in town. There had been a healthy recovery in

parking levels in the town, but changes in working behaviours had led to a 66% reduction in demand for season tickets.

The Cabinet Member stated that there was ample parking within Horsham town centre and reminded Members that the Council is obliged to make best use of its assets.

RESOLVED

To approve the decommissioning of the London Road Car Park and investigate alternative uses/options for the land.

REASON

To ensure best possible use is made of council assets whilst meeting the needs of the public.

EX/34 **SUPPORT FOR COMMUNITY ENERGY HORSHAM**

Councillor James Wright, Cabinet Member for Environment & Rural Affairs, outlined the proposal to work with the resident-led group, Community Energy Horsham, to install photovoltaic (PV) panels on suitable Council owned buildings. He praised their innovative business model, which would forward the Council's Carbon Reduction Plan at no cost to the Council.

The Bridge leisure centre had been chosen as a pilot for the scheme and, if successful, other suitable Council owned properties would be identified. The Cabinet Member stated that he looked forward to working with Community Energy Horsham on promoting the scheme to other businesses and communities in the district.

Roger Noel, Cabinet Member for Leisure & Culture, gave his full support to the scheme and outlined the benefits to the contracted tenants of The Bridge, Places Leisure, with regards to energy consumption.

The Leader thanked Councillor Ruth Fletcher, who had introduced the project to the Cabinet Member, for championing the organisation.

RESOLVED

- (i) To support Community Energy Horsham installing photovoltaics on The Bridge to pilot this approach.
- (ii) To support the principle of working with Community Energy Horsham to install renewable/low carbon technology and demand management technology on other Council owned buildings.
- (iii) To delegate approval for individual buildings to be part of this scheme and to enter into the appropriate legal agreements to the Director of

Communities and the Cabinet Member for Environment and Rural Affairs.

REASON

The Bridge would be used to pilot the community energy model for installing PV, whilst supporting the principle of this approach, as well as delegated approval for the legal agreement, will allow further buildings to have renewable energy installed without the need to seek Cabinet approval for each building, therefore, speeding up the process.

EX/35 **HOUSING REGISTER AND NOMINATIONS POLICY REVISIONS**

Councillor Tricia Youtan, Cabinet Member for Housing & Public Protection, reminded Members of the five overall objectives of the Housing and Homelessness Strategy, which was adopted by Council in October 2021. The objectives had been identified to assist in tackling the challenges surrounding housing and homelessness in the district.

Following a review with staff and stakeholders, a number of changes relating to Objective 4 ('to provide and maintain an accessible and fair Housing Register') had been proposed. The Cabinet Member stated that the proposed changes had been reviewed by stakeholders and there had been input from her Policy Development Advisory Group.

The Leader wholeheartedly supported the objectives and the proposed amendment that helped some of the most disadvantaged in the community, and thanked officers for their work in helping to drive those objectives.

RESOLVED

To approve the proposed changes.

RECOMMENDED TO COUNCIL

That the revised Housing Register and Nominations Policy is adopted.

REASON

To ensure the Council fulfils its statutory responsibility of having a current Housing Register and Nominations Policy.

EX/36 **BUSINESS CASE FOR HORSHAM DISTRICT HOMES FOR AFFORDABLE HOMES IN DUKES SQUARE, HORSHAM**

Councillor Youtan introduced the business case that the directors of HDH (the Council's affordable housing development company) had prepared, which set out an opportunity to develop eight affordable rented properties on the MT Garages in Dukes Square. The development would be funded through S106

funds that the Council holds to support the delivery of affordable homes. She gave details of the proposed development and confirmed that the housing would be allocated from the Council's Housing register.

In response to concerns regarding the rest of the site and the aspiration for a second phase, the Cabinet Member stated that she was determined that the entire site will be developed for affordable housing of high-quality design.

RESOLVED

- (i) To approve the business case for the construction of eight homes for affordable rental on MT garage in Dukes Square, Horsham by Horsham District Homes Ltd.
- (ii) Delegate authority to the S151 officer in consultation with the Cabinet member for Finance and Parking to approve the final business case, subject to the transfer value not being in excess of £1.6m.

REASON

Approval of the recommendations will allow the Directors of the housing company to progress the planning application and obtain a contract sum.

EX/37 **USE OF 'A' BOARDS AND OTHER ADVERTISING STRUCTURES ON THE HIGHWAY - POLICY, GUIDELINES AND ENFORCEMENT PROCEDURE (THE 'A' BOARDS POLICY)**

Councillor Christian Mitchell, Cabinet Member for Horsham Town, stated that the proposed policy and guidelines had been produced in response to growing concerns regarding the impact of 'A' Boards and other structures on the public highway, in particular concerns regarding access, movement and visual impact. The proposal took account of best practice and consultation responses, as set out in the report. The Cabinet Member thanked members of his Policy Development Advisory Group for their feedback.

Councillor Roger Noel, Cabinet Member for Leisure & Culture, commented that the policy would benefit towns and villages across the district as well as Horsham Town.

RECOMMENDED TO COUNCIL

To approve the 'A' Boards and other Advertising Structures on the Highway - Policy, Guidelines and Enforcement Procedure.

REASON

- (i) To set out the policy and procedure for dealing with items placed upon the highway, (which includes the highway verge, footpaths, paved areas and pavements) and/or attached to highway property.
- (ii) To ensure public safety and the free passage for pedestrians along footpaths and the highway.

EX/38 **CIL GOVERNANCE FOR THE UNPARISHED AREA OF HORSHAM TOWN**

Councillor Lynn Lambert, Cabinet Member for Planning & Development, reminded Members that governance arrangements for the allocation of the Community Infrastructure Levy (CIL), which enabled developers to raise funds to pay for infrastructure, had been agreed by full Council in December 2019.

There was a further need to agree governance arrangements for the unparished area of Horsham Town as this was not subject to the same legislative spending process applied to Parish Councils. The Cabinet Member confirmed that, if Cabinet agreed the recommendation, further consultations would ensue before any governance arrangements are finalised.

Councillor Martin Boffey, Ward Member for Trafalgar Neighbourhood Council and Neighbourhood Councillor, stated that he understood that if approved further consultations would take place. He sought assurance that this would be in consultation with Local Members as well, and requested that the recommendation be amended to reflect this.

The Cabinet Member reiterated that further consultations with the relevant Members and the Neighbourhood Councils would take place before any governance arrangements are put in place. The Leader of the Council confirmed this to be the case and, on that understanding, the recommendation was put to the vote.

RESOLVED

To agree to delegate the Governance arrangements for the prioritisation, allocation and spend of the unparished areas of Horsham Town CIL receipts to the Director of Place in consultation with the Cabinet Member for Planning and the Cabinet Member for Horsham Town.

REASON

It is necessary to update the current CIL Governance arrangements to provide clarity, transparency and consistency in the collection, allocation and spending of CIL receipts within the three Neighbourhood Councils/unparished areas of Horsham Town.

EX/39 **CONSULTATION ON THE PROPOSED DESIGNATION OF A NEW CONSERVATION AREA FOR THE AREA CHARACTERISED BY WELLS COTTAGES, IN WEST CHILTINGTON AND PROPOSED AMENDMENTS TO THE RUSPER CONSERVATION AREA**

Councillor Lambert reminded Members that, in addition to the rolling programme for developing Conservation Appraisals and Management Plans for existing Conservation Areas, there was also a legal duty to look for other potential Conservation Areas.

Wells Cottages area had been identified as having special architectural merit that gave a unique sense of place. Following a review of the Rusper Conservation Area, it was recommended to extend this area to the north.

The Cabinet Member advised that there would be a five-week consultation period from 6 October, after which amended draft appraisals and management plans would return to Cabinet for further consideration.

RESOLVED

- (i) To approve the proposed new conservation area boundary, and draft Conservation Area Appraisals and Management Plans for public consultation for both the new Conservation Area in West Chiltonton and the existing Conservation Area in Rusper.
- (ii) To approve that the Director of Place in consultation with the Cabinet Member for Planning and Development be given delegated authority to agree minor editorial changes prior to publication.

REASON

- (i) To formally designate a new conservation area for the Wells Cottages, West Chiltonton.
- (ii) To enable Conservation Area Appraisals and Management Plans to be produced to help guide development in West Chiltonton and Rusper.
- (iii) To provide conservation area guidance for residents, occupiers, developers and Members in determining applications.
- (iv) To give the Cabinet Member for Planning and Development delegated authority to approve minor changes to the document, without the need for it to be referred back to Cabinet.

EX/40 **FACILITATING APPROPRIATE DEVELOPMENT AND BIODIVERSITY AND GREEN INFRASTRUCTURE PLANNING GUIDANCE DOCUMENTS**

Councillor Lambert advised that the two advice documents would provide guidance to those involved in submitting and determining planning applications prior to the adoption of the new Local Plan.

If endorsed both documents would be published and used in the consideration of planning applications. Both the Facilitating Appropriate Development (FAD) and the Biodiversity and Green Infrastructure Planning Advice Note (PAN) were non-statutory planning documents rather than policy, but they would help to improve the quality of development coming forward before the Local Plan is in place and help with advice regarding water neutrality.

RECOMMENDED TO COUNCIL

- (i) To formally endorse the Facilitating Appropriate Development (FAD) and agree to the publication of the document for use as a non-statutory Planning Guidance document.
- (ii) To formally endorse the Biodiversity and Green Infrastructure Planning Advice Note (PAN) and agree to the publication of the document for use as a non-statutory Planning Guidance document.
- (iii) To grant the Cabinet Member for Planning and Development delegated authority to agree any necessary minor editorial changes to the documents referenced in (i) and (ii) above.

REASON

To provide clear and consistent planning guidance to aid applicants, stakeholders and those involved in determining planning applications in advance of the adoption of the new Local Plan.

EX/41 **OVERVIEW & SCRUTINY COMMITTEE**

There were no matters currently outstanding for consideration.

EX/42 **FORWARD PLAN**

The Forward Plan was noted.

EX/43 **TO CONSIDER MATTERS OF SPECIAL URGENCY**

There were no matters of special urgency to be considered.

The meeting closed at 6.26 pm having commenced at 5.30 pm

CHAIRMAN

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Report to Cabinet

24 November 2022

By the Cabinet Member for Finance and Parking



DECISION REQUIRED

Not Exempt

Update on the Council's financial position in 2022/23 and Medium-Term Financial Strategy update 2023/24 to 2026/27

Executive Summary

This report updates the Council's financial position in 2022/23 and how the Medium-Term Financial Planning scenarios and assumptions have changed since the budget was set in February 2022 and the update in September 2022. The 2023/24 budget challenge process will be completed in December, so the indicative numbers contained within this report are still subject to amendment and change.

A high level of uncertainty remains as the economy navigates the highest levels of inflation since the early 1990s, pressure from salary increases, and no further clarity on the future of Government's plans for the reform of business rates, fair funding review and how levelling up will affect us. In these circumstances it is fortunate that the Council has kept high levels of reserves and thus is able, in the short term, to have time to make considered decisions.

2022/23 is currently forecasting a small deficit, which would be funded by reserves, but should this change to a small surplus, then any surplus could be earmarked to support those in need from the cost of living crisis during 2023/24.

Officers have revisited the assumptions based on the latest income data and wider information from Government. Since September, inflation has continued at its highest level for forty years, causing higher non-salary and salary costs. However, the economic uncertainty has had one benefit in the form of the rapid rise in interest rates which will at least bring in significant additional investment income, which along with rises in fees and charges are currently on course to put 2023/24 in a balanced budget position.

Later years in the Medium-Term Financial Strategy remain very uncertain. In July 2022, the Levelling Up Secretary indicated proposals for a two-year settlement which might suggest that there may be rollover settlements in both 2023-24 and 2024-25. However, there have been significant changes in Government since then. In October 2022, the new Chancellor and Prime Minister signalled 'difficult economic decisions' which increase the likelihood of a reduction in spending on public services, with government departments being asked to make further efficiency savings. This would be difficult for the Council to do without cutting services. The detail will only be revealed in the provisional settlement in December 2022 but is a significant risk to us.

The estimated £1.3m cost of food waste collection from Autumn 2024 remains a major factor in the projected deficits from 2024/25 onwards that end the period at £3m, unless income in

the form of council tax, garden waste charges and general fees and charges are raised more in line with inflation. However, the longer we go without Government enacting the legislation, the more likely the implementation of food waste collection is pushed out to a later year.

The biggest risk is the high level of inflation and the work needed to set balanced budgets across the medium-term, and are likely to require substantial action, although not necessarily in this forthcoming 2023/24 budget.

