



Overview and Scrutiny Committee

Monday, 30th January, 2017 at 5.30 pm

Conference Room, Parkside, Chart Way, Horsham

Councillors:

Leonard Crosbie (Chairman)	
David Coldwell (Vice-Chairman)	
Toni Bradnum	Tim Lloyd
Alan Britten	Brian O'Connell
Paul Clarke	David Skipp
Roger Clarke	Ben Staines
Jonathan Dancer	Michael Willett
Matthew French	Tricia Youtan
Nigel Jupp	

You are summoned to the meeting to transact the following business

Agenda

	Page No.
1. Apologies for absence	
2. Minutes	3 - 4
To approve as correct the minutes of the meeting held on 28/11/16.	
3. Declarations of Members' Interests	
To receive any declarations of interest from Members of the Committee	
4. Announcements	
To receive any announcements from the Chairman of the Committee or the Chief Executive	
5. Cabinet Member Interview	5 - 10
Councillor Philip Circus, Cabinet Member for Housing and Public Protection	
6. Replies from Cabinet/Council Regarding Overview and Scrutiny Recommendations	11 - 16
To receive the response of the Cabinet Member for Planning and Development to the recommendations from the Overview and Scrutiny Committee to alter the procedure in relation to how Members are involved in the s106 process. (Item 10a Cabinet Agenda 26/01/17).	

- | | | |
|-----|---|---------|
| 7. | Review of the Proposed Council Budget 2017/18 | 17 - 60 |
| 8. | To approve the Terms of Reference for the Crime and Disorder Sub-Committee | 61 - 62 |
| 9. | Scrutiny Guide - January 2017 | 63 - 80 |
| 10. | WSCC Health and Adult Social Care Select Committee
To appoint a Member of the Overview and Scrutiny Committee to represent HDC on the WSCC Health and Adult Social Care Select Committee. | |
| 11. | Sub-Committees - Chairman's Update
a) Business Improvement Sub-Committee
b) Crime and Disorder Sub-Committee
c) Finance and Performance Sub-Committee
d) Social Inclusion and Health Sub-Committee | |
| 12. | To receive any suggestions for the Overview and Scrutiny Work Programme | 81 - 88 |
| 13. | Urgent Business
Items not on the agenda which the Chairman of the meeting is of the opinion should be considered as urgent because of the special circumstances | |

Overview and Scrutiny Committee 28 NOVEMBER 2016

Present: Councillors: Leonard Crosbie (Chairman), David Coldwell (Vice-Chairman), Toni Bradnum, Paul Clarke, Roger Clarke, Matthew French, Nigel Jupp, Tim Lloyd, Brian O'Connell, David Skipp and Tricia Youtan

Apologies: Councillors: Alan Britten, Jonathan Dancer, Ben Staines and Michael Willett

Also Present: Councillors: Christian Mitchell and Godfrey Newman

SO/34 **MINUTES**

The minutes of the meeting of the committee held on 26th September 2016 were approved as a correct record and signed by the Chairman.

SO/35 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

SO/36 **ANNOUNCEMENTS**

There were no announcements.

SO/37 **S106 REVIEW**

- a) The response from Cabinet was still being written and would be circulated to Members before the end of December.
- b) The Chairman of Overview and Scrutiny set out the reasons for the Business Improvement Sub-Committee to undertake a Section 106 Funding Review.

It was agreed that Michael Willett would lead the review and that the work would be completed before the end of the Council year.

SO/38 **MEDIUM TERM FINANCIAL STRATEGY 2017/18 - 2019/20**

Members noted the contents of the Medium Term Financial Strategy.

SO/39 **PROPOSAL FOR CABINET MEMBER INTERVIEW METHOD**

Members were pleased to see the proposal for Cabinet Member interview method. Members discussed a few alterations they would like to be made to the method including the time allotted for interviews, and the notice period given to Cabinet Members.

Members were in favour of this proposal although they would continue to refine the method in consultation with officers.

SO/40 **SUB-COMMITTEE CHAIRMAN'S UPDATE**

- a) The Chairman of the Business Improvement Sub-Committee presented the minutes of the last Sub-Committee meeting.
- b) The Crime and Disorder Sub-Committee had not met since the last Overview and Scrutiny Meeting.
- c) The Chairman of the Finance and Performance Sub-Committee presented the minutes of the last Sub-Committee meeting.
- d) The Chairman of the Social Inclusion and Health Sub-Committee gave Members a brief summary of the previous Sub-Committee meeting.

SO/41 **TO RECEIVE ANY SUGGESTIONS FOR THE OVERVIEW AND SCRUTINY WORK PROGRAMME**

Members suggested inviting the WSCC Cabinet Member for Education to a future meeting.

SO/42 **URGENT BUSINESS**

There was no urgent business.

The meeting closed at 7.18 pm having commenced at 5.30 pm

CHAIRMAN

Report to Overview and Scrutiny Committee

30 January 2017

By the Scrutiny Officer

INFORMATION REPORT



**Horsham
District
Council**

Not Exempt

Cabinet Member for Housing and Public Protection Interview

Executive Summary

This report defines the method by which the Overview and Scrutiny Committee will undertake the function of interviewing the Cabinet Member for Housing and Public Protection. The Chairman and Vice-Chairman of the Committee have considered the views heard at the November meeting of the Committee and have adjusted the method accordingly.

Recommendations

That the Committee is recommended:

- i) to conduct the Cabinet Member Interview in accordance with the method detailed in section 3 of this report

Reasons for Recommendations

- i) to enable the provisions set out in Part 4c, 12 of the council's constitution.

Background Papers

None.

Wards affected: All wards

Contact: Ben Bix, Governance Project Manager ben.bix@horsham.gov.uk

Background Information

1 Introduction and Background

- 1.1 The Council concluded a review of its governance arrangements on 27 April 2016. Paragraph 3.22 of the report to council *Scrutiny 2016 onwards* stated that 'Cabinet Members be held to account by a programme of appearance before the committee'.
- 1.2 Consequently, Part 4C, section 12 of the Constitution was updated to provide for Members (and Officers) to give account to the Overview and Scrutiny Committee. Specifically, the clause states 'As well as reviewing documents, in fulfilling the overview and scrutiny function, the Overview and Scrutiny Committee will require the Leader and each Member of the Cabinet individually to attend before it no less than once in every twelve month period to explain the following matters within their portfolio:
- (a) any particular decision or series of decisions;
 - (b) the extent to which the actions taken implement Council policy; and/or
 - (c) their performance.'
- 1.3 The Overview and Scrutiny Committee meeting of 9 May (SO/80 refers) received examples of the method other councils use to deliver the function. Committee members feedback was received by the committee on 6 June (SO/9 refers). Two further examples from district councils were provided to members on 25 July (SO/21) which opened discussions with Officers to prepare a method for Horsham District Council. A proposed method was discussed at the November meeting of the Committee.

2 Relevant Council policy

- 2.1 Efficiency, Great Value Services – Analysing and taking timely action to improve performance where necessary.

3 Details

- 3.1 Examination of the method used at other councils and the feedback from committee members enabled officers to propose the following six-step method for which **15 minutes per interview** will be permitted.

Before the meeting

- 1 Officers in consultation with the Cabinet Member will prepare a one-page summary of the portfolio (extracted from the Corporate Plan, forward plan and existing performance information) which will be published with the agenda in the week before the meeting
- 2 Consequent to 1 above, Overview and Scrutiny Committee members' questions (limited to the summary described in 1 above) should be prepared in advance and sent to the scrutiny officer (joseph.gupwell@horsham.gov.uk) and the Chairman of the Overview and Scrutiny Committee **by email by 17:00 on Wednesday 25 January 2017**. Questions should be written with the expectation that both the question and response may be surmised in the minutes of the meeting.