Recommendations

The Cabinet is asked to:

- i) note the changes in the Council's financial position in 2022/23 and medium-term.
- ii) Recommend to Council that the charges from 1 April 2023 for the garden waste subscription service are increased from £44 for the first bin to £49 and for any subsequent bin increased from £35 to £41.
- iii) Recommend to Council that Fixed Penalty Notices for littering and fly tipping be raised from £75 to £150 with a £110 early payment fee (currently £50).
- iv) Recommend to Council to increase the car park advertising fees as set out in Appendix 3.
- v) Recommend to Council approve the creation of a revenue budget in Leisure services for the Drill Hall of £9,000 income and £27,100 expenditure, which is a net cost of £18,100 in the 2022/23 budget.
- vi) Recommend to Council to increase the capital budget for the Highwood Community Centre project by £150,000, from £2.75m to £2.9m.

Reasons for Recommendations

- i) The Council needs to acknowledge the effects that high levels of inflation will have on its financial position both in the short and medium-term. This has moved the council from what has been a long-term healthy financial position to one with predicted deficits unless action is taken on fees and charges. Given the level of uncertainty in the projections, the economy and proposed Government action, the report does not recommend direct action to reduce expenditure at this stage.
- ii) to iv) Council required to approve fees and charges, as per the constitution.
- v) Council is required to set the revenue budget, as per the constitution. The budget will enable the Council to continue to operate the Drill Hall for the final quarter of 2022/23.
- vi) Council is required to set the capital budget, as per the constitution

Background papers:

- Budget and Medium-Term Financial Strategy report Cabinet 27 January 2022 (approved by Council on 9 February 2022 and 24 March 2022).
- Report on the Council's Finance and Performance (2022/23 at M4) Overview and Scrutiny Committee 26 September 2022
- Report on the Council's Finance and Performance (2022/23 at M7) Overview and Scrutiny Committee 21 November 2022

Appendices:

- Appendix 1: Summary of high-level assumptions and changes

- Appendix 2: Potential capital infrastructure / carbon reducing costs during 2020s
- Appendix 3: Car parking advertising fees from 1 January 2023

Wards affected: All

Contact: Dominic Bradley, Director of Resources, 01403 215300

Background Information

1 Introduction and background

- 1.1 The 2022/23 budget was set by Council in February 2022 before the rapid rise in inflation. Since then, inflation as measured by CPI has now reach 10%. Rising energy prices, the general cost of living increases, and global events such as the war in Ukraine impacting prices and world supply chains, have all significantly altered the more optimistic outlook. Increasing fees and charges, and the rapid increase in the Bank of England base rate which increases our investment income, will help to mitigate this in the short term at least.
- 1.2 Rising salary and price costs together with expenditure on new services such as food waste collection, contribute to a predicted significant gap of £3m in the Medium-Term Financial Strategy in future years if actions are not taken.
- 1.3 To rebalance its position, the Council will need to carefully consider the fees that it charges, its service offers and / or ways in which it can generate more income. The Councils reserves mean that in the short term, we do not have to rush to take immediate action, but they cannot be seen as an alternative to taking decisions to bring the budget back to balance in the medium term.
- 1.4 Government previously indicated there might be a two-year settlement for 2023-24 and 2024-25. The Fair Funding Review, business rates baseline reset, and other funding reforms might then be pushed back to 2025-26 on the basis that the 2021 Census would not be reflected in funding allocations until 2025-26. This previously suggested that any financial settlement might be broadly similar to the 2022-23 settlement. However, in October 2022, the new Chancellor and Prime Minister signalled that 'difficult economic decisions' are ahead, likely to result in a reduction in spending on public services with government departments being asked to make further efficiency savings. This would be difficult for us to do without cutting services.

2 Relevant Council policy

- 2.1 The Council has a record of providing high quality, value for money services and to continue to achieve this the Council will need to consider what action to ensure money is available for our key services.

3 Details

- 3.1 The operational forecast outturn at Month 6 for 2022/23 is a £0.15m net surplus. Investment income from rising interest rates and returning parking income is so far outweighing rising costs from the high price of HVO fuel, vehicle parts and overspending on Housing services. The anticipated £0.9m of salaries overspend is not yet included in the M6 forecast due to the fact that the national pay award offer of £1,925 per person, rather than the 1.3% in the budget, was only agreed and paid in November. If necessary, this overspend will be funded from the inflation earmarked reserve set aside from the 2021/22 budget surplus. The overall funding position is currently forecasting a £232k deficit.
- 3.2 The updated budget position including the current year forecast and revised interim Medium-Term Financial Strategy is set out in table 1. Appendix 1 sets out a summary of the assumptions now, against the assumptions that were used in the September 2022 update, and also summarises the key forecast movements in net

expenditure between years. Details of the assumptions and any changes are set out in section 3 of the report.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Table 1: interim MTFS Nov 2022	£000	£000	£000	£000	£000	£000
Estimated net expenditure	13,072	12,188	13,200	14,635	16,270	16,930
<i>In year budget adjustments</i>	250	103	-	-	-	-
<i>Overspend / (underspend) [*forecast M6*]</i>	(2,111)	(150)*	-	-	-	-
Estimated net expenditure	11,211	12,141	13,200	14,635	16,270	16,930
Funding: Council Tax	(10,251)	(10,700)	(11,140)	(11,470)	(11,860)	(12,265)
Extra Government grant	(146)	(141)	-	-	-	-
Baseline Business Rates	(2,052)	(2,052)	(2,052)	(2,052)	(1,850)	(1,650)
Other funding, Collection Fund (surplus) / deficit	(12)	(11)	(12)	(13)	(12)	(12)
Total Funding	(12,461)	(12,904)	(13,204)	(13,535)	(13,722)	(13,927)
One-off COVID-19 funding	(981)	-	-	-	-	-
£150 C-Tax support spend	98	120	-	-	-	-
Salary impact	-	875	-	-	-	-
Net (Surplus) / Deficit rounded	(2,133)	232	0	1,100	2,550	3,000

3.3 The Council produced a £2.1m operational surplus in 2021/22, in the context of performance recovering from Covid-19 faster than the cautious budget predicted when it was set in lockdown in January 2021, especially in the leisure services, as well as receipt of one-off Government grants supporting authorities through the pandemic. Surpluses on this scale are not envisaged in the future due to rising cost pressures.

3.4 In February 2022, Council agreed to work with West Sussex County Council and continue to help support our most vulnerable working age families on Council Tax Support in a year when their income is likely to be adversely affected. The cost of

the Council's contribution to fund the £150 scheme this year is estimated at £120k, although the exact amount will depend on how many working families apply for council tax support before 31 March 2022. This will be funded by the one-off Government grant of £141k, given to ensure the Council was no worse off in the settlement than the previous year. West Sussex County Council has not committed to a similar scheme yet in 2023/24.

Expenditure pressures:

- 3.5 Inflation and pay increases remain the significant area of concern in our projections. We are seeing greater pay pressures in our professions and difficulties in recruitment and retention where the increase of home working means officers who would work for us to avoid the daily commute to London are now moving into consultancy or London-based jobs because they pay better. We also know that the national cost of living crisis is starting to have an impact on middle income earners, which will include Council staff.
- 3.6 The national pay award for 2022/23 was agreed on 2 November 2022 at £1,925 per post and one additional day of holiday. This is a double digit increase on the lowest grade, falling to 1.5% for the highest grade. It will cost the Council £1.1m, albeit £0.22m was already included in the budget based on a 1.3% salary increase. This leaves an additional £0.88m unfunded in 2022/23, and also an additional budgetary pressure going forward.
- 3.7 The Medium-Term Financial Strategy now assumes an increase to 4.5% in 2023/24 adding a further £0.9m, falling to rises of 3% by the end of the period on the assumption that a lower rate of inflation will eventually reduce this pressure over the period. The impact over the four years is approximately £3.7m of expenditure growth in the period, which is a further £0.4m on the September model.
- 3.8 The impact of inflation on non-salary costs is harder to measure because there are many contracts with different price and inflation agreements and start dates throughout the year. The September 2022 CPI rate was 10.1% and RPI was measured at 12.6%, up from 9.9% and 12.3% respectively in August. Inflation in the 2022/23 budget was assumed at around 3% each year. The Medium-Term Financial Strategy now assumes an average rate of 8% in 2023/24, an increase from the 6% used in the September report. Over the Medium-Term Financial Period, it assumes the rate will slowly fall towards 3.5%. This is the single largest risk factor in the economic outlook. Inflation may not fall back down to the 2% Bank of England target in the 2020s. Building materials and maintenance costs are rising much higher than standard CPI / RPI inflation, and the budget for maintenance will need to increase just to stand still.
- 3.9 Other one-off and increased costs are expected in 2023/24. Pressures are being felt in Housing and Revenues & Benefits as volumes and caseloads increase, exacerbated by the cost of living crisis. Many people on our housing register are also suffering from increasingly complex mental health needs. Two new posts in Housing will help everyone joining the housing register have a personalised housing plan, not just those who are homeless which will lead to a better housing journey for customers. In Revenues and Benefits, the move from LGSS to a partnership with just Milton Keynes means that shared costs are now split over two rather than three Councils. Combined with the increased caseload, costs will be increasing by around £0.6m across these two services.

- 3.10 King Charles III has announced his coronation date in May 2023, and the Council is preparing to include £50k in the 2023/24 budget to mark the occasion, a similar additional expenditure to the amounts spent on the Platinum Jubilee in 2022.
- 3.11 Over the last two years, we have been working with consultants Ricardo on the options and estimated costs of food waste collection. The indicative cost is £1.3m for a 3,2,1 service where refuse is collected every three weeks, recycling and garden waste fortnightly and food waste weekly. The initial trial of 100 households has indicated that there is capacity within the standard 140 litre residual waste bin once food waste is collected separately. The cost of a 2,2,1 service would be higher.
- 3.12 The Environment Act 2021 became law in November 2021, introducing changes to waste collection so that recyclable household waste (which includes food waste) must be 'collected separately from other household waste'. Food waste itself must be collected at least once a week. It has not yet been enacted, meaning we are waiting for further details and confirmation of the exact timescales by which local authorities will need to change current arrangements to comply with the Environment Act. The indicative timescale in the original consultation was by the end of 2024/25. Introduction is still built into the Medium-Term Financial Strategy in September 2024, with the £1.3m impact spread over 2024/25 and 2025/26. However, as we move closer to this date, it becomes more likely that it will slip. This delays the Council from needing to spend £1.3m for a year, which can be put towards other inflationary costs. If this were to be the case with implementation in Autumn 2025 instead for example, the projected deficit in 2024/25 would much reduce and the budget year would be much closer to balancing, although as the years are cumulative, there would be no reduction in the £3m deficit in the final year of the Medium-Term Financial Strategy. We also do not yet know whether we might obtain any funding from Government for this new service.

Income:

- 3.13 To help combat rising costs, the current budget forecast for 2023/24 includes a £5 increase in Council tax adding £340,000 to overall income. The reduction in Government funding increases the reliance on local Council tax in the future. Therefore, such an increase is sensible to ensure that future levels of Council tax income are 'banked' as the present cap and referendum thresholds mean that periods beneath the threshold cannot be caught up. If any surplus is generated when the budget is delivered, it could be reinvested for example to support the vulnerable and those in need from the cost of living crisis.
- 3.14 The Medium-Term Financial Strategy then models an indicative 2% Council tax increase per year, adding approximately £240,000 each year on average over the latter period. A 2% increase equates to approximately £3.40 each year for a band D equivalent on average over that period. Future referendum threshold levels are unknown but if the threshold cap limits the increase to a maximum 2% or £5 (3.1%), and cost inflation remains around 5% to 6% as forecast, then the funding gap widens each year. Increasing by £5 each year over the Medium-Term Financial Strategy rather than 2% would generate a further £100,000 per annum.
- 3.15 Season ticket parking income has fallen as hybrid working has changed the frequency of the daily office commute. But otherwise, parking income has largely recovered to pre-pandemic levels, in part due to a price increase in 2022/23 helping to make up some of the difference of slightly reduced dwell time. The Parking

service is planning a £0.7m increase in net income in 2023/24 compared to the 2022/23 budget, projecting the general improved trend forward.

- 3.16 The turbulence in the economy over the last few weeks has had one benefit to the Council in the form of rapidly increased interest rates. At one stage, some economists were forecasting interest rates of between 5% and 6%, but expectation has fallen a little as Government has reverted towards taxation to fund spending, rather than a reliance on unfunded growth. Arlingclose, our treasury management advisors, are now predicting interest rates level off at 4.25%. For 2023/24, this would significantly increase our investment income from £0.9m to around £2.4m, helping to balance the budget.
- 3.17 The new Prime Minister and Chancellor have indicated 'difficult economic decisions' are ahead, increasing the risk that a two-year settlement for 2023/24 and 2024/25 on the same basis as the current year might not now happen. The Council had assumed a two-year settlement would give Government time to resolve the future of business rates retention and that no changes would be made in the meantime. We currently receive just over £2m of income as part of the annual settlement and expect this will reduce as part of any changes to the current business rates system which is attracting increasing calls for reform. The Medium-Term Financial Strategy still models a gradual reduction in funding from 2025/26, but there is a much greater risk that the change will be earlier and more pointed than that. We may only find out about this in December as part of our Settlement, and this could considerably worsen our funding position.

Other:

- 3.18 The current Medium-Term Financial Strategy does not take into consideration any detailed future predicted costs of addressing the reduction of carbon in the district which are likely to be significant over the remainder of the decade to get close to achieving the 2030 carbon neutral target. An indicative £0.1m revenue impact has been added each year. Fully implementing the action plan to achieve it will considerably impact the Council's financial position in the medium and long term. The carbon reduction plan will therefore need to be reviewed alongside the Council's decisions made in the revenue and capital budgets and the need to set a balanced budget, as is required by law, and which maintain sufficient reserve levels.
- 3.19 The unaudited usable Reserves as at 31 March 2022 have not changed since the September update. The 'real' level of general fund available for use is effectively £18.9m with £25.7m in earmarked reserves. This level of reserves is significantly above the minimum level of reserves set at £6m. However, this must be seen in the context of a potential £3m forecast budget gap by 2026/27 and also the significant infrastructure replacement and carbon costs that are anticipated during the rest of the 2020s set out in Appendix 2. This could cost as much as £42m on top of the £5m to £6m standard annual capital programme. The revenue impact from this additional capital expenditure could rise to as much as £0.4m p.a. from 2026/27 should the Council need to borrow. In addition, it is likely that some of the facilities would close for refurbishment. In the case of a leisure centre for example, it would reduce income through a reduction in management fee. Again, these have not yet been factored into the Medium-Term Financial Strategy yet but will need to be factored into the decision making.
- 3.20 Given the level of uncertainty about the Council's funding position, future levels of inflation, and the strength of the reserves position, officers do not plan to spend time drafting detailed significant savings proposals for later years unless Councillors are minded to not increase Council Tax next year. The key for 2024/25 is whether

the implementation of the collection of food waste goes ahead, as the deficit currently forecast for that year would be much closer to balancing should implementation be delayed until September 2025 or later. Councillors must also be prepared to consider increasing fees and charges at levels at inflation levels in future years, otherwise the net cost of services gap increases. This is of course becomes more difficult as some of our customers are already feeling the effects of the rising cost of living and energy price increases, and the compound effect of price rises each year.

- 3.21 Savings in 2024/25, if needed, or more likely 2025/26 may mean the closure or reduction of popular non-statutory public services, or investment that generates income if fees are not increased. This is because swift action taken in November 2020 during the Covid-19 pandemic which put the Council in reasonable shape financially has stretched the capacity to deliver services with current levels of staff. Further cuts could only be done if services were withdrawn.

Fees

- 3.22 To help the annual process of garden waste billing run smoothly, this report recommends to Council that the charges from 1 April 2023 for the garden waste subscription service are increased from £44 for the first bin to £49 and for any subsequent bin increased from £35 to £41. This earlier notification will inform customers of the price increase at the same time as reminding them about their forthcoming subscription renewal. Increasing the price by £5 / £6 will increase income by approx. £200,000 depending on whether the price increase causes any significant drop-off in subscriptions. The extra income will pay for the rising cost of fuel that have soared by nearly two-thirds from the budgeted £1.20 per litre to £1.90 per litre and other rising costs such as salaries and maintenance / parts. The garden waste fee will still be the lowest in West Sussex.
- 3.23 Following an increase in litter across the district, the Waste and Recycling PDAG discussed fees and charges for Fixed Penalty Notices (FPNs). In November 2021 the Council employed an Enforcement Officer who has worked to improve our success in catching and fining fly tippers and industrial vehicles dropping litter from insecure loads or not netting their vehicles.
- 3.24 Currently the FPN fine is £75 with an early payment of £50. FPNs are issued by Waste and Recycling for:
- Fly tips
 - Littering (mainly from vehicles on the roads) which we catch from our enforcement days using dashcam footage
 - Littering reported by members of the public which can be proved beyond reasonable doubt (i.e. they send in dashcam footage).
 - Neighbourhood Wardens also are able to issue FPN's but they try to educate rather than issue the fines.
- 3.25 We currently issue one of the lowest FPN fines in West Sussex. The proposal in the recommendation is to increase the FPN to the maximum £150, reduced to £110 if paid within 14 days. Along with this, we will also publicise the change which should help to encourage a reduction in littering occurring in the district. The Council will also publicise to the public that they can send us dashcam footage of any littering offences which we will follow up and issue an FPN if required.

- 3.26 The Parking service has reviewed its fees and charges for advertising space within the multi-storey car parks in Horsham. Market research of various Councils and private parking companies around the UK suggests that these rates could be raised and remain competitive. The service is also proposing a not-for-profit rate is introduced, enabling promotional activity to support not-for-profit organisations / events. The list of fees is set out in Appendix 3. The changes from 1 January 2023 are not expected to impact the 2022/23 budget as growth in this revenue area may take some time, but additional income will be built into future budgets during budget setting each year.
- 3.27 The Royal British Legion has recently made us aware that they will not be taking over the Drill Hall. Their thorough investigation into this opportunity concluded that it would be difficult for them to make a viable community proposition at these premises. This report therefore requests that a short-term budget for operating the Drill Hall is created in 2022/23 for the final quarter from 1 January to 31 March 2023. The running costs for the quarter result in an income of £9,000 and expenditure of £18,600. An additional £8,500 expenditure budget is requested to repair an area of rotten substructure in the main hall timber floor that is becoming unsafe following water ingress and then to re-lay the floor back on top. The requested budget net cost for this additional quarter period is therefore £18,100 in the 2022/23 budget.

Capital Programme

- 3.28 On 24 March 2022, a £2.75m capital budget was approved to build a nursery and a Community Hall at Highwood with more than thirty car parking spaces. Plans have been worked up and at present, the Quantity Surveyor and building contractor numbers indicate that whilst the nursery will cost £1.2m to build, yielding the required 6% return from the rental, the community centre and car park will cost £1.7m. The total is therefore projected to be £150,000 over budget and the recommendation is that this additional budget is added to the capital project.
- 3.29 These figures include a contingency allowance of £188,000 and an inflation allowance of £45,000, which need to be protected within the budget envelope as unexpected circumstances will inevitably arise.
- 3.30 The cost saving solution would be to make the hall smaller by removing the small meeting room and small store. This would remove about 5m from the length of the building, reducing the overall size from 261m² to c205m²; a saving of 22% on floor area. This would leave a decent sized building and would cater for most uses, particularly as the entrance foyer is large and can be used for informal meetings. The hall would exceed the minimum size for the community on a strict per capita basis. It is important to keep in mind the Council has just refurbished Blackbridge Lane, which includes a hall of similar size and a small meeting room. There are therefore alternative facilities nearby for holding small meetings.
- 3.31 In addition to the increased budget costs, during the consultation process, we have identified the need for further works that will be required in 2023/24. These are a provision of toilet and changing facilities for the pitches being located behind the community centre and additional parking on the pitches to the north of the bridge (in Hills Farm Lane) to alleviate parking problems on the weekends when those pitches are being used. Initially the changing rooms were not to be provided but since that decision was made it has been decided that the pitches will be used for ladies / girls

football which means that this facility is a necessity. The estimated combined cost of these additional items is a further £150,000 that will need to be consulted on and dealt with in the budget bid process for 2023/24.

4 Next steps

- 4.1 On 26 January 2023, the 2023/24 Budget will be taken to Cabinet to recommend approval at the 22 February 2023 full Council meeting where the Council Tax for 2023/24 will be set. The Medium-Term Financial Strategy will also be again updated at this time to take account of our settlement, if known at that date.

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

- 5.1 Finance and Assets Policy Development Advisory Group met on 7 November 2022 and discussed the key assumption changes in the immediate and longer-term, especially the ongoing impact of expenditure pressures on the Medium-Term Financial Strategy and the uncertainties and the implications to balance future budgets. The majority of the PDAG were supportive of the additional capital budget on Highwood.
- 5.2 The Chief Executive, Directors, and Heads of Services have been involved in preparing the immediate budget forecast and will be finalising the 2023/24 budget in the ledger. Officers are already thinking of ways to address the medium-term financial gap through fee charges and income. They are 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 Making cuts to popular non-statutory services such as parks and countryside, planning enforcement and cultural and leisure services was considered. This was rejected because the scale of the proposed deficits in the future is very uncertain. While designed to protect services this approach does risk the Council having greater difficulties balancing its financial position in two to three years' time and this could have a damaging impact on reserves, unless income is increased through fees and charges.
- 6.2 Decreasing the size of Highwood Community Centre was considered but was rejected on non-financial grounds.

7 Resource consequences

- 7.1 Specific actions to address the future financial gaps are not detailed in this report. Over the next few weeks, the detailed 2023/24 budgets will be finalised as part of the budget setting process in February 2023.
- 7.2 The significant cost of infrastructure replacement and accompanying carbon reduction across the decade are not included in this Medium-Term Financial Plan. Adoption of the 2030 carbon neutral target and action plan to achieve it will considerably worsen the Council's financial position in the medium and long term.

This together with the replacement of key infrastructure could cost as much £42m between now and 2030, as shown in appendix 2. In carbon improvement works done so far, as a rule of thumb, around one third of the costs might be attributable to carbon reduction.

- 7.3 The additional £150,000 in the capital programme for the Highwood Hall will also add £3,000 to the revenue costs in the year after completion of the building, under the Council's Minimum Revenue Provision. The Chief Finance Officer's view is that the Council should ideally cut its cloth according to the original agreed budget and design out the forecast overspend by decreasing the size of the building in light of other meeting rooms being available in the same ward. However, the 12.5% increase in budget is understandable in the context of current cost inflation in the building material supply chain, and there are non-financial place making reasons for continuing with the original size. It will though reduce the scope for other capital projects in other parts of the district as capital budget is not unlimited.

8 Legal consequences

- 8.1 The Council is required under the Local Government Finance Act 1992 to produce a 'balanced budget'. This report indicates the Council is able to get to a balanced budget for 2023/24 if income is increased through fees and charges, but may face difficulties in future years if it doesn't.
- 8.2 This report sets out the Council's current and expected financial position. The Director of Corporate Resources has a statutory duty, under Section 151 of the Local Government Act 1972 and Section 73 of the Local Government Act 1985, to ensure that there are proper arrangements in place to administer the Council's financial affairs.
- 8.3 The Local Government Act 1999 places a duty on the Council as a 'Best Value' authority to secure continuous improvement in the way its functions are exercised so as to secure economy, efficiency and effectiveness.

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. The risk on inflation and uncertainty in the economy reducing income is captured in CRR 19. The risk registers are regularly reviewed and updated and is monitored at Audit Committee on a quarterly basis.
- 9.2 Many figures provided in this report are estimated at this stage. There is a risk that actual reductions in income and stronger expenditure pressures that the Council faces could increase the range of losses.
- 9.3 There is a moderate risk that customer habits will change for paid services such as parking and the cultural and leisure offers if customers reduce their expenditure as they struggle financially. This is especially so if fees and charges are raised by inflationary levels. Income might not therefore return to previous levels.
- 9.4 There is a high risk the Government's proposal for business rates reform will worsen the financial situation earlier or more deeply than current predicted.

10 Procurement implications

- 10.1 There are no procurement implications arising from this report.

11. Equalities and Human Rights implications / Public Sector Equality Duty

11.1 There are no equality or human rights implications arising from this report because there are no decisions for cuts in this report at this stage.

12 Environmental implications

12.1 There are no environmental implications because there are no decision for cuts or growth at this stage of our budget development.

13 Other considerations

13.1 There are no other considerations to take into account at this stage of developing the Medium-Term Financial Strategy.