At the meeting

- 3 The Chairman of the Committee will invite the Cabinet Member to present their 2016/17 portfolio summary (appended)
- 4 The Chairman of the Committee will invite those members who prepared advance questions to ask their question
- 5 Responses to any questions shall be provided by the Cabinet member; which may include reference to information published elsewhere or that a response be prepared by officers and circulated after the meeting, as appropriate
- 6 Consequent to 5 above, the Chairman shall hear the views of the Committee, sum-up and close the session with thanks to the Cabinet Member for their participation.

3.2 The Chairman and Vice Chairman of the Committee may reject any questions, subject to informing the questioner of the reasons for rejection. The Chairman and Vice Chairman shall be guided by existing constitutional provisions about the nature and scope of questions in Part 4A 12.

3.3 Nothing in this process replaces or limits Part 4A 10 of the Council's constitution.

4 Next Steps

4.1 The Cabinet Member for Housing and Public Protection has been asked to attend the Committee meeting on 30 January 2017.

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

5.1 Overview and Scrutiny is not a cabinet function and constitutional requirements relating to policy development advisory groups do not apply to overview and scrutiny matters.

5.2 The Chairman and Vice Chairman of the Committee have been consulted and considered the feedback from the November meeting of the Committee. The Chairman and Vice-Chairman clarified the following:

- I. the process is one part of the overview and scrutiny function at committee meetings already in the calendar and special meetings of the committee will not be required
- II. the deadline for advanced questions be adjusted to allow a reasonable time for responses to be prepared
- III. that the method will require the support of the committee to be effective

6 Other Courses of Action Considered but Rejected

6.1 To not introduce a method for cabinet member interviews.

7 Resource Consequences

7.1 The resource demand to deliver this method is low.

8 Legal Consequences

8.1 Section 9FA (8) of the Local Government Act 2000 (as updated by the Localism Act 2011), provides for the Overview and Scrutiny Committee to require members of the Cabinet to attend before it to answer questions

9 Risk Assessment

9.1 Part of the mitigation of Corporate Risk CRR08 is to enable checks and balances in decision making.

10 Other Considerations

10.1 There were no other considerations.

Cabinet Member for Housing and Public Protection Portfolio Summary 2016/17

Responsibilities	Corporate Plan Priorities 2016 -19 (as updated for year 2+) <i>and position at November 2016</i>	Successes and challenges, performance summary	Forthcoming Decisions (Forward Plan)
<p>a) Overall responsibility for the provision management and maintenance of the Council's retained housing stock.</p> <p>b) Overall responsibility for the discharge of the Council's functions relating to the homeless.</p> <p>c) Overall responsibility for the improvement of housing stock in the District; the Council's Community Link (Community Alarm) Service and the provision of associated financial assistance.</p> <p>d) Overall responsibility for the maintenance, protection, improvement and cleanliness of the natural and man-made environment with specific reference to pollution control.</p> <p>e) Overall responsibility for Council's functions relating to alcohol, gambling, public health, food safety and hygiene, health and safety at work, animal welfare, stray dogs, public safety, scrap metal dealings, motor salvage operators, caravan sites, street trading, shops and Sunday trading, water and sewerage, public conveniences, markets and registration plates not being the function of the Licensing Committee.</p>	<p>Communities</p> <ul style="list-style-type: none"> Develop a new strategy for delivery of housing to meet local need (Led by Cabinet Member for Planning): <i>The Housing and Planning Act received Royal Assent on 13 May 2016. Awaiting secondary legislation. The position will be reviewed in Autumn 2016.</i> Endeavour to prevent homelessness throughout the District: <i>Following the Housing Services restructure a renewed emphasis being placed upon early intervention for homelessness prevention and joint working with other professionals.</i> Support an expanded effective telecare and tele-healthcare service: <i>The Community Link Team moved from the Housing Department to Environmental Health and Licensing in June this year. As of 1st April 2016 the service had 1739 Units installed and a Community Link Business Plan outlining how we intend take the telecare service forward.</i> 	<p>Portfolio performance summary as reported to Finance and Performance Sub-Committee, November 2016.</p> <p>HS01b: Homelessness: Decisions HS17: No of Homelessness Preventions HS18: No of households in temporary accommodation HS19: Of which no of households in B & B accommodation HS21: No of households on the Housing Waiting list</p> <p>Q2 Highlight Performance Report final v2 , item 25.  PDF 163 KB</p>	<ul style="list-style-type: none"> Review and update the Contaminated Land Strategy (12 January 2017) Housing Strategy interim statement - a response to the July 2015 budget and the Housing and Planning Act 2016 (March 2017) Creation of a company for the development of temporary housing (March 2017) (Led by Cabinet Member for Finance and Assets)

This page is intentionally left blank

Report to Overview and Scrutiny Committee

30 January 2017

By the Cabinet member for Planning and Development

INFORMATION REPORT



Horsham
District
Council

Not Exempt

Response to the recommendation from the Overview and Scrutiny Committee to alter the procedure in relation to how Members are involved in the s106 process

Executive Summary

The Overview and Scrutiny Committee made some recommendations to change the procedures in relation to how Members are involved in the s106 process. The Committee suggested six changes to procedure that they consider will ensure Members can be involved more.

The response of the Cabinet Member for Planning and Development is as follows:

- i) Amends recommendation 1 of the Overview and Scrutiny Committee to remove the words *'this advice should also indicate if the application is likely to be subject of an S106 agreement'* and replace them with *'to improve the layout of the weekly list to make it more clear what applications are major, and therefore likely to be subject to a s106 agreement'*. And agrees recommendation 1 as amended.
- ii) Amends recommendations 2 and 6 of the Overview and Scrutiny Committee to form a single recommendation that *"The relevant Ward Members and Chairman of that Committee should be notified of the proposed "Heads of Terms Requirements" of the S106 agreement at the same time as the Legal Department are instructed to draft an agreement."* And agrees recommendation 2 as amended
- iii) Agrees Overview and Scrutiny Committee recommendations 3 (on significant schemes), 4 and 5.

Reasons for Recommendations

- i) That the Cabinet Member considers and responds to the recommendation of the Overview and Scrutiny Committee to alter internal procedures
- ii) To ensure that Ward Members have the opportunity to get involved within the s106 process

Background Papers

Agenda and minutes of Working Groups and the Overview and Scrutiny Committee 2015/2016 are published on the Council's website

Wards affected: All Wards

Contact: Aidan Thatcher, Development Manager.

Background Information

1 Introduction and Background

- 1.1 In 2016/16, the Overview and Scrutiny Committee could create 'working groups' to ensure the effective, efficient and economic discharge of the Council's overview and scrutiny function. Upon the receipt of a report from a working group, the Overview and Scrutiny Committee have recommended changes to internal procedures to improve the communication between Officers and Members during the course of preparation of a s106 agreement.

2 Relevant Council policy

- 2.1 Corporate Priority 2015/16 4, Living, Working Communities, HDPF.

3 Details

- 3.1 The Business Improvement Working Group initiated a review of the s106 process and this took place through a series of meetings between October 2015 and April 2016. This was to allow the Members of that Group to fully understand the current process from the initial stages of a s106 being prepared, through to it being finalised, and the subsequent monitoring process.
- 3.2 The outcome was six recommendations being made, to alter the internal procedures in dealing with s106 agreements. As such, I deal with each of these recommendations in turn below.

Recommendation 1:

- 1. When members are notified of a major application (ie ten units or above) in their ward, this advice should also indicate if the application is likely to be subject of an S106 agreement. This would give the members an opportunity to take advice from Parish Councils as to opportunity and requirements and relay this information to the case officer before instructions are issued to the Legal Team to prepare draft agreement.*

- 3.3 Members are currently notified by planning application via the weekly list, and within this it details the application type. If the application is a Major, this is defined, and therefore, is likely to be subject to a s106 agreement. As such it not considered that a further entry setting out likely s106 requirements is reliable or necessary. However, officers are looking to review the format of the weekly list to ensure that the major schemes stand out on the list and this is currently progressing with the ICT team.
- 3.4 I am therefore happy to agree an **amended Recommendation 1** by removing the words '*this advice should also indicate if the application is likely to be subject of an S106 agreement*' and replacing them with '*to improve the layout of the weekly list to make it more clear what applications are major, and therefore likely to be subject to a s106 agreement*'.

Recommendations 2 and 6:

2. *Members should be notified of the proposed “Heads of Terms Requirements” of the S106 agreement at the same time as the Legal Department are instructed to draft an agreement.*

This would give the members a further opportunity to have discussions with the case officer. The member would also then be aware of the start of the “Consultation Period” and would have the opportunity to keep in touch with any responses to the consultation document.

- 3.5 It is clearly possible that when the case officer instructs the legal department, they can also provide that same information to the Ward Members to facilitate increased awareness of the s106 process.
- 3.6 It is noted that recommendation 6 is similar, in that this suggests the Chairman of the relevant planning committee should be copied into that same email to allow for wider circulation to other Members where appropriate, e.g. where a scheme is close to a Ward boundary. Recommendation 6 reads as follows:
 6. *The Chairman of the relevant planning committees would be sent copies of all the Heads of Terms at the same time that they are sent to Local Members. It would then be at the discretion of the Chairmen whether members from other wards should be sent the information as well.*
- 3.7 I am therefore happy to agree that **recommendations 2 and 6** of the Overview and Scrutiny Committee **are merged to form a single recommendation** that *“The relevant Ward Members and Chairman of that Committee should be notified of the proposed “Heads of Terms Requirements” of the S106 agreement at the same time as the Legal Department are instructed to draft an agreement.”*

Recommendation 3:

3. *That a “Clawback” clause be included in all in future S106 agreements where the proportion of affordable housing does not meet the required level, following negotiation through a viability agreement.*

- 3.8 This is something that can be inserted into the draft s106 template to ensure that where viability does not meet the policy requirement in significant development proposals, it is captured if the viability of the scheme subsequently changes.
- 3.9 This will have an impact on staffing, as additional resource will be required to monitor this, from the Planning Obligations Officer. However, this is considered reasonable and can be supported on **significant** schemes.

Recommendation 4:

4. *At briefings on planning applications the officers will present a summary of the Heads of Terms within current S106 agreements being negotiated*
- 3.10 This usually happens but can be absorbed into the briefing process formally so that Members have increased knowledge of the s106 package as it becomes known.

Recommendation 5:

5. Heads of Terms within committee reports should be explained in more detail than currently is the practice

- 3.11 This recommendation will require the committee report templates to be altered to allow for this information to be captured consistently within committee reports. As such it is relatively straightforward and can be done.

4 Next Steps

- 4.1 Consequential to the Cabinet Member's decision on the recommendations from the Overview and Scrutiny Committee, the following steps will need to be taken:
1. A change of internal procedure and instruction to planning staff to advise the relevant Ward members and Chair of Committee of the proposed Heads of Terms at the same time as the legal team are instructed;
 2. A review of the standard s106 templates to include a clawback mechanism where the affordable housing secured is lower than policy requirements on significant schemes;
 3. Include a discussion on the s106 offer at all planning briefings; and
 4. Reviewing the Planning Committee report template to include a section to clearly set out the Heads of Terms of any s106 agreements.

5 Outcome of Consultations

- 5.1 The Overview and Scrutiny Committee, Finance and Performance Working Group and the Business Improvement Working Group formed the consultees in the preparation of the recommendations to Cabinet.

6 Other Courses of Action Considered but Rejected

- 6.1 The Council could choose not to amend its procedures. This course of action was rejected due to the Council seeking to improve the collaborative working relationship between Members and Officers.

7 Resource Consequences

- 7.1 The Council's robust reporting of financial and performance information has enabled Members to consider how to address the financial implications of planning decisions on the Council. The recommended process enables the Council to mitigate the financial risks appropriately.
- 7.4 There will be staffing implications for the Development Management and Legal officers in setting up the new processes and procedures, templates and undertaking the requirements of the new working practices but these are not considered to be significant.

8 Legal Consequences

- 8.1 These recommendations demonstrate the effective discharge of the Overview and Scrutiny functions provided by the Local Government Act 2000 as amended by the Localism Act 2011, by the Council's Overview and Scrutiny Committee.

9 Risk Assessment

- 9.1 The recommendations within this report are part of mitigating risk that Members feel detached from the s106 process and to improve on joint working and collaboration.

10 Other Considerations

- 10.1 The consequences of these recommendations in respect of Crime & Disorder; Human Rights; Equality & Diversity and Sustainability have been actively considered and it is considered that there are no specific issues in this respect.

Report to Cabinet

26 January 2017

By the Cabinet Member for Finance and Assets

DECISION REQUIRED



**Horsham
District
Council**

Not Exempt

THE 2017/18 BUDGET AND THE MEDIUM TERM FINANCIAL STRATEGY to 2020/21

Executive Summary

This report sets out details of the proposed 2017/18 revenue and capital budgets. It also reviews the Medium Term Financial Strategy that was approved in November 2016 in light of the final 2017/18 budget and receipt of the Settlement. The Council is able to set a balanced budget for 2017/18, generating a small surplus which will help towards funding future transformation to maximise efficiency and effectiveness.

The 2016 Autumn Statement did little to change the government's policy of significantly reducing funding to local authorities in a bid to help reduce government debt. The pressure on Council finances remains as strong as ever. As the Council had already accepted the four year settlement in 2015/16, the settlement in December 2016 duly confirmed a 23.6% reduction in Settlement Funding Allocation in 2017/18 when compared to funding of £2.7m in 2016/17. Cumulatively, there will be a 62.3% reduction over the four year period by 2019/20.

The current budget estimate is for the Council to deliver a small surplus in 2018/19, breakeven in 2019/20 and have a deficit of £1.6m in 2020/21. These projections are significantly lower than forecast this time last year as a result of the work done on the 2017/18 budget and also by the Cabinet's November 2016 decision to approve alternate weekly collection from Spring 2018, which should generate savings of £1m per annum.

The Council plans to deliver savings and income generation through a combination of measures including; service and productivity reviews, shared services, procurement, income generation, and other efficiency measures. The current programme focuses on the period up to 2020, but this will help put the Council in good shape to also tackle the deficit in 2020/21.

The report sets out a series of prudential indicators that are a statutory requirement to demonstrate that the Council's capital programme is affordable, and prudent in the context of the Council's overall finances. The report also includes a statement on the robustness of reserves in Appendix I.