Appendix 1 – summary of high-level assumptions and changes

Area	November 2022 assumptions	September 2022 assumptions
Inflation cost non-salaries	8% increase per annum across the period. Falling by 1.5% each year, ending period at 3.5%. Risk.	6% average in 2023/24, drifting down to 5% across the period.
Income	5% to 6% increases in fees and charges on average – falling slowly to 3% across the period.	3% increases in fees and charges on average [Note 2b assumes this to be nearer 6%, drifting down to 5% across the period]
Increase in salaries budget	Catching up the £1,925 from 2022/23, and increase of 4.5% in 2023/24, falling to 3% by end of the period.	£1,925 in 2022/23, then reducing from 4% per annum to 3% across the period.
Contribution to pension fund	No change. 18% which is baseline minimum. Pension Fund £31m asset at 31 March 2021.	18% which is baseline minimum. Pension Fund £36m asset at 31 March 2022.
Local Business Rates	Business Rates review triggering a significant re-baselining in 2025/26. No worse off until then, but then reducing our funding. <i>High risk of sharper / earlier fall.</i>	Business Rates review triggering a significant re-baselining in 2025/26. No worse off until then, but then reducing our funding.
Increase in Council Tax	£5 in 2023/24 and then 2% per year for future years across the period.	2% per year for future years across the period.
Increase in Band D equivalent dwellings	No change. Impact of water neutrality dampening housing numbers. 600 to 700 per year.	Impact of water neutrality dampening housing numbers. 600 to 700 per year.
New Homes Bonus	No change. Final previous legacy payments of £2.1m ending in 2022/23. Note that Council may receive Lower Service Tier grant instead in 2023/24 and 2024/25 to ensure Council is no worse off overall, but increasing risk that they don't if cuts come earlier.	Final previous legacy payments of £2.1m ending in 2022/23. Note that Council may receive Lower Service Tier grant instead in 2023/24 and 2024/25 to ensure Council is no worse off overall.
Minimum reserve level	£6m – no change.	£6m.
Garden / food waste	No change. Food waste from Autumn 2024. £1.3m for a 3,2,1 service. No funding included – as we don't yet know. No cap on prices (Risk £0.4m if £30 and £2m+ if free). <i>This is increasingly likely to slip a year.</i>	Food waste from Autumn 2024. £1.3m for a 3,2,1 service. No funding included – as we don't yet know. No cap on prices (Risk £0.4m if £30 and £2m+ if free).

Summary of key operational cost and income changes					Assumptions			
	2023/24	2024/25	2025/26	2026/27	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000				
Net cost b/fwd	12,141	13,204	14,635	16,272				
Inflation	1,480	1,203	925	648	8.0%	6.5%	5.0%	3.5%
Salaries	900	700	600	600	4.5%	3.5%	3.0%	3.0%
Salary catch up	880	0	0	0	£1,925 less 1.3%	-	-	-
Other fee increases	-975	-780	-683	-585	5% to 6%	4.0%	3.5%	3.0%
Investment income	-1,500	0	100	100	4.25% base rate			4% base rate
Garden waste	-200	-120	-120	-120	£5	£3	£3	£3
Food waste	0	700	600	0		Autumn 2024		
Parking back to previous levels	-700	-50	-50	-50				
Revs and Bens / Housing impact	600	50	50	50				
Maintenance costs supply side rises	300	0	0	0				
multitude of others	278	-272	215	13				
Predicted net cost	13,204	14,635	16,272	16,927				
Annual increase	1,063	1,431	1,637	656				
Additional Council tax increase	-344	-229	-237	-245	£5	2%	2%	2%
Annual net to find	719	1,201	1,400	410				

Appendix 2 – potential capital infrastructure and added carbon reducing costs during 2020s

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	Total
Fleet vehicle replacement	1,500,000	4,500,000	500,000	1,000,000	1,500,000	4,000,000	4,500,000	2,000,000	19,500,000
Leisure Centres refurbishment				5,000,000	5,000,000				10,000,000
Commercial portfolio investment and carbon reduction	500,000	500,000	500,000	500,000	500,000	1,000,000	500,000	500,000	4,500,000
Capitol seating and revamp			3,000,000						3,000,000
Museum						350,000			350,000
Housing	150,000	150,000	150,000	50,000	50,000	50,000	50,000	50,000	700,000
Car park refurbishment	300,000	150,000	150,000	350,000	150,000	150,000	350,000	150,000	1,750,000
Office refurb	200,000						1,000,000	1,000,000	2,200,000
TOTAL	2,650,000	5,300,000	4,300,000	6,900,000	7,200,000	5,550,000	6,400,000	3,700,000	42,000,000

Notes:

- All costs guesstimated at this stage
- Circa £5m to £6m in the 'standard' capital programme (e.g. disabled facility / housing enabling grants) each year not included here
- Borrowing not assumed before 2026/27
- MRP 2% on average
- Borrowing costs now estimated at 4.8% (compared to 4% in September)

- Averaged over the period 8 years, MRP circa £0.1m per annum
- Average over the five-year period (2026/27 to 2030/31), borrowing costs would add a further £0.3m per annum

Appendix 3 – Car Park Advertising fees

From 1 January 2023:

Type of Advert	Monthly Cost (exclusive of VAT)	Not for Profit monthly cost (exclusive of VAT)
Pillar Advert	£295	£206.50
A0 Poster/Sign	£250	£175
A1 Poster/Sign	£225	£157.50
A2 Poster/Sign	£150	£105
A3 Poster/Sign	£100	£70
Barrier Arms	£150 per barrier arm	£105 per barrier arm

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Report to Cabinet

24 November 2022

Cabinet Member for Property and the Local Economy

DECISION REQUIRED



**Horsham
District
Council**

Not Exempt except for Appendix A
Appendix A - Not for Publication – Exempt under
Paragraph 3 of Part 1 of Schedule 12A to the Local
Government Act 1972

Horsham Carfax Markets Operator Contract Award 2023 - 2026

Executive Summary

The purpose of this report is to gain Cabinet agreement to award the contract for Horsham Carfax Markets Operator to Supplier A. Their proposal meets all of the requirements of the Councils' contract specification and should result in a significantly improved service for both public and traders.

Recommendations

That the Cabinet is recommended to:

- i) Approve the award to Supplier A Limited as Horsham Carfax Markets Operator for a period of three years with an option to extend for one additional year starting 1 January 2023.

Reasons for Recommendations

- i) The tender received from Supplier A meets and exceeds the Council's requirements and aspirations for this Contract

Background Papers

Carfax Market Operator Contract Tender Specification 2023-2026

Supplier A Contract proposals 2023- 2026

Quarterbridge Markets Report 2022

Notes: 20th-Sep-2022 Horsham Town Policy Development Advisory Group.pdf

Wards affected:

The markets fall within Denne Ward

Contacts:

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Background Information

1 Introduction and Background

- 1.1 This contract relates to the operation, management and investment in the Carfax based markets in Horsham Town Centre.
- 1.2 Carfax markets are run twice weekly. Saturdays are Local Produce and Crafts focused, (with other types of stalls directed to Bishopric), whilst Thursdays are open to all traders. Street Food is present at both markets and acts as a 'draw' that benefits the markets and wider businesses as a whole.
- 1.3 The markets are run for the benefit of the town as a whole, being an essential element of the town's character and visitor appeal drawing its own footfall to the town every week. The operational emphasis is on quality, vibrancy, safety and good management on site in co-operation with property-based businesses. They provide opportunities for social engagement and act as a tangible community hub.
- 1.4 The markets are also an important part of Council's economic policy in that they support the trading by and development of many local small and start-up businesses. They also have many other Council strategy benefits including 'Buy Local', healthy eating, sustainability – reduced food miles, promotion of waste reduction and recycling.
- 1.5 The Council's current operator contract expires on 31 December 2022 and therefore the Council is required to review its contract arrangements to run the Horsham Markets. There needs to be a sufficient lead in period to ensure full continuity of staffing, investment and the introduction of enhancements.
- 1.6 The aim is that there will be a smooth transition to operations under the new contract. All essential features of the market operations are expected to remain the same with any significant developments being introduced in consultation with the Council via monthly management meetings and with advance notice to traders and public where necessary.
- 1.7 The most immediate and noticeable change is expected to arise as a result of specific promotion of 'pop up' (new and irregular) trader stalls with other management changes having already been gradually introduced as part of the assimilation of the Quarterbridge reports recommendations.
 - ii) The Quarterbridge Market Review and Strategy report specifically praised the current operation and recommended its continuation – subject to contract.
 - iii) Supplier A has successfully run markets since 2016. Additionally, the company has a credible track record in local produce & specialist markets and public events across Sussex.
 - ii) Supplier A has responded thoughtfully and enthusiastically to an updated contract specification that was developed based on the Quarterbridge Market Report's recommendations and surveys, operational experience, market trading conditions and our own Economic Strategy.

- iii) Supplier A recognises the balance to be struck between commercial success and the markets role as an economic development tool for enabling new businesses to trade in a high street setting.
- iv) Supplier A is promising tighter controls of market content, with a renewed focus on local produce and crafts and layouts. This will produce consequent opportunities to build an alternative offer in the separately run Bishopric market.
- v) Supplier A proposes to increase communications with their traders and surrounding businesses including newsletters, surveys and promotions. They also are committed to pre-promoting who is on the market each week. This will further improve the standing of the market in the community and provide ongoing feedback, safeguarding future market operations.
- vi) The Supplier A offer sets out increased market revenues over baseline forecasts, thereby boosting income to the Council. Their proposed operational initiatives are considered both creative and achievable. These include introducing more market led town events.

2 Relevant Council policy

- 2.1 As referred to above, the report supports the priorities in the District Plan through Economic Development support for small businesses, local producers and vibrant town centres. The markets also support elements of sustainability (buy local/reduced food miles) and a better quality of life.

3 Details

- 3.1 The tender was advertised on the South East Shared Opportunities Portal and Contracts Finder on 22 July 2022 and an email with link to the adverts was sent to all market operators who had previously expressed an interest or had approached the Council.
- 3.2 Two bids were received by the deadline on 5 September 2022 however one bid had failed to submit all required information by the given timeframe. Following consultation with the Senior Solicitor and the Council's Procurement Manager it was decided to reject it as a non-compliant bid.
- 3.3 Following submission, an officer tender panel evaluated Supplier A's proposal against the advertised contract criteria independently and then jointly, agreeing unanimously that the Supplier A's proposal met or exceeded all requirements. Supplier A is therefore the Preferred Bidder.
- 3.4 Since the bid received has been in excess of the anticipated contract value (£361,000 over the three years), the Council's Director of Resources and Head of Legal and Democratic Services confirmed that the contract award would need to be

approved by Cabinet as part of the process contained in the Council's Procurement Code.

4 Next Steps

- 4.1 Subject to agreement by Cabinet, notification of the final contract award will be sent to Supplier A by the Procurement Officer.
- 4.2 A Contract has been prepared to commence on 1 January 2023.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The Contract recommendation was presented to the Horsham Town Centre PDAG on 20 September 2022 receiving favourable feedback. PDAG notes as follows:

The Economic Development Officer provided an update on the Carfax Market Contract for the Group.

The contract had been put out to tender and was at the point of award. A report on the contract would be considered at the Cabinet Meeting on 24 November, with a three-year contract scheduled to start in January 2023 with an option to extend for a further year.

- 5.2 Extensive local consultations were carried out as part of the Quarterbridge Review of Horsham's Markets and Strategy report delivered to the Council in July 2022. One to one interviews were conducted with Members, operators and local stakeholders as well as surveys of traders and public. The findings of this report have been incorporated in the tender specification for this contract.

6 Other Courses of Action Considered but Rejected

- 6.1 The option to cease Market Operations in Carfax was rejected as being counterproductive to the Council's Economic Development Strategy overall and support for Horsham Town Centre's economy specifically. The market enables more than forty businesses to trade weekly and is an attraction that drives footfall that benefits many premises-based businesses in the town. Support for markets across the District is an increasingly central part of the Council's strategy for supporting high street vibrancy and the enabling of entrepreneurial business opportunities in our towns. Its contribution to produce a modest income for the Council was not an influencing factor.
- 6.2 Demand for and popularity of the Carfax markets was evidenced by the Quarterbridge report with a strong recommendation to build on what we have.
- 6.3 The format of the market's management was also considered, and the report concluded that a Council led concession operating contract was still the most appropriate and the Council's existing arrangements were seen to be enviably successful relative to other similar markets nationally.

7 Resource Consequences

- 7.1 The Concession Markets Contract has its own budget code which is principally made up of Council income derived as a percentage of stall rental fees (not vatable) and a fixed fee per electricity hook up (vatable). There is little to no exclusive expenditure in support of the market but provision for limited support for marketing materials on and offline is made within the Economic Development budget.
- 7.2 The proposal made by Supplier A provides for payments to Horsham District Council at or above the Council's budgeted income figures for the market, currently at £16,000 per annum. Provision has been made for the phased transfer of business rate liability from the Council to the operator over the contract term. Actual income levels will depend on performance in retaining and growing the number of businesses trading on the markets each week and through special events.