Recommendations

Cabinet is recommended to propose the following for consideration by Council on 15 February 2017:

- i) That the level of Council Tax for 2017/18 increases from £137.17 by 2.5% to £140.60 at Band D.
- (ii) That the net revenue budget for 2017/18 of £11.86m be approved (attached as Appendix A).
- (iii) That Special Expenses of £280,319 (attached as Appendix D) and a Band D charge of £24.40 be agreed in respect of the unparished area for 2017/18.
- (iv) That the capital programme for 2017/18 (attached as Appendix E) be approved and that the indicative capital budgets in the programme for future years be noted.
- (v) That the projected future deficit on the revenue account in 2020/21 is noted and the Medium Term Financial Strategy continues to be reviewed and refined to ensure that decisions are taken to develop a balanced budget in 2020/21.
- (vi) That the Minimum Revenue Provision (MRP) Statement set out in Appendix F be approved.
- (vii) That the prudential indicators and limits for 2016/17 to 2019/20 set out in Appendix G be approved.
- (viii) To note the statement on the robustness of the level reserves in Appendix I.

Reasons for Recommendations

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

Background Papers: Medium Term Financial Strategy 24 November 2016

Wards affected: All

Contact: Jane Eaton, Director of Corporate Resources x5300
Dominic Bradley, Head of Finance x5302

Background Information

1 Introduction and background

- 1.1 This report sets out the Council's budget requirement for 2017/18 for capital and revenue expenditure. The budget is reviewed in the context of the projected outturn for 2016/17, future years' projected deficits and the impact of those deficits on reserves.
- 1.2 The local government finance system is becoming increasingly complex. The difficulty of predicting what factors such as interest rates, grant funding and energy costs will be in two to five years' time is further complicated by uncertainty regarding the financial impact of the Britain's exit from Europe, the government's welfare reform programme and future income from retained Business Rates. It is however fairly certain that the amount of money available to district councils will continue to reduce over the next three years.
- 1.3 The current budget estimate is for the Council to deliver a small surplus in 2018/19, breakeven in 2019/20 and have a deficit of £1.6m in 2020/21. These projections are significantly lower than forecast this time last year as a result of the work done on the 2017/18 budget and also by the Cabinet's November 2016 decision to approve alternate weekly collection from Spring 2018 which should generate savings of £1m per annum.
- 1.4 This review ensures that the 2017/18 budget and resultant Council Tax level will be set within the context of the Council's Corporate Plan priorities and the financial strategy in order to deliver a balanced budget, updated for the latest information and knowledge available to the Council. The report also sets out the prudential indicators that are used to measure the affordability of the Council's capital programme.

2 Relevant Council policy

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

3 Details

Strategic political, economic and regulatory outlook

- 3.1 The UK economic outlook has been affected by the June 2016 vote to leave the EU. Whilst the long term future impact remains uncertain it should be noted that interest rate forecasts have been updated based upon outcomes to date, including the reduction of the Bank of England base rate, the widening of the quantitative easing programme which saw additional bond releases and the reduction in the credit rating of UK banks by investment firms. Interest rates are at historically low levels with significant increases now not predicted within the three year period of this medium term financial strategy. The value of the pound has also decreased significantly; by 20% against the U.S. Dollar and by 15% against the Euro. Conversely, the FTSE 100 share index has risen by around 10% since the referendum to approach 7,000. Inflation has started to increase in recent months putting pressure on expenditure, measured in December 2016 at 1.6% under the Consumer Price Index (CPI) and 2.5% under the Retail Price Index (RPI). The impact from the cost of fuel is also slowly rising, which is also being affected by the decision of the Organisation of the Petroleum Exporting Countries (OPEC) to restrict oil barrel production.

- 3.2 Both the demand for the Council's services and its income streams are affected by the general economic health of the District, and the prevailing interest rate has a direct impact on interest receipts. Therefore the uncertainty of the economic and regulatory outlook adds risk to the setting of a precise financial strategy. With this in mind, the assumptions within the budget and medium term financial strategy have been revisited in the sections below.

Finance Settlement 2017/18

- 3.3 The Council accepted the offer made by government in December 2015 of a four-year settlement through to 2019/20 and this has been agreed. This provides a relative degree of certainty in that the revenue support grant and the baseline Business Rates funding reduction from £2.2m in 2017/18 to £1.4m in 2019/20 shouldn't get any worse during this period. However, this does not rule out additional responsibilities, costs and / or cuts in other areas being imposed.
- 3.4 The 2016/17 settlement indicated that the Council's spending power (as calculated by the funding assessment, Council Tax income and new homes bonus income) would decrease by £0.4m across the four year period to 2019/20, equating to a reduction of 2.9%. This calculation included the government assumption that district councils would raise Council Tax by £5 per annum.

Revenue Budget 2016/17

- 3.5 Budget holders have monitored income and expenditure against the 2016/17 budget throughout the year. They have also continued to prepare and work up plans to address the future deficits and implement them on an ongoing basis. The estimated forecast outturn for 2016/17 at the end of month 9 is a surplus of around £250k.

4 Update on the Medium Term Financial Strategy projections

- 4.1 The medium term financial strategy has been updated for the projected outturn for 2016/17, the 2016 Autumn Statement, the December 2016 Finance Settlement for 2017/18 and other known information. It assumes a Council Tax increase of 2% per annum based on the current rate of inflation, in the period 2018/19 through to 2020/21.

Table 1: medium term financial strategy

	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000
Net expenditure	11,862	11,423	11,090	11,690
Funding: New homes bonus	700	400	200	0
Council Tax	8,661	8,995	9,337	9,690
Revenue Support Grant	149	0	0	0
Transitional RSG	134	0	0	0
Negative RSG grant / additional 'tariff' payment	0	0	(695)	0

Baseline Business Rates	1,916	1,978	2,048	400
Additional Business Rates	200	200	200	0
Payment to parishes	(10)	0	0	0
Collection Fund surplus	182			
Total Funding	11,932	11,573	11,090	10,090
Net (Surplus) / Deficit	(70)	(150)	0	1,600

4.2 The assumptions underlying the current medium term financial strategy projections are summarised in table 2 below and expanded upon in the paragraphs that follow:

Table 2: key budget assumptions used:

Inflation on net budget	2% per annum
Increase in salaries budget	1% in 2017/18 and thereafter
Contribution to pension fund	1% in 2020/21 and thereafter
Increase in Council Tax	2.5% in 2017/18 and 2% p.a. thereafter
Settlement Funding Assessment	Reducing by 40% from £3.549m in 2015/16 down to £1.339m in 2019/20
Local Business Rates	100% retention of growth in business rates triggering a significant re-baselining in 2020
Increase in dwellings	Net of around 1,100 per year
New homes bonus - revenue	Revenue tapering down to zero by 2020/21

Interest rates

- 4.3 Economic forecasters are predicting a diverse range on inflation over the next three years, reflecting the uncertainty of the post-Brexit era. The medium term financial strategy currently budgets for a 2% increase in inflation on grounds that this is the minimum the Bank of England suggested in its November 2016 inflationary forecast inflation, rising to perhaps as much as 2.7% in 2017 and 2018. Whilst income is also affected by inflation, inflation also increases our expenditure that offsets the increases in Council Tax and charges. The impact of inflation on the medium term financial strategy will be revisited on a monthly basis as the monthly statistics are released by the Office of National Statistics.
- 4.4 The Bank of England base rate has recently fallen to a historic low of 0.25%, affecting the Council's income streams from investments. The Council has taken action over the past year to diversify the investment strategy into non-bank deposit holdings which should help to mitigate the effect, but nevertheless, this will impact on the Council's ability to generate income from investments during the period. Economic forecasters are again divided on when an upturn in interest rates may occur. The medium term financial strategy includes only a small increase over the three year period.

Salaries

- 4.5 Local government pay is negotiated nationally and the Council has no direct influence on the settlement. The local government pay award of 1% in May 2016 covered both 2016/17 and 2017/18. Given the potential prospect that inflationary pressures may drive further salary demands, further 1% pay increases in 2018/19 through to 2020/21 have been budgeted as well. In expenditure terms, this equates to approximately £175k of additional expenditure per annum.

Pension Fund

- 4.6 In December 2016, the Actuary completed their work on the triennial revaluation of the Pension Fund at 31 March 2016. At this snapshot date, the pension fund had seen an improvement to the previous funding deficit and is now fully funded. The valuation report therefore recommends that the employer's contribution to the Fund remains at 20.5% for the three year period to 2019/20; all other things remaining fairly constant. The interim assessments from the Actuary will be reviewed each year should a change to this three year approach be necessary.
- 4.5 The Council's prudent assumption is that by the time of the next triennial revaluation at 31 March 2019, a 1% employer's contribution will again be required from 1 April 2020. This is based on the experience that funding positions can quickly change, often to a deficit as the value of the assets and more importantly the value of liabilities can fluctuate with actuarial assumptions as well as market performance.

Other cost pressures

- 4.6 The projected deficits also reflect increased additional costs in borrowing and principal repayment costs, Minimum Revenue Provision (MRP), resulting from decisions to increase the expanded capital programme for projects such as the £12.3m Broadbridge Heath leisure centre and the £4.55m redevelopment of the Hop Oast depot.

Council Tax

- 4.7 Based on the current rates of inflation, it is proposed to increase Council Tax by 2.5% in 2017/18 which equates to £3.43 per equivalent band D property. This raises an extra £210k. At £140.60 it remains the lowest Council Tax in West Sussex and in the bottom quartile of all district councils.

- 4.8 The medium term financial strategy assumes that Council Tax will rise in line with inflation each year over the period. Using an inflation rate of 2% as a proxy for future years, the compounded increase in Council Tax raises an additional £190k p.a. by 2020.

Local Business Rates

- 4.9 From 1 April 2013 the structure of local government finance changed, with local authorities retaining a share of Business Rates collected in their area. The calculations are based on target rates of collection set by government and are somewhat complex, but resulted in the Council retaining around 5% of the £41m total collected, equating to around £2m. Local authorities can increase their business rate income by growing the business rate take in their area; conversely, if collections fall then local authorities bear an element of risk.
- 4.10 Historical data suggests a 'flat' picture with limited material Business Rates growth envisaged over the period of the medium term financial strategy, which is why the retained £200k additional business rate income remains static across the period to 2019/20. This area is a 'momentum indicator' where growth is more likely to continue where it is already taking place. At the moment, on average, every successful new business opening is offset by a conversion of a business premise to residential flats or a closure. In the first nine months of 2016/17, the rateable value declined by £664k. In the longer term, initiatives such as the development of North Horsham and the redevelopment of the old Novartis site may offer some upside but at the moment our economic growth as an area is way below the desirable level for affluence of its population.
- 4.11 The Council is comparatively less at risk than other authorities as it has relatively few single significant sites in respect of business rate valuations. For example, it is not the site of a power station, airport, major retail park or regional distribution centre. Some risk does exist however, principally around outstanding rates appeals for which the Council would have to bear its share of lost revenue should those appeals prove successful. The Council had a provision of £2m for business rate appeals at 31 March 2016. The slow rate at which the Valuation Office is tackling the backlog of appeals makes the Council sceptical that the provision for appeals will fall, especially as a very high level of appeals against the 2017 revaluation listing is expected.
- 4.12 Whilst the 2017 Valuation Office revaluation listing has increased the rateable value, the multiplier has fallen to compensate, with a planned neutral net effect across the country. A period of transition with a damping effect to limit some of the increases and decreases to businesses will come into effect from 2017/18. Based on our analysis, a relatively small increase in cost to the Council is expected as a result of these changes over the period of the medium term financial strategy.
- 4.13 The government has been consulting on the future of Business Rates with the intention of allowing local government to retain 100% of locally collected rates by the end of this parliament as announced in 2013. This does not mean that the Council will get to keep the £41m that it currently collects from Business Rates. Business rate income will continue to be distributed around the country as before. The Council expects that any additional revenue will only replace reductions in revenue support grant and new homes bonus which are expected to fall significantly, but this is also likely to come with additional responsibilities that will give rise to additional costs.

- 4.14 Furthermore, in the longer term, the March 2016 budget announced that the increase in the Business Rates multiplier will be switched from RPI to CPI from 2020. The multiplier is the annual increase in Business Rates determined by the government. CPI tends to go up more slowly than RPI so this change is likely to reduce the buoyancy in the Business Rates yield. Over time this will have a significant impact on the resources that are available to local government as a sector.
- 4.15 At this point it is difficult to calculate the effect of all these potential changes as not enough details are known but we can conclude that there is a high degree of uncertainty, especially beyond 2020. The expectation in the medium term financial strategy beyond 2020 is that the baseline will be significantly rebased by government to a much lower starting level of around £0.4m per annum (around 1% of the business rates collected) with all current growth zeroed but without a negative revenue support grant payment. This would result in the Council's income reducing by around £1.2m in 2020/21 compared to 2019/20. The Council will revisit these assumptions and the impact of the localisation of business rates as it learns more about how the scheme will work and the exact timing of the 2020 implementation. This will be fed into a future medium term financial strategy.

Dwellings

- 4.16 The District has seen housing growth over the last five years, helped by large developments such as those to the west of Horsham and south of Broadbridge Heath. The Council anticipates that the completion of these developments together with the delivery of new homes in Southwater and Billingshurst will continue to see growth in housing in the District at around 1,100 new dwellings each year over the medium term financial strategy period. The housing industry is of course though highly sensitive to economic factors. Therefore the medium term financial strategy also takes into account a more prudent view of the post-Brexit uncertainty and the likelihood that a recession will start to bite towards the end of the decade.

New homes bonus

- 4.17 New homes bonus was designed by central government as an incentive payment to local authorities to stimulate housing growth in their areas. The amount paid is based on a calculation derived from Council Tax statistics submitted each October and was payable for the first time in 2011/12. Since then, following significant reductions in revenue support grant, it has been a major source of finance for many councils.
- 4.18 New homes bonus is paid for each new property on the Council Tax valuation list and for empty properties brought back into use, with a small additional sum for affordable homes. In two-tier local government areas this payment is currently split in the ratio 20% to county councils, 80% to district councils. It is not ring-fenced and can be used at the Council's discretion. Details on the amounts already paid to the Council are shown in **Appendix H**.
- 4.19 Between 2013/14 and 2016/17, in response to the reduction in the revenue support grant, the Council allocated a total of £1.166m each year from new homes bonus to fund the shortfall in its revenue account and transferred any sums in excess of this level to a new homes bonus reserve.
- 4.20 In December 2016 the government made changes to the mechanism of new homes bonus. Thus in 2017/18, the number of years for which the bonus is payable is reduced from six to five and payments will reduce to four years in 2018/19. A 0.4% baseline, which needs to be exceeded before any new homes bonus payments are

made, was also introduced. For 2017/18, measured against the total band D equivalents in the district, 0.4% equates to approximately 240 additional houses a year before we receive anything.