8 Legal Consequences

- 8.1 There are no statutory obligations involved in the Council running the markets operation.
- 8.2 The markets have planning permission to be run in the Carfax on land that is County Highways land with delegated powers for licencing other activities to the District Council.
- 8.3 The Council has complied with all necessary Procurement Regulations and the Council's Procurement Code.
- 8.4 In-house legal resources will be used to complete the legal documentation.

9 Staffing Consequences

- 9.1 There are no staffing consequences arising from this contract award within the Council and Supplier A has indicated that it is looking to reemploy the current onsite manager meaning that no third-party jobs are likely to be lost.

10 Risk Assessment

- 10.1 The risks associated with this contract award are no different to that of the previous contract. Therefore, no new formal risk assessment has been undertaken.
- 10.2 As summarised above the decision taken to appoint Supplier A as our Carfax markets contractor has been taken on the quality of their proposal and basis of their excellent experience. Their positioning within the local producer and market events sectors combined gives Horsham District Council a minimum risk opportunity to build on previous market performance.

11. Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 No changes to the terms and conditions associated with the operation of and accessibility to Horsham Markets by traders, staff or the public are proposed under this contract award. The Market Operator is responsible for staffing and engaging with market traders and the Contract requires them to protect human rights where it would be relevant to do so.
- 11.2 The main responsibility around Equalities and Diversity lies with the Market Operator who are employing staff and engaging with market traders. Consequently, the Contract states that they must comply with equality and discrimination legislation to the standard of the Council's public sector equality duty under the Equality Act 2010 which include advancing equality of opportunity and eliminating unlawful discrimination on grounds of sex, race, disability, religion or belief, sexual orientation and age where relevant the protection of human rights.

12 Environmental Implications

- 12.1 The Council has given regard to the Social Value Act 2012 and has incorporated obligations on the Market Operator within the contract documentation. This includes an obligation on the Market Operator to do the following:
- reduce waste and encourage waste recycling wherever possible;
 - encourage and incentivise Traders to adopt and implement sustainable values including participation in initiatives to reduce public and trader food waste;
 - increase the energy efficiency through the life of the Contract and encourage and incentivise Traders to adopt and implement sustainable values;
 - channel traders to sources of business skills training and support that increases their survivability
- 12.2 The Supplier A proposal contains commitments to several sustainability initiatives addressing their ability to influence both traders and public behaviour directly, through stakeholder partnerships and in concert with the Council's own policies and services.

13 Other Considerations

13.1 GDPR/Data Protection

Within the contract and for the purposes of the Data Protection Legislation, the Authority is the Controller and the Supplier is the Processor. The Market operator is charged with processing data on behalf of the Council according in accordance with its responsibility to keep data secure and to share data with the Council of stall holders and prospects plus any customer databases that are collected in the name of Horsham Markets.

13.2 Crime & Disorder

Section 17 of the Crime and Disorder Act 1998 requires the Council to do all that it reasonably can to reduce crime and disorder. There are no crime and disorder implications as a result of this report. The markets have historically provided opportunities for the Police to generate awareness of their campaigns and it is expected that this will continue.

13.3 National Emergency & COVID Type Response

The Market Operator shall be prepared to implement operational changes that will enable the Carfax Market to continue to provide an essential and 'safe to shop' source of local produce and essential items in the event of any national emergency. The Council is likely to waive its own market fees for a defined period in recognition of reduced profitability during these times.

13.4 Sustainable Procurement Charter – Tier 2 Services

The Market operator will plan its operations and actively work to deliver its obligations under the Council's four SPC priority headings and report annually on this aspect.

13.5 Procurement Implications

The market's tender process has been carried out in accordance with the Concessions Contract Regulations 2016 and the Council's Procurement Code.

The tender process has been overseen by the Council's Procurement Manager.

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of the Local Government Act 1972.

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Report to Cabinet

24 November 2022

By the Cabinet Member for Recycling and Waste

DECISION REQUIRED



**Horsham
District
Council**

Partially Exempt

Appendix 1 exempt under Paragraph 3 of Part 1 of the Schedule 12A to the Local Government Act 1972

Procurement for Commercial Waste and Mixed Recycling Disposal Tender Award

Executive Summary

The purpose of this report is to approve the award of contracts for the Commercial Waste and Mixed Recycling Disposal Tender Award following a comprehensive tender process (still in progress).

In 2017 we tendered to dispose of commercial waste from a different provider than WSCC where we were tipping all of our waste. The reason for this was due to looking to minimise disposal costs which were rising at the time. Britannia Crest were successful in their tender for commercial residual waste and card paper. This was for a 5 year period with a 5 year extension clause. We still take our commercial mixed dry recycling to WSCC contractors.

Over the last 5 years the service has grown and changed and we have also introduced bulky bags. Due to procurement regulations, we were required to put of the services for tender again. The tender is worth approx. £5m (£1m per year) over a 5 year contract term with the option to extend for 2 years.

The service requirements were broken down into Lots which were as follows

- General Trade Waste
- Commercial mixed dry recycling
- Commercial paper and cardboard only
- Wood Waste
- Commercial Food Waste
- Bulky Bags

Recommendations

That the Cabinet is recommended:

- i) To approve the award of the contracts for commercial waste to the highest scoring tenderer(s), on the terms recommended, as detailed in Appendix 1 (exempt).
- ii) To delegate authority to the Director of Community Services in consultation with the Head of Legal & Democratic Services to finalise terms and conditions and to enter into contract with the highest scoring tenderer(s) for the commercial waste contracts.

Reasons for Recommendations

Under the current Public Contracts Regulations (2015) the Council is legally required to competitively tender if the value of the goods or services exceeds the current threshold of £213,477 (inclusive of VAT).

The service has grown and changed over the period of the current contract, with the inclusion of bulky bags and due to procurement regulations and we are now required to re tender for the services again. The Tender is worth £5m (£1m per year) over a 5 year contract term with the option to extend for 2 years.

Background Papers - None.

Wards affected - All wards.

Contact: Abigail Nye – Commercial Manager
Telephone: 07827896182

Thomas Walker, Senior Procurement Officer
Telephone: 01403 215147

Background Information

1 Introduction and Background

- 1.1 The Council currently collects general commercial waste, commercial mixed dry recycling, commercial paper and cardboard, commercial wood waste and bulky bags which are for commercial and residential use. In 2017 we tendered for business waste to dispose of commercial waste from a different provider than WSCC. Britannia Crest were successful in their tender for residual waste and card and paper. The contract period was for a 5 year period with a 5 year extension clause. The commercial mixed dry recycling is delivered to WSCC contractors.
- 1.2 We have carried out a pre-market engagement questionnaire which took place on 12th August. We had three interested parties. This was to gain some idea of how we can ensure we are getting the best value for money out of our specification by enabling our specification to mirror effective markets.
- 1.3 We will be awarding the contract on 9th December 2022 to start on 1st February 2023.

2 Relevant Council policy

- 2.1 The approaches are compliant with the Council's Procurement Code and supporting policies such as the Sustainable Procurement Charter and sought to obtain value for money supplies/services for the Council.
- 2.2 As part of the procurement process, the organisations which submitted a tender for each contract were assessed on the basis of their approach to a number of factors including health and safety and sustainability.

3 Details

- 3.1 A pre-market engagement questionnaire took place on 12th August. There were three interested parties. The objective of the pre-market engagement was to understand the current market conditions and to ensure we were getting the best value for money out of our specification by enabling our specification to mirror effective markets.
- 3.2 The Open Tender was released on Friday 23rd September with the tender Submission Deadline on Monday 24th October. The Council received one tender for commercial waste (including bulky bags), one tender for wood waste and no tenders for paper and cardboard or food waste.
- 3.3 Appendix 1 (Exempt) details the outcome of the evaluation process.
- 3.4 The tender documentation included a contract in a draft form which, informed the tenderers of the Council's contractual requirements
- 3.5 During the tender preparation processes, suppliers raised clarification questions, which were answered. Clarification information was shared with all bidders through the procurement portal.

- 3.6 Tenders for the Lots that received tenders were evaluated on the basis of the Most Economically Advantageous Tender (MEAT), which combines price and quality. The financial viability of the bids received was assessed by authorised officers after they independently evaluated each tenderer's quality submission.
- 3.7 The individual quality scores were presented at a moderation meeting by the service representatives from the Council, which was attended by the Senior Procurement Officer, The Commercial Waste Manager, the Head of Service and Procurement Project Support Officer. The moderation meeting was also attended by a Senior Contracts Solicitor, to advise on any legal and contractual questions that arose during the meeting. The scores were moderated and agreed at the meeting held on 4 November 2022.
- 3.8 The price scores were added to the quality scores to identify the preferred tenderer(s).

4 Next Steps

- 4.1 Director of Community Services to award and enter into contracts with the winning tenderers, as detailed in Appendix 1 (exempt).

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 Key managers including the Commercial Manager and The Head of Service responsible for overseeing these contracts were part of the project team and were responsible for defining the requirements.
- 5.2 The Director of Community Services and Cabinet Member for Recycling and Waste were consulted on and approved the approach for each tender.
- 5.3 The information on the proposed tender process was presented to the PDAG for Recycling and Waste on 21st September 2022 and an update was given on Wednesday 9th November 2022 and the process was supported
- 5.4 The Head of Legal and Democratic Services (Monitoring Officer) and Director of Resources have been consulted, and any recommendations have been incorporated into the report.

6 Other Courses of Action Considered but Rejected

- 6.1 We could continue with our current contract with Britannia Crest but due to the value we would be acting contrary to the Procurement Regulations and the Council's Procurement Code.

7 Resource Consequences

- 7.1 The impact on the revenue budget in 2022/23 is minimal, as the new contract will start on 1 February, so only two months will be affected by the new prices. Overall, compared to current prices, there would theoretically be less than a £5k increase in costs for these two months. However, there an underspend on disposal as the

volume has fallen slightly compared to that envisaged when the budget was set. This would therefore soak up any additional cost in this financial year. Budgets for 2023/24 will be re-set during the 2023/24 budget setting process.

- 7.2 The Council is not expecting any significant cost increases in the future but external market factors may lead to an increase in the cost of raw materials. Any request for a price increase due to inflationary increases or increases in the pricing of raw materials outside of the supplier's control will be on an annual basis and any increase will be at the Council's discretion.

8 Legal Considerations and Implications

- 8.1 The approaches are compliant with the council's Procurement Code and the Public Contract Regulations and were undertaken by the council's Shared Procurement Service.

9 Risk Assessment

- 9.1 It is considered that there is a low risk of HDC not being able to tip at the winning tenders sites and there are contingency processes in place.
- 9.2 There is a risk as the paper and cardboard Lot received no tenders, so officer will need to negotiate tipping these materials with WSCC as well as the dry mixed recycling. This could come at an increased cost or have an impact on the operational running of the current service.

10 Procurement implications

- 10.1 The Council has complied with all necessary Procurement Regulations and the Council's Procurement Code. The procurement processes have been overseen by the Council's Procurement Senior Procurement Officer, supported from a Senior Solicitor ensuring compliance.

11. Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 The tender documentation and contract ensure that the resulting contractor has a duty to comply with all equalities legislation and pays due regard to any possible future impacts on human rights.

12 Environmental Implications

- 12.1 Suppliers were assessed on their approach to sustainability (for example carbon reduction and neutrality, waste, etc.) as part of the quality evaluation process for each tender.

13 Other Considerations

- 13.1 Prospective suppliers had to demonstrate robust Safe Working Method Statements and how we would access data showing tonnages tipped and also end of life destinations for all waste streams.

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of the Local Government Act 1972.

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Report to Cabinet

24 November 2022

By the Cabinet Member for Recycling and Waste

DECISION REQUIRED



**Horsham
District
Council**

Partially exempt

**Appendix 1 exempt under Paragraph 3 of Part 1 of
the Schedule 12A to the Local Government Act
1972**

Refuse Vehicle Refurbishment Tender Award

Executive Summary

The purpose of this report is to advise on the need to refurbish our fleet of twenty-two RCV's (refuse collection vehicles).

The vehicles are all reaching the end of their useable life. They are increasingly costly to maintain and this also leads to more time off the road when we can't use them. The report proposes Capital investment to extend the life of the vehicles for a further six years, by which time it is anticipated that there will be viable opportunities for RCVs to be purchased which will be powered by alternative fuel sources that will further support Horsham District Council's carbon reduction targets.

Recommendations

That the Cabinet is recommended:

- i) To approve the award of the contract for Refurbishing the Refuse Vehicles to the highest scoring bidder, on the terms recommended, as detailed in Appendix 1 (exempt).
- ii) To delegate authority to the Director of Communities in consultation with the Head of Legal & Democratic Services to finalise terms and conditions and to enter into a contract with the highest scoring bidder for the Refuse Vehicles Refurbishment Contract once the capital budget has been approved by Council.
- iii) To recommend to Council to approve a capital budget of £566,520 in 2023/24 and £623,172 in 2024/25 for the refurbishment of 21 vehicles.