- 4.21 The government retained the option of making adjustments to the baseline in future years. Further consultation on new homes bonus will take place over the next 12 months. Future variations to the baseline are therefore expected. On the Council's current number of band D equivalent dwellings, an increase in the baseline of 0.1% is approximately equivalent to 60 houses. All other things remaining equal, this would result in a reduction in new homes bonus of approximately £92k from 2017/18 levels.
- 4.22 In 2015, in response to growing uncertainty surrounding the future of new homes bonus, the Council decided to reduce its reliance on new homes bonus to support revenue by tapering this down to zero over the period from 2017/18 to 2019/20. In addition, the Council is taking measures to increase income and phase in additional spending reductions to balance its budget. Therefore, as the first part of this tapering, in 2017/18, only £0.7m of new homes bonus will be used to support revenue.
- 4.23 At 31 March 2016, the new homes bonus reserve stood at £3.7m. It is expected to be £7m at the end of 2017/18 after the allocation of £4m to the new Broadbridge Health leisure centre. However, while there is now less uncertainty in the medium term that new homes bonus will continue, albeit with further changes, given the government's aim to eliminate the national deficit, new homes bonus cannot be considered a permanent source of council income and thus it remains prudent to use it for purposes other than as a revenue stream and achieve a balanced budget without it.
- 4.24 Under the current assumptions the forecast is that the new homes bonus reserve will grow, so consideration should now be given to developing a policy for the best use of it to help the Council and district in the longer term. It is suggested that the key aims of such a policy should be to strengthen the Council's ability to generate income from appropriate investments in order to receive income to support future service delivery and secure the delivery of infrastructure to serve the needs of the district's residents. It is proposed that the policy should be developed early in 2017/18.

Alternate weekly collection

- 4.25 At the 24 November 2016 meeting, Cabinet approved the introduction of alternate weekly collections for residual household waste from Spring 2018 and also approved plans to procure a rear-loading vehicle fleet to replace the current ageing fleet which is coming to the end of its useful economic life. Estimated combined savings of around £1m per year compared to the projected budget for 2018/19 have been included in the medium term financial strategy from 2018/19. This has enabled the 2018/19 budget to be balanced and makes balancing future budgets in the medium term financial strategy much more achievable.

5 Draft Revenue Budget for 2017/18

- 5.1 The 2017/18 budget has been prepared following a detailed "Budget Challenge" with Service Managers challenged to increase revenue streams and reduce expenditure. The challenge process is there to ensure that excessive budgeting is avoided, additional income is found and efficiency savings are made. It also ensures that adequate resourcing is provided to meet service delivery items.

- 5.2 The budget requirement is for £11.86m. The detail of the revenue budget is shown in **Appendix A**. The budget is balanced and a small transfer of £70k to general reserves is envisaged. We are including £0.7m of new homes bonus funding in revenue in 2017/18. This is in line with the Council plan to taper revenue reliance on new homes bonus to zero by 2020/21 from the £1.166m that was taken into the revenue budget in 2016/17.
- 5.3 The main items of growth and savings in the 2017/18 budget are detailed in **Appendix B**. Salaries remain a significant cost pressure in 2017/18 relating to a 1% pay award to staff and a number of increments. However by reducing posts and hours, the Council has managed to reduce the salaries bill (excluding apprenticeships) by around £220k.
- 5.4 Other significant items of growth include litter picking safety requirements when working on the side of the districts dual carriageways, the creation of a new district arts and heritage strategy to uplift awareness of the arts within the district, and the increased revenue costs of the capital programme.
- 5.5 The significant areas of revenue growth include further income from the property investment fund, a more expansive investment strategy, expansion of trade waste including the bulky bag scheme, a £2 increase in the price of garden waste collection and the introduction of rural car parking charges alongside additional urban car parking income volumes. In total, the additional income and savings generated exceeds the cost pressures and the net budget at £11.86m requirement is £0.7m lower than the £12.55m from the previous year.
- 5.6 The budget also includes £6k of grants to community partnerships and £249.5k of grants to the voluntary groups, the largest being £94k to the Citizen Advice Bureau in Horsham. A full list is included in **Appendix C**.

6 Special charge

- 6.1 Details of the Special Charge expenditure of £280,319 are included in **Appendix D**.
- 6.2 As a result of the changes to council tax benefits, the tax base of the unparished area reduced in 2013/14. To ensure comparability with the funding of the parishes, an element of the Council Tax Support Grant needs to be attributed to the unparished area, a sum of £1,230.
- 6.3 It is currently proposed that the Special Charge for 2017/18 is set at £24.40, raising a sum of £279,089. This, with the addition of the grant, is sufficient to fund the proposed Special Expenses. The increase in the special charge was discussed with the Neighbourhood Councils at the end of November 2016.

7 Council Tax for 2017/18

2017/18 £000		2016/17 £000
11,862	Net expenditure	12,546
70	Contribution to/(from) general reserves	177*
11,932		12,723
(149)	Revenue support grant	(825)

(134)	Transitional grant (one-off funding for two years)	(134)*
10	<u>Less</u> parish share of Council Tax support grant	49
(4,815)	New homes bonus	(4,398)
4,115	<u>Less</u> contribution to new homes bonus reserve	3,232
(1,916)	Business Rates retention scheme baseline	(1,878)
(200)	Business Rates retention scheme net additional business rates	(400)
8,844	Expenditure to be financed from District Council Tax	8,369
(279)	<u>Less</u> funding by Special Charge taxpayers	(265)
(182)	<u>Less</u> share of estimated surplus on Collection Fund	(120)
8,384	Expenditure to be funded from District Council tax	7,984
59,630	Estimated band D equivalent properties	58,208
£140.60	Council Tax at band D	£137.17
£2.70	Cost per week at band D	£2.64

* Amended to be inclusive of the £134k one-off transitional funding which arrived after the 2016/17 budget was set.

8 Capital Budget

- 8.1 The draft capital programme is attached as **Appendix E (i)**. This includes changes to the programme approved during the year and an estimate of the likely budget that has been re-profiled from 2016/17 to 2017/18. The new programme for 2017/18 is for approval by full Council. Budgets for future years are included to indicate the scale of provision which may be required to maintain the life of the Council's assets and meet the aspirations in the District Plan.
- 8.2 The Council's project management methodology will be applied to projects detailed in the Capital Programme for 2017/18. Business cases are completed to ensure that decisions taken by the Council represent Value for Money.
- 8.3 Of the £23m capital programme proposed to be delivered in 2017/18, the majority has already been approved in preceding years such as the schemes on the Broadbridge Heath leisure centre and the Hop Oast redevelopment. 2017/18 includes a straight line profile £3m of the five year £15m property investment fund programme. There are also fifteen other new schemes totalling £3.5m of which £2.4m has identified funding sources, with the remaining £1.1m currently unfunded. Summary details of the new schemes can be found within **Appendix E (ii)**.

Minimum Revenue Provision

- 8.4 The Council is required to set aside funds to repay the borrowing need each year through a revenue charge called the minimum revenue provision. Regulations have

been issued which require full Council to approve a statement of the provision in advance of each year and the statement is shown in **Appendix F**.

Prudential indicators

- 8.5 The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code (2011) and produce prudential indicators. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. This report revises the indicators for 2016/17, 2017/18 and 2018/19 and introduces new indicators for 2019/20. The Council is asked to approve the indicators set out in **Appendix G** to be adopted. The individual indicators are discussed below.

Capital expenditure plans

- 8.6 The first prudential indicator is the Council's capital expenditure plans and how they will be financed. **Appendix G** shows the projections and the Council is asked to approve the estimates as the first prudential indicator. This is the impact of the Capital Plans set out in **Appendix E**, the anticipated financing and the resultant financing need.

The Council's borrowing need, the Capital Financial Requirement

- 8.7 The second prudential indicator is the Council's Capital Financial Requirement. This is the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of Council's underlying borrowing need.

Gross debt and the Capital Financing Requirement

- 8.8 This indicator is designed to show that borrowing is only for capital purposes by showing gross borrowing against the Capital Financial Requirement.

Limits to borrowing activity and affordability

- 8.9 The first two prudential indicators cover limiting levels of debt and final two indicators are designed to assess the affordability of the capital investment plans. Borrowing is subject to two limits and both are increasing over the period shown as the Council's need to borrow increases. Affordability is dealt with in two indicators which show estimates of the ratio of financing costs to the net revenue stream and the incremental impact of the capital decisions on the Council Tax. The estimates are set out in **Appendix G** and the Council are asked to adopt them as the final group of prudential indicators.

9 Actions taken

- 9.1 The Council has been working on ideas for several months to ensure that it can continue its business transformation journey to meet the demands and expectations of its customers in the face of financial and demographic pressures. The current transformation programme is called "Future Horsham" and will deliver a stronger organisation which will be more productive and better equipped to serve customers. It will also help to protect front-line services whilst ensuring that the Council has a strong and responsive support services.
- 9.2 As well as identifying around £1.4m of transformational efficiencies from self-service, shared services, changing ICT technology, contract reviews and redesign of business processes, the Council has also identified around £1.8m of new income sources and additional income expected from a growth in the number of users.

- 9.3 Whilst there will be a cost in implementing the transformation for which £0.5m each year is envisaged, the transformation will help protect the level of general fund reserves as set out in **Appendix I**. The Council will continue to review potential actions that it could take to help pay towards further transformation and / or income generating ideas to help work towards balancing the deficit in 2020/21. These will be brought back in the next medium term financial strategy.

10 Risks

- 10.1 The medium term financial strategy takes a prudent but balanced view of the financial future, but continuing to take further action is also important to also help mitigate the risks that the Council faces over the medium term. These risks are set out in summary below and include:

- late delivery of savings / income
- lower savings or income as it can't be delivered to the size / scale envisaged
- income may be affected by external factors such as a recession. A recession is probably due towards the end of the decade
- significant uncertainty from the impact of Brexit and after the current settlement period beyond 2020.
- further or steeper funding cuts / to help government meet their deficit reductions targets.
- legislation forcing local government to pick up additional responsibilities that we don't yet know about
- growth, from changing local factors for which we have no control, such as potentially two new cinemas coming to Horsham and the impact that this might have on the income at the Capitol for example.

11 Next steps

- 11.1 The Council meeting on 15 February 2017 will set the Council Tax for 2017/18.

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

- 12.1 The proposed budget, medium term financial strategy and assumptions were considered by the Finance and Assets Policy Development and Advisory Group at its meeting on 19 December 2016 and the Group was supportive of the proposed strategy.
- 12.2 A seminar for all Members was held on 10 November 2016 to allow all Members the opportunity to discuss and review the medium term financial strategy proposals in advance of the 2017/18 budget setting process. The medium term financial strategy was also discussed at Cabinet on 26 November 2016. The Leader and Deputy were also briefed on the 2017/18 budget on 15 December 2016 and updated again on 5 January 2017.
- 12.3 The Chief Executive, Directors and the Head of Finance have been extensively involved in preparing the medium term financial strategy and are fully supportive of its contents. The Monitoring Officer has also been consulted during the preparation of the document and is supportive of its contents.

13 Other courses of action considered but rejected

- 13.1 Not taking actions set out in this report would put at risk the ability of the Council to balance the budgets in 2017/18, 2018/19 and 2019/10 or to reduce the budget deficit projected for 2020/21. Therefore, not taking any action has been rejected.

14 Resource consequences

- 14.1 The Future Horsham changes will lead to a reduction in the size of the workforce over the next three years. In December 2016, Horsham District Council employed 471 staff in total. This constituted 413 full time equivalent (FTE) posts. The precise figure of reductions, currently estimated at 25 posts, will be firmed up as detailed plans for the individual elements are finalised.
- 14.2 In accordance with the Organisational Change Policy the Council will take steps to avoid compulsory redundancies as far as possible through a combination of vacancy control, redeployment and, in appropriate cases, voluntary redundancy. Five redundancies were made in the period from September 2016 to December 2016.

15 Legal consequences

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

16 Risk assessment

- 16.1 The Council's reliance on central government controlled funding and balancing the Medium Term Financial Strategy is captured on the Corporate Risk Register at CRR01. This is regularly reviewed and updated and is monitored at Audit Committee on a quarterly basis.

17 Other considerations

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

BUDGET SUMMARY

2017-2018

Appendix A

Original Budget	Service	Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure 2017-2018
<u>BUSINESS TRANSFORMATION</u>										
134,645	Business Transformation	0		0	0				0	0
134,645	BUSINESS TRANSFORMATION	0		0	0				0	0
<u>CHIEF EXECUTIVE</u>										
<u>CHIEF EXECUTIVE OFFICE</u>										
259,420	Chief Executive Office	258,345			1,990				260,335	260,335
122,770	Democratic Rep	22,150			105,700				127,850	127,850
382,190	CHIEF EXECUTIVE OFFICE	280,495			107,690				388,185	388,185
<u>COMMUNICATIONS</u>										
293,655	Communications	309,335		150	112,300			-15,000	421,785	406,785
293,655	COMMUNICATIONS	309,335		150	112,300			-15,000	421,785	406,785
810,490	CHIEF EXECUTIVE	589,830		150	219,990			-15,000	809,970	794,970

Page 31

Original Budget 2016-2017	Service	Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure 2017-2018
<u>COMMUNITY & CULTURE</u>										
281,690	Capitol	506,790	291,258	1,500	888,540			-1,405,070	1,688,088	283,018
152,705	COMMUNITY & CULTURE	113,015		200	101,490	0			214,705	214,705
513,802	Community Development	602,725	10,250	10,150	471,593	0		-555,856	1,094,718	538,862
263,435	Community Safety	374,410	1,700	20,150	76,690	25,000		-226,170	497,950	271,780
-54,945	Leisure Services	51,550	106,950	1,310	103,780	215,930		-646,605	479,520	-167,085
248,710	Museums	147,210	76,490	100	46,940			-36,250	270,740	234,490
1,069,970	PARKS & COUNTRYSIDE SERVICES	620,010	345,380	2,960	185,300	312,160		-461,230	1,465,810	1,004,580
2,475,367	COMMUNITY & CULTURE	2,415,710	832,028	36,370	1,874,333	553,090		-3,331,181	5,711,531	2,380,350
<u>CUSTOMER SERVICES</u>										
396,305	Customer Services	326,420			17,820			-5,375	344,240	338,865
396,305	CUSTOMER SERVICES	326,420			17,820			-5,375	344,240	338,865
<u>DIR OF COMMUNITY SERVICES</u>										
125,290	Dir Of Community Services	125,210		200	1,120				126,530	126,530
<u>COMMUNITY SERVICES</u>										

Page 3

Original Budget 2016-2017	Service	Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure 2017-2018
125,290	DIR OF COMMUNITY SERVICES	125,210		200	1,120				126,530	126,530

ENVIRONMENTAL SERVICES/LICENSING

639,735	Environmental Health/Licensing	1,084,455	2,000	15,500	208,680			-634,355	1,310,635	676,280
639,735	ENVIRONMENTAL SERVICES/LICENSING	1,084,455	2,000	15,500	208,680			-634,355	1,310,635	676,280

COMMUNITY SERVICES

HOUSING

10,000	Housing				5,000				5,000	5,000
574,590	Housing Needs	435,020	5,000	5,500	243,780			-136,000	689,300	553,300
-394,510	Housing Services	9,750	118,390		16,430			-743,000	144,570	-598,430
190,080	HOUSING	444,770	123,390	5,500	265,210			-879,000	838,870	-40,130