Reasons for Recommendations

- i) & ii) To refurbish our RCV fleet over the next two years will enable the vehicles to be used for a further six years to allow alternative fuel options to be more available at a reasonable cost and refuelling infrastructure to be in place.
- iii) The constitution requires full Council to set capital budgets.

Background Papers

- Capital vehicle replacement schedule December 2021.
- Horsham District Councils three-year programme to reduce the Councils' carbon emissions; working towards the approved carbon neutral targets.

Wards affected: All wards

Contact:, Laura Parker, Head of Recycling and Waste. 07799459364.
Mark Neal, Transport Manager 07826858184.

Background Information

Introduction and Background

- 1.1 The Refuse Collection Vehicles (RCV's) have been inspected and found to be in need of refurbishment in the bodies and cabs. This is work which needs to be carried out to extend their useable life with reduced downtime and maintenance costs.

2 Relevant Council policy

- 2.1 A cared-for environment, replacing existing vehicles with alternatively fuelled alternatives to help reduce carbon emissions and help towards the protection of our environment.

3 Details

- 3.1 Our refuse collection fleet comprises various aged vehicles of differing sizes from 15 to 26 tonnes. Although we have achieved significant reductions in the carbon impact of our refuse collection fleet through the use of Hydrotreated Vegetable Oil (HVO) which has had a major impact on the carbon impact of our fleet, to help achieve carbon neutrality by 2030 we will need to replace these vehicles with alternative powered vehicles. These can be either BEV (Battery Electric Vehicles) or Hydrogen.
- 3.2 The cost of these alternative vehicles is high at £450,000 each for a BEV version, and £600,000 each for a hydrogen version. Furthermore, the battery charged vehicles are not fit for purpose for the Horsham District. We have recently undertaken a trial of a battery electric vehicle which established that they did not have the mileage range to meet our requirements.
- 3.3 Therefore, in order to allow the cost of these vehicles to become more reasonable and charging infrastructure to be installed we are proposing to refurbish the existing vehicles in order to extend their lives. This will be achieved by refurbishing the vehicles in order to re-use. This will follow our climate strategy of reducing carbon emissions compared to building new vehicles. They will still use HVO, saving 90% of emissions compared to diesel. It will give us a minimum of six years further life which we expect will allow time for electric and Hydrogen technology and infrastructure to become more established.
- 3.4 A specification of requirements for refurbishing the refuse vehicles was constructed and included in a full tender pack (containing instructions to bidders, pricing schedule and draft terms & conditions).
- 3.5 This tender pack was put out to the closed pre-approved list of suppliers on Lot 2 of the Procurement Partnership/NEPO HGV & Specialist Vehicles Procurement Framework Agreement (Ref NEPO224) on 6 September 2022. This type of procurement process is compliant under both the Council's procurement rules and under the Public Contract Regulations 2015.

- 3.6 Bids for each tender process were evaluated on the basis of the Most Economically Advantageous Tender (MEAT), which combines price and quality. The individual quality scores were presented at a moderation meeting on 28 October 2022 by the service representatives from the Council, which was attended by the Senior Procurement Officer, The Transport Manager, the Assistant Resources Manager, the Senior Fitter and the Senior Solicitor. The scores were moderated and agreed at this meeting.
- 3.7 After the quality evaluation was concluded, the pricing was examined by the evaluation panel who confirmed that all specification requirements had been priced for and costing received were in line with expected price returns.
- 3.8 The prices scores were added to the quality scores to identify the winning Tenderer who will be awarded the contract. Refuse Vehicle Solutions were the Company selected to carry out the Refurbishment.

4 Next Steps

- 4.1 Once the future capital budgets are approved on 14 December 2022, Director of Community Services to award and enter into contract with the winning bidder, as detailed in Appendix 1 (exempt).

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The Recycling and Waste PDAG discussed both the proposal to extend the life of the vehicles and the procurement strategy at its meeting on 20 July 2022 and on 9 November 2022. Members of the group were supportive with the approach proposed.

6 Other Courses of Action Considered but Rejected

- 6.1 The Council can continue using the current RCV's but this is not recommended as they are becoming unreliable and need to have their economic life extended.
- 6.2 The Council can decide to purchase electric or hydrogen vehicles now but currently the cost of these vehicles is high at £450,000 each for an electric version, or £600,000 each for a hydrogen version. Battery range is also very poor and the charging infrastructure within our District does not meet HGV charging requirements.
- 6.3 The Council can hire in vehicles to cover downtime, but this is costly and there is no guarantee that hire vehicles will be available.

7 Resource Consequences

- 7.1 The total cost for the 22 vehicles for the contract starting in 2022/23 and completing in 2024/25 is £1,246,343.36 (inclusive of Framework charges). This works out to be £56,562 per vehicle, which is considerably less than a new vehicle. This is split over the following years:

- 2022/23 - 1 vehicle – £56,652 already within approved capital budget
- 2023/24 - 10 vehicles - £566,520 request for capital budget in 2023/24
- 2024/25 - 11 vehicles - £623,172 request for capital budget in 2024/25

7.2 To purchase a new RCV it costs £150K per vehicle, which would total £3,300,000. The refurbishments will save around £2million compared to buying new as well as valuable Service and maintenance time which will allow HDC to stay compliant with Operator Licence Regulations.

7.3 The existing vehicle capital budget in 2022/23 has sufficient headroom to accommodate the single vehicle refurbishment within existing budget. The report requests capital budget in 2023/24 and 2024/25 is approval by full Council on 14 December 2022 to meet these costs.

7.4 There are no staffing resource consequences as a result of this tender award.

8 Legal Considerations and Implications

8.1 The process is compliant with all necessary Procurement Regulations and the Council's Procurement Code.

8.2 In-house legal resources will be used to complete the legal documentation.

9 Risk Assessment.

9.1 If the proposed options are not approved, then there is a significant risk of the current revenue budgets being affected due to increased costs of repairing and maintaining our aging fleet. There is also a significant risk to the Council Operators Licence which has strict guidelines on the upkeep and maintenance of our heavy goods vehicles.

9.2 Assumptions

1. Technology will improve within next 5 to 6 years including vehicles and batteries
2. Alternative technologies such as Hydrogen (already in use in Scotland and N America) will become available for larger vehicles (RCVs and large sweepers)
3. Charging infrastructure will improve with a move toward smart charging at charge-points to manage demand in real-time.
4. Introduction of lower time of use (ToU) tariffs using multiple charge-points not exceeding maximum power capacity at the site.
5. Advancement of different types of ultra-low emission vehicles (ULEVs) including zero emission, extended range electric vehicles, plug-in hybrids for larger (HGV) and fuel cell electric (FCEV- hydrogen vehicle)
6. Government will adhere to its zero carbon emission target with potential stretch-targets introduced following COP26.

10 Procurement implications

10.1 The Council has complied with all necessary Procurement Regulations and the Council's Procurement Code. The procurement processes have been overseen by the Council's Procurement Senior Procurement Officer, supported by the Senior Solicitor ensuring compliance.

11. Equalities and Human Rights implications / Public Sector Equality Duty

11.1 The recommendation has no negative impact on any particular groups and an Equalities Impact Assessment is not required.

12 Environmental Implications

12.1. Suppliers were assessed on their approach to sustainability (for example carbon reduction and neutrality, waste, etc.) as part of the quality evaluation process for each mini competition undertaken.

12.2 Emissions savings from the use of HVO as opposed to normal diesel. Re-use of existing vehicles also fits in with our sustainability and environmental strategy.

13 Other Considerations

13.1 The tender will ensure GDPR and data protection processes are in place and compliant with all relevant legislation.

13.2 Crime and disorder incidents are unlikely to occur but do need to be taken into consideration for potential vehicle or infrastructure vandalism. Monitoring processes are in place to deter this behaviour.

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of the Local Government Act 1972.

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Report to Cabinet

Cabinet Meeting 24 November 2022
By the Cabinet Member for Housing and Public
Protection



DECISION REQUIRED

Partially exempt

Appendix 1 is exempt under Paragraph 3 of Part 1 of
Schedule 12A to the Local Government Act 1972

Approval of Business Case for Horsham District Homes for affordable homes in London Road, Horsham

Executive Summary

In March 2019, Cabinet approved the creation of two companies for the purpose of providing affordable rental housing in the District. Horsham District Homes Limited (HDH), development company, and Horsham District Homes (Holdings) Limited (HDHH) were both incorporated in 2019.

Horsham District Council is the sole shareholder of HDH. The shareholder agreement for HDH reserves certain matters for Cabinet approval, including the approval of business cases for projects and approval of any loans to be made by the Council to the companies.

The Directors of HDH have prepared this business case setting out an opportunity that they wish to pursue, which require approval of Cabinet. The opportunity consists of a development of eleven homes in London Road, Horsham. The details of the transactions are set out in the body of this report and in appendix 1. A summary of the illustrative financials is set out below:

Transfer value for the project*	£2,650,000
Net rental income	c£106,000
Yield	4.0%
Market value of the homes	£4.05m
Ratio of transfer value to market value	65%

*(affordable rent market value to be financed with s106 commuted sums)

These figures are illustrative. The final figures will be settled when the contract sum has been agreed with the contractors. This means that there may be appropriate adjustments which may increase or decrease the land value for the site. Because the figures are illustrative, it is recommended that the s151 officer, in collaboration with the Leader, Cabinet member of Finance and Parking and the Cabinet member for Housing and Public Protection, be authorised, by way of delegated authority, to agree the final figures with the Directors of the company, subject to the rentals and the transfer value being unchanged.

Cabinet is recommended to approve the business case and agree to release the funding in accordance with the loan agreement, to enable the proposals to be financed. The interest rate payable to the Council will be 4% plus base rate pa.

Cabinet is recommended to delegate authority on the basis set out in the recommendations below:

Recommendations

That the Cabinet is recommended:

- i) To approve the business case for the construction of eleven homes for affordable rental in London Road, Horsham by Horsham District Homes Limited.
- ii) To approve the transfer of the land in London Road, Horsham from Horsham District Council to Horsham District Homes Limited for c£200,000 subject to obtaining any consent of the Secretary of State, if required and approval of the final construction costs and appraisal.
- iii) To approve a loan of up to £2,650,000 to Horsham District Homes Limited for the construction of the eleven properties at London Road, Horsham at the agreed rate of 4% plus base rate.
- iv) To (a), recommend to Council the transfer of s106 funds to Horsham District Homes (Holdings) Limited for the purchase, at affordable rent market rate, of the eleven 2 bedroomed homes in London Road, Horsham for a sum of no greater than £2,650,000 plus stamp duty land tax (if applicable given intra-group relief) and agents fees, and, (b) approve the transfer of the homes from Horsham District Homes Limited to Horsham District Homes (Holdings) Limited .
- v) To delegate to the Section 151 Officer, in consultation with the Leader and Cabinet Members for (i) Finance and Parking, and, (ii) Housing and Public Protection, authority to agree the final figures in relation to this project, including the transfer value of the land, subject to the transfer value of the project of £2.65m and rental values remaining unchanged.

Reasons for Recommendations

Approval of the recommendations will allow the details of the transactions to be completed so that the affordable rental properties can be delivered for the benefit of households on the housing list.

Appendix 1

Business case for the development of affordable homes at London Road, Horsham
(exempt)

Background Papers

None

Wards affected: Denne

Contact: Brian Elliott: Head of Property and Facilities 01403 215328

NB Brian Elliott has been appointed by the Council as a Director of HDH

Background Information

1 Introduction and Background

- 1.1 Horsham District Homes Limited (HDH) is a company owned and controlled by Horsham District Council which has been established for the purpose of delivering affordable rented accommodation in Horsham District. The objectives of the company, as detailed in the business case, are to (a) increase delivery of affordable housing (b) make the best use of s106 Commuted Sums and (c) provide a financial return to the Council to reinvest in the District.
- 1.2 The Shareholders Agreement for HDH set out a number of shareholder consents, which are used to control the activities of HDH. These consents include the approval of business cases for projects to be delivered by HDH and the approval of loans to be provided by the Council to HDH and any approval of s106 grant funding.
- 1.3 The directors of HDH are seeking Cabinet approval to undertake the project as detailed in the business cases set out in Appendix 1 and the purpose of this report is to recommend consent to these proposals.

2 Relevant Council policy

- 2.1 The 2019 to 2023 Corporate Plan sets out the Council's strategic objectives and includes creating great places for people to live and work and creating a strong safe and healthy community. Paragraph 3.2.2 of the corporate plan states the objective of using the Council's affordable housing company to build affordable homes in areas of high demand.

3 Details

- 3.1 The details of the proposals are set out in Appendix 1, which sets out an opportunity at London Road, Horsham
- 3.2 The business case for the establishment of HDH focused on direct development as the primary delivery mechanism for affordable housing on low cost/no cost land owned by the Council. The business case for HDH included financial illustrations that suggested a yield of 5% on net rental income and a transfer value of c55% of open market value, which is in line with transfer values in the registered provider sector. These were optimum targets and returns will vary between projects and over time. It is therefore to be expected that transactions may deliver higher or lower returns depending on the circumstances and it may be that 4.5% is a more realistic target. The average level of return across this project is 4.0%, which is considered to be appropriate for this development.
- 3.3 The opportunity at London Road is a direct development to be undertaken by HDH. The financial details of each project are set out below:
- 3.4 **London Road, Horsham.** This is a development of eleven 2-bedroom properties
- 3.5 The local housing allowance rate, which is the 'benefit rate', for a 2-bedroom property is £218.63 per week. The total gross annual rent is therefore £125,056 per

annum, which is reduced by a notional 15% to cover voids, repairs, and management, to provide a net figure of £106,000 pa.

- 3.6 The business case and budget figures for London Road indicate that the total development value (ie, affordable rent market value) for the scheme will be £2.65m. A transfer from HDH to HDHH at this figure will mean that HDH will achieve a yield of 4.0%. A transfer price of £2.65m will be approximately 59% of market value, which is broadly in line with business case assumptions as noted in 3.2 above.
- 3.7 Included in the budget figures is a land transfer value estimated at £200,000 to be payable by HDH to Horsham District Council. It is important to note that budget figures may be subject to change depending on the independent valuation, further site investigations and procurement of the contractor.
- 3.8 As of August 2022, the current affordable housing list for Horsham District has 748¹ households with 458 households identifying the relevant area of Horsham as an area of choice; of these 144 households are seeking 1-bedroom homes and 104 households 2-bedroom homes. Therefore, there is a clear demand for this type of property.
- 3.9 Horsham District Homes will aspire to develop these units to an Energy Performance Certificate (EPC) rating of A, depending on technical and price feasibility. If an EPC of A cannot be achieved, the minimum level acceptable to the Council is B. At a national level just 1% of new homes are EPC A and 81% of new homes achieve an EPC B rating. EPC A rated homes comprise 0.2% of housing stock (40,000 homes) and B rated homes comprise 2% of the existing housing stock at a national level. The properties will be all electric which is in keeping with future trends and will therefore be carbon neutral when generation of electricity is decarbonised.

4 Next Steps

- 4.1 Pre-planning advice will commence in December and it is expected that works will start on site in late 2023 with a 12 month build period.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The proposal has been considered by the Finance and Parking PDAG and the Housing and Public Protection PDAG and member's were in favour of the use of the London Road site as affordable rented units.
- 5.2 The **Director of Resources** drafted the resources consequences in this report and **the Council's Chief Finance** Officer and Monitoring Officer were consulted. None of these officers have roles within either HDH or HDHH.
- 5.3 Local members have been consulted as well as local stakeholders. No concerns have been raised.

¹ Figures correct at August 2022

6 Other Courses of Action Considered but Rejected

6.1 Not applicable

7 Resource Consequences

7.1 The Council will receive a capital receipt for the land disposal at London Road. This is currently estimated in the illustrative figures at £200,000. An independent valuation of this land will be undertaken which will help confirm the value of the capital receipt that the Council would expect to receive for this land. The capital receipt will contribute to the funding of the Council's capital programme and capital projects across the district.

7.2 The financial consequences are detailed in the business case. The Council will benefit from (i) the interest payments on the loan, and (ii) any dividend which is paid by HDHH to HDH and then to the Council. The interest could be as much as £100,000 over the build period, which should commence in 2023/24 and end in 2024/25.

7.3 The Council expects the valuation of the land for open market housing to be in the order of £580,000. The decision to progress the project as affordable housing means that this figure will not be realised. Instead, the Council will secure 11 much needed affordable homes, which will reduce the housing waiting list and will realise the value of the land for affordable housing which may be up to £200,000. Also, the Council will receive, as ultimate owners of Horsham District Homes (Holdings) Limited the revenue generated by the affordable housing development, which HDH may pay to the Council as dividends as mentioned in paragraph 7.2.

8 Legal Consequences

8.1 Horsham District Council has a statutory duty to sell land at the best price reasonably obtainable pursuant to section 123 of the Local Government Act 1972 ("LGA 1972").

8.2 However, the government recognises that there may be circumstances where a local authority considers it appropriate to dispose of land at an undervalue. The disposal from Horsham District Council to HDH comprises a transaction at undervalue. Ordinarily, specific consent to such disposals would be required.

8.3 The power for the Secretary of State to give a general consent for the purpose of land disposals by local authorities is set out in section 128(1) of the LGA 1972. This provides that specific consent is not required for the disposal of any interest in land (i) that the authority considers will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area, and, (ii) where any undervalue does not exceed £2 million ("General Disposal Consent"). Horsham District Council is of the view that the transfer of the property will facilitate the provision of affordable housing thereby contributing to the social improvement in the district and the undervalue would not exceed £2 million.

8.4 That said, although the General Disposal Consent provides authority for an undervalue disposal, Horsham District Council would need to comply with the obligation to obtain Secretary of State consent to support privately let accommodation. This is because, section 24 of the Local Government Act 1988 (“LGA 1988”) provides local authorities with the power to provide financial assistance for privately let housing accommodation, but, section 25 of the LGA 1988 provides that Secretary of State consent is required in relation to the provision of financial assistance or with any gratuitous benefit. Therefore, Secretary of State consent is needed not only to provide financial assistance (owing to the loan) but also to dispose of property at less than market value, which is treated as a gratuitous benefit.

8.5 Consideration must also be given in respect of whether the transfer of land by the Council at undervalue and the provision of a loan to construct the housing accommodation will be considered a subsidy under the current UK subsidy rules. To answer the questions as to whether these two transactions can be accommodated within the current subsidy rules you need to consider a number of factors to satisfy yourself that the subsidy being provided does not distort the market and provide one economic operator with an advantage over a competitor or the public body will provide a cheaper services than economic operators with what it proposes to do.

8.6 The factors to be considered are;

1. What is the Council’s public policy objective?

The provision of affordable housing for people on the Council’s housing waiting list.

2. What is the rationale for the Council’s intervention?

The Council’s waiting list contains a large number of people waiting for affordable housing. There are Registered Providers within the District that provide such accommodation and work with the Council to house the most vulnerable people, but there is increasing demand for affordable housing that is not being met by the private developers and Registered Providers. There is a reliance on private developers completing developments and either making a financial contribution towards affordable houses or building affordable housing on their developments. The current demand for affordable housing outstrips the current supply.

3. What are the desired outcomes of the Council’s intervention?

To provide affordable accommodation for some of those families on the Council’s housing waiting list.

The provision of land at undervalue and a loan for the development is proportionate and limited to what is necessary to achieve the Council public policy objective as it is on a small scale and is a limited development to provide affordable housing on land that is surplus to requirements.

The Council could sell the land at market value to a private developer or engage them to build the affordable housing, but private developers are generally in the market to build at market value housing for sale on the open market at a profit. Therefore, the marketplace, does not currently operate in this area as the developers of affordable housing on public owned land are normally, Registered Providers, Charities and Local Authorities.

The Council therefore considers it is proportionate for it to utilize its own land that is suitable for development to provide needed affordable housing in the District due to high private sector rentals costs and high numbers of people on their housing waiting lists.

Transferring the land at undervalue to the housing company and lending the housing company the money to design and build the affordable housing units is considered to be proportionate and necessary. The development loan and transfer of the land at undervalue, will not have an impact outside the Council's administrative area.

In conclusion the Council's policy objective of providing affordable homes for some people on the Council's housing waiting list, is unlikely to be achieved as quickly via any other of the current routes and the financial support does not distort the market place as the market place is currently unable to supply the numbers of affordable housing required to meet demand and this development will have a negligible impact on the market place.

9 Risk Assessment

- 9.1 Normal risks associated with property development including budgets being exceeded and programme not being met. These will be mitigated by the employment of suitably qualified external professionals and procurement of contractors through the normal procurement processes.

10 Procurement implications

- 10.1 Appointments of consultants and the contractor for the project will be in accordance with the Companies' reserved matters and the Council's Procurement Code and applicable procurement statutory requirements.

11 Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 There are no equalities and human rights implications associated with this report.

12 Environmental Implications

- 12.1 The environmental targets are set out in paragraph 3.9 above.

13 Other Considerations

- 13.1 There are no other considerations under GDPR/Data Protection or Crime & Disorder.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Report to Cabinet

24 November 2022

By the Cabinet Member for Finance and Parking

DECISION REQUIRED



**Horsham
District
Council**

**Appendix 1 exempt under Paragraph 3 of Part 1 of
the Schedule 12A to the Local Government Act
1972 (not available yet)**

Procurement of Merchant Acquiring Service - Tender Award

Executive Summary

The purpose of this report is to approve the award of contracts for the merchant acquiring service following a comprehensive tender process.

The Cabinet is asked to approve the letting of the contract for credit and debit card acquisition to the Contractor identified in Appendix 1. This follows a 'direct award' procurement process within a national Crown Commercial Services (CCS) framework agreement. Globalpayments are the existing supplier for the majority of the portfolio and Worldpay are the existing supplier for a service area that previously could not be transferred to Globalpayments.

Recommendations

- i) That the Cabinet is recommended to award the contract to supply merchant acquisition service to the Contractor identified in Appendix 1 for a period of two years with the option to extend for a further two years.

Reasons for Recommendations

- i) This follows a procurement process using a Crown Commercial Services framework agreement.

Under the current Public Contracts Regulations (2015) the Council is legally required to competitively tender or utilise a compliant Framework Agreement if the value of the goods or services exceeds the current threshold of £213,477 (inclusive of VAT).

Wards affected: All

Contact: Julian Olszowka, Group Accountant (Technical), 01403 215310

Thomas Walker, Senior Procurement Officer, 01403 215147

Background Information

1 Introduction and Background

- 1.1 The merchant acquisition service allows card payments to be taken. The current supplier is Globalpayments and the service was procured under a Crown Commercial Services framework RM3702 in November 2018 for an initial two years.
- 1.2 This contract was continued beyond the initial two years, however the framework being used was replaced by the new framework RM6118. The service continued with the same conditions as were in place for old framework but it was decided to reprocure using the new framework to regularise the position by establishing which framework was being used and the length of the contract.

2 Relevant Council policy

- 2.1 The procurement is being undertaken in line with the corporate objective to provide quality value for money services.

3 Details

- 3.1 To accept card payments the Council requires a card acquisition service. This service is currently supplied in the majority of the payment channels the Council uses by Globalpayments. The exceptions are where third-party card payment systems bundle up card acquisition with the rest of the payment system. The current contract was procured under the Crown Commercial Services framework RM3702. This framework has been replaced by a new framework RM6118. Finance and Procurement officers carried out an evaluation of the acquiring service available in the new contract on Monday 17 October 2022 and the Contractor identified in Appendix 1 was the overall best value.
- 3.2 The Crown Commercial Services Pricing Matrix includes direct payments and indirect payments
- 3.3 The direct payments are the 'real fees'; what the Council pays for the service.
- 3.4 The indirect payments are Visa and Mastercard charges that go through the Contractor but are passed onwards; these are fees outside of the Council's control and were previously unreportable which is why the Contract Value appears larger.
- 3.5 While the declared Contract Value in Appendix 1 is significantly more expensive than the declared value for the last contract, in reality the cost of the card acquiring element has remained the same because the inclusion of the indirect payments has inflated the contract value. These indirect costs are identical for all possible suppliers and are passed through to card companies rather than retained by the contractor.

4 Next Steps

- 4.1 If approved, the next step is to complete a "call off" schedule which is a part of the framework to access the contract.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The Finance and Parking Policy Development Advisory Group of 7 November 2022 considered this matter and agreed it was an appropriate way forward.
- 5.2 Both the Monitoring Officer and the Director of Resources have agreed it follows appropriate legal and financial practice.

6 Other Courses of Action Considered but Rejected

- 6.1 The Council could have carried out an open tender but this would be resource intensive and not justified by the amount spend per year. The Crown Commercial Services framework is known to be very competitive in this area and the Council can use the detail technical specification in the framework which it would struggle to duplicate.

7 Resource Consequences

- 7.1 As the rates charged by the Contractor are unchanged there is no financial consequence.
- 7.2 There are no staffing issues as a result of the decision.

8 Legal Considerations and Implications

- 8.1 If agreed, officers will consult with legal colleagues on the contents of the call off schedule needed to enter the contract. The Crown Commercial Services framework has been set up to allow councils to access it without the need for detail legal consideration.

9 Risk Assessment

- 9.1 As the supplier have already gone through an extensive pre-qualification, we should be confident the service will be robust and of sufficient quality. The price is guaranteed in the framework and it is very competitive so it is unlikely a significantly cheaper service will be available in the contract period.

10 Procurement implications

- 10.1 The Council has complied with all necessary Procurement Regulations and the Council's Procurement Code. The procurement processes have been overseen by the Council's Procurement Senior Procurement Officer, supported by the Senior Solicitor ensuring compliance.

11. Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 There are no issues in this area and no Equalities Impact Assessment is required.

12 Environmental Implications

- 12.1 There are no implications in this area as the service is purely electronic using existing infrastructure and using minimal amount of power.

13 Other Considerations

- 13.1 The Crown Commercial Services framework mandates the following of **Data Protection** regulation. The Contractor has indicated they will work with the Council to counter card fraud, which aligns with the Council's objective to address **Crime & Disorder** issues.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Report to Cabinet

24 November 2022

By the Cabinet Member for Finance and Parking

DECISION REQUIRED



**Horsham
District
Council**

Partially exempt

**Appendix 1 exempt under Paragraph 3 of Part 1 of
the Schedule 12A to the Local Government Act
1972**

Residential Management Tender Award

Executive Summary

The purpose of this report is to advise on the need to renew the Council's arrangement for Residential Management of flats within The Forum and Lintot Square with a new Contract to replace the old one expiring on 31 December 2022.

This Contract is subject to the requirements of Section 20 of the Landlord and Tenant Act.

Recommendations

That the Cabinet is recommended:

- i) To approve the award of the contract for Residential Management of Flats at the Forum and Lintot Square to the highest scoring bidder, on the terms recommended, as detailed in Appendix 1 (exempt).
- ii) To delegate authority to the Director of Place in consultation with the Head of Legal & Democratic Services to finalise terms and conditions and to enter into a contract with the highest scoring bidder for the Residential Management Contract.

Reasons for Recommendations

Under the current Public Contracts Regulations (2015) the Council is legally required to competitively tender if the value of the goods or services exceeds the current threshold of £213,477 (inclusive of VAT).

While at face value the contract is based on a concession model (service users pay the Supplier for services rendered directly) this does not fall under the definition of a contract governed by the Concession Contracts Regulations (2016) as the Contract Value is largely guaranteed for the supplier (it is a mandatory requirement for service users to pay for the service) so the Public Contracts Regulations (2015) still apply to this contract.

Background Papers

- None

Wards affected: Denne & Southwater

Contact: Elizabeth Williams - Property Management Team Leader

Telephone: 01403 215147

Thomas Walker – Senior Procurement Officer

Telephone: 01403 215147

Background Information

Introduction and Background

- 1.1 The Finance and Parking Policy Development Advisory Group (9 May 2022) supported an open tender process to select a management company for carrying out the residential management of Lintot Square and The Forum residential flats.
- 1.2 Tenders were received from 3 companies and evaluated on a 60% Price/ 40% Quality basis. Responses to Clarification Questions have contributed to the identification of a preferred bidder.
- 1.3 A local management presence is desirable and each of the tenderers provided options for this to occur.
- 1.4 The proposed contract term is 5 years with a 2 year extension

2 Relevant Council policy

- 2.1 An open tender process aligns with the Council's procurement policy.

3 Details

- 3.1 Council has a freehold interest in The Forum, Horsham and Lintot Square, Southwater.
- 3.2 There are 150 flats in total, consisting of 1, 2 and 3 bedrooms with an ownership mixture of leaseholder occupied and rented, along with a bulk letting of 64 flats to a social housing provider.
- 3.3 The current management contract is held by Residential Management Group who are holding over until 31 December 2022
- 3.4 The residential management function includes managing repairs and maintenance, rental collection, statutory compliance and managing leaseholder sales.
- 3.5 Tenderers were assessed on a 40% basis for quality with questions based on service delivery, social value, contract management, repair and maintenance management, financial management, compliance and current knowledge and implementation plans.

4 Next Steps

- 4.1 To enter into a management contract with the winning bidder.

5 Views of the Policy Development Advisory Group (PDAG) and Outcome of Consultations

- 5.1 Finance and Parking PDAG approval was given to the open tender process on 9 May 2022.
- 5.2 The Monitoring Officer and the Director of Resources have been consulted to ensure legal and financial probity and their comments incorporated into the report.

6 Other Courses of Action Considered but Rejected

- 6.1 The utilisation of Framework Agreements setup by other Public Bodies was considered but rejected on the grounds it would not fulfil the specific requirements of the Council and the process of calling off from a Framework Agreement would limit the number of suppliers capable of tendering for the contract.

7 Resource Consequences

- 7.1 Contract payment is met directly by the leaseholders as part of their service charge. There is no revenue impact on the Council as payments / income do not go through the Council.

8 Legal Considerations and Implications

- 8.1 The approaches are compliant with the council's Procurement Code and the Public Contract Regulations and were undertaken by the council's Shared Procurement Service.

9 Risk Assessment

- 9.1 A Risk assessment is not required to let this contract however questions on Health and Safety competence formed part of the tender. A risk assessment of the buildings will be carried out as part of the contract mobilisation.

10 Procurement implications

- 10.1 The Council has complied with all necessary Procurement Regulations and the Council's Procurement Code. The procurement processes have been overseen by the Council's Procurement Senior Procurement Officer, supported by the Senior Solicitor ensuring compliance.

11 Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 Equality analysis will need to be undertaken to ascertain the potential impact on staff, service users, vulnerable groups and wider communities groups that share

protected characteristics and take actions to mitigate any negative impact as each project is developed and implemented.

- 11.2 Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality in relation to Race, Disability, Gender including gender reassignment, Age, Sexual Orientation, Pregnancy and maternity, Religion or belief. The Council also has a duty to foster good relations, and to consider the impact of its decisions on human rights. The law requires that this duty to pay 'due regard' is demonstrated in the decision making process.
- 11.3 As an open tender process was undertaken there was no adverse impact on any of the above groups and an Equalities Impact Assessment is not required. Assessment was based on competency related questions.

12 Environmental Implications

- 12.1 Tenderers each responded to a quality question regarding sustainability and provided examples of a commitment to recruiting local labour and supporting graduate and apprenticeships, along with being equal opportunities employers. They demonstrated working with local suppliers and contractors on other contracts held by them.
- 12.2 The lead tenderer has an annual environmental review embedded in their culture with achievements over a 5 year period provided including using renewable energy, regular recycling, waste avoidance and promotion biodiversity on buildings by installing bug hotels and bird boxes.
- 12.3 Quarterly meetings based on green initiatives are undertaken to improve and develop further.

13 Other Considerations

- 13.1 Clauses relating to GDPR and Data Protection are included within the management contract. This is essential as personal details are kept and used on a daily basis.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Overview and Scrutiny Committee – Call-in request
20 OCTOBER 2022

Present: Councillors: Tony Bevis (Chairman), Ian Stannard (Vice-Chairman), Paul Clarke, Ruth Fletcher, Nigel Jupp, Richard Landeryou, Tim Lloyd, John Milne, Josh Potts and David Skipp

Apologies: Councillors: Philip Circus, Billy Greening, Bob Platt and Jack Saheid
Absent: Councillors:

Also Present: Martin Boffey, Lynn Lambert, Colin Minto, Christian Mitchell, Jon Olson and Belinda Walters

SO/32 **CALL-IN REQUEST OF CABINET DECISION: CIL GOVERNANCE FOR THE UNPARISHED AREA OF HORSHAM TOWN**

PRESENT:

Called in by: Cllr Martin Boffey with the support of:
Cllrs: John Milne, Colin Minto, Jon Olson, Belinda Walters

Committee Members:

Cllrs: Tony Bevis (Chairman), Paul Clarke, Ruth Fletcher, Nigel Jupp, Richard Landeryou, Tim Lloyd, John Milne, Josh Potts, David Skipp, Ian Stannard

Also in attendance:

Cllr Lynn Lambert (Cabinet Member for Planning & Development)
Cllr Christian Mitchell (Cabinet Member for Horsham Town)

CABINET DECISION:

Cabinet Decision made on 29 September:

Community Infrastructure Levy Governance Arrangements for the three Neighbourhood Councils/unparished areas of Horsham Town

- Recommendation agreed at Cabinet:

To agree to delegate the Governance arrangements for the prioritisation, allocation and spend of the unparished areas of Horsham Town CIL receipts to the Director of Place in consultation with the Cabinet Member for Planning and the Cabinet Member for Horsham Town.

Reason

It is necessary to update the current CIL Governance arrangements to provide clarity, transparency and consistency in the collection, allocation and spending of

CIL receipts within the three Neighbourhood Councils/unparished areas of Horsham Town.

The Chairman of the Overview & Scrutiny Committee invited the Members who had asked for the decision to be called in to explain their reasons for the request and what they feel should be reviewed.

Councillor Boffey and the supporting Councillors raised the following concerns:

- The Cabinet resolution delegated the arrangements for allocating CIL receipts to one officer, the Director of Place, in consultation with two Cabinet Members and did not include Local Ward Members or other stakeholders.
- There was no mention in the resolution of how and by whom the governance structure needed to carry out the allocation of CIL receipts would be arrived at, and there was concern there would be minimal local input or control.
- The structure needs to reflect that of Parish Councils so that Neighbourhood Councils are not disadvantaged.
- Whilst the Planning & Development PDAG had discussed that a panel to help allocate contributions was required, and who might be involved in that panel, including a Ward Member and Neighbourhood Councillor from each area, this had not been finalised or communicated clearly to Local Members.

The Chairman invited Councillor Lynn Lambert, Cabinet Member for Planning & Development, to comment:

- Councillor Lambert stated that the delegation in the resolution at Cabinet was intended to allow the Director of Place, in consultation with the Cabinet Members, to set up a panel, which would include a Local Member from each Ward and Neighbourhood Council representatives.

The Chairman invited Committee members for comments and to ask questions of Members and Officers in attendance.

- The Head of Planning & Development Control stated that the same resolution had been used for the whole CIL pot, and she confirmed the intention to set up a panel that would decide how CIL contributions for the unparished area would be spent.
- The Monitoring Officer advised that although Neighbourhood Councils were unlike Parishes and did not have the same legal status, the Council sought to treat them fairly. The delegation to an officer was required because of the Neighbourhood Councils' legal status.
- The Monitoring officer drew attention to the executive summary of the Cabinet report. This indicated that the infrastructure needs in the unparished area of Horsham Town would be identified and prioritised through consultation with Local Members, Neighbourhood Councils and interested parties using a dedicated

process, which would be established for that purpose. The purpose of the report had been to enable these Governance arrangements to be finalised.

- Councillor Christian Mitchell, Cabinet Member for Horsham Town, confirmed that Neighbourhood Council chairmen had attended a meeting on 26 April 2022 where the matter had been discussed.
- Committee members agreed that there was a need for the Cabinet resolution to mention specifically that Local Members would be included in the delegation

COMMITTEE DECISION:

Committee Members were invited to make one of the following resolutions, as set out at 4c. 21 of the Constitution:

- a) to take no further action, in which case the decision will take effect immediately;
- b) to refer the decision back to the decision-maker for reconsideration, setting out the nature of the Committee's concerns; the decision-maker must then reconsider the matter with a further 10 working days, taking into account the concerns of the Overview and Scrutiny Committee, before making a final decision; or
- c) to refer the matter to Full Council, in which case 4c. 23 will apply.

Councillor Ian Stannard, Vice Chairman of Overview & Scrutiny, proposed (b) to refer the decision back to the decision-maker for reconsideration, with a view to adding some additional wording to the Cabinet resolution to ensure there was no ambiguity and so that the resolution reflected the intention within the report.

The proposal would address the reason for the call-in request by confirming that the required consultation would take place.

Proposed amended resolution:

To agree to delegate the Governance arrangements for the prioritisation, allocation and spend of the unparished areas of Horsham Town CIL receipts to the Director of Place in consultation with the Cabinet Member for Planning and the Cabinet Member for Horsham Town **and all local Ward Members of the unparished areas of Horsham Town.**

The proposal was put to the vote and AGREED by a majority of Committee Members present.

CABINET RESPONSE:

Councillor Lynn Lambert took the Committee's proposal to Informal Cabinet on 20 October where it was AGREED that the Cabinet resolution be amended as above.

The meeting closed at 3.00 pm having commenced at 2.00 pm

CHAIRMAN