COMMUNITY SERVICES

PARKING SERVICES

362,160	Parking	378,350			135,940				514,290	514,290
-243,010	Parking services	193,110		2,000	59,970			-524,210	255,080	-269,130
77,268	Rural car parks		85,553		83,900			-339,240	169,453	-169,787
-2,650,015	Urban Car Parks		805,655		71,220			-3,727,427	876,875	-2,850,552

COMMUNITY SERVICES

Original Budget 2016-2017	Service	Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure 2017-2018
-2,453,597	PARKING SERVICES	571,460	891,208	2,000	351,030			-4,590,877	1,815,698	-2,775,179

STREET SCENE & FLEET

923,145	Litter & Cleansing	796,297	3,200	8,250	260,919			-32,500	1,068,666	1,036,166
102,180	REFUSE DEPOTS		102,327		14,855				117,182	117,182
1,812,030	Vehicle & Plant	255,140		1,570,060	43,050				1,868,250	1,868,250
2,837,355	STREET SCENE & FLEET	1,051,437	105,527	1,578,310	318,824			-32,500	3,054,098	3,021,598

COMMUNITY SERVICES

WASTE & RECYLING

504,358	Operations	2,372,211	11,800	7,400	202,580	30,000		-2,369,362	2,623,991	254,629
-195,819	Trade Waste & Recycling	237,445		1,000	416,190			-1,051,885	654,635	-397,250
308,539	WASTE & RECYLING	2,609,656	11,800	8,400	618,770	30,000		-3,421,247	3,278,626	-142,621
4,519,074	COMMUNITY SERVICES	8,629,118	1,965,953	1,646,280	3,655,787	583,090		-12,894,535	16,480,228	3,585,693

COMMUNITY SERVICES

Page 34

Original Budget 2016-2017	Service	Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure 2017-2018
AUDIT		CORPORATE RESOURCES								
183,750	Audit	193,775		300	2,075			0	196,150	196,150
183,750	AUDIT	193,775		300	2,075			0	196,150	196,150
CENSUS ICT		CORPORATE RESOURCES								
732,577	CENSUS ICT	1,462,650		8,000	1,229,015	40,800		-1,999,648	2,740,465	740,817
100,000	CENSUS PROJECTS				13,000			0	13,000	13,000
832,577	CENSUS ICT	1,462,650		8,000	1,242,015	40,800		-1,999,648	2,753,465	753,817
COMMISSIONING		CORPORATE RESOURCES								
289,020	Policy And Performance	258,160			3,850				262,010	262,010
69,565	Procurement	96,805		260	5,540			-34,385	102,605	68,220
358,585	COMMISSIONING	354,965		260	9,390			-34,385	364,615	330,230
DIR RESOURCES		CORPORATE RESOURCES								
175,000	Benefit Payments				250,000	31,490,000		-31,530,000	31,740,000	210,000
1,038,420	Census Revs & Bens				1,375,420			-310,000	1,375,420	1,065,420

Original Budget 2016-2017	Service	Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure 2017-2018
125,230	Dir Resources	125,850			740				126,590	126,590
-515,754	HDC Revs & Bens				70,170			-581,536	70,170	-511,366
822,896	DIR RESOURCES	125,850			1,696,330	31,490,000		-32,421,536	33,312,180	890,644

FINANCE

CORPORATE RESOURCES

925,580	Finance Accountancy	713,510		240	110,360	18,000		-16,000	842,110	826,110
990,050	Finance Corporate	567,746			290,500		1,061,000	-576,500	1,919,246	1,342,746
1,915,630	FINANCE	1,281,256		240	400,860	18,000	1,061,000	-592,500	2,761,356	2,168,856

HDC ICT

CORPORATE RESOURCES

736,250	HDC ICT	448,910		1,500	405,735			0	856,145	856,145
146,250	HDC PROJECTS				156,250				156,250	156,250
882,500	HDC ICT	448,910		1,500	561,985			0	1,012,395	1,012,395

HUMAN RESOURCES & ORG DEVELOPMENT

CORPORATE RESOURCES

37,030	Equalities	40,860		250	300			-8,300	41,410	33,110
502,160	Human Resources	453,710		500	50,090				504,300	504,300

Original Budget 2016-2017	Service	Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure 2017-2018
539,190	HUMAN RESOURCES & ORG DEVELOPMENT	494,570		750	50,390			-8,300	545,710	537,410
<u>LEGAL & DEMOCRATIC</u>									<u>CORPORATE RESOURCES</u>	
778,170	Democratic Services	285,190		22,250	533,430			-8,500	840,870	832,370
584,870	Legal	689,790		100	56,510			-127,500	746,400	618,900
1,363,040	LEGAL & DEMOCRATIC	974,980		22,350	589,940			-136,000	1,587,270	1,451,270
6,898,168	CORPORATE RESOURCES	5,336,956		33,400	4,552,985	31,548,800	1,061,000	-35,192,369	42,533,141	7,340,772

Original Budget 2016-2017	Service	Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure 2017-2018
<u>BUILDING CONTROL</u>										
-41,160	Building Control	735,350	4,300	18,330	74,760			-853,890	832,740	-21,150
-41,160	BUILDING CONTROL	735,350	4,300	18,330	74,760			-853,890	832,740	-21,150
<u>DEVELOPMENT</u>										
172,090	Development	1,559,910	1,500	7,450	496,030			-1,709,250	2,064,890	355,640
172,090	DEVELOPMENT	1,559,910	1,500	7,450	496,030			-1,709,250	2,064,890	355,640
<u>DIR OF PLANNING, ECON DEV & PROP</u>										
124,130	Dir Plan, Ed, Prop	125,370							125,370	125,370
124,130	DIR OF PLANNING, ECON DEV & PROP	125,370							125,370	125,370
<u>ECONOMIC DEVELOPMENT</u>										
61,390	Economic Devel Mgr	0							0	0
211,095	Economic Development	199,800	165	1,500	64,275			-7,800	265,740	257,940
141,300	Town Centre Mgt	86,100	11,920	250	80,680			-49,800	178,950	129,150
23,250	Visitor Economy		16,000		6,000				22,000	22,000

PLANNING , ECON DEV, PROPERTY

Original Budget 2016-2017	Service	Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure 2017-2018
437,035	ECONOMIC DEVELOPMENT	285,900	28,085	1,750	150,955			-57,600	466,690	409,090
<u>PROPERTY & FACILITIES</u>						<u>PLANNING , ECON DEV, PROPERTY</u>				
526,440	Buildings		346,530		151,500				498,030	498,030
-2,312,350	Investment Properties		435,580		100,160	10,350		-3,130,750	546,090	-2,584,660
670,290	Properties & Facilities	528,180		1,720	90,130			-700	620,030	619,330
79,820	Public Realm		90,010		4,860			-62,650	94,870	32,220
-1,035,800	PROPERTY & FACILITIES	528,180	872,120	1,720	346,650	10,350		-3,194,100	1,759,020	-1,435,080
<u>SPATIAL PLANNING</u>						<u>PLANNING , ECON DEV, PROPERTY</u>				
771,630	Spatial Planning	794,480	5,025	1,360	119,910			-33,800	920,775	886,975
771,630	SPATIAL PLANNING	794,480	5,025	1,360	119,910			-33,800	920,775	886,975
427,925	PLANNING , ECON DEV, PROPERTY	4,029,190	911,030	30,610	1,188,305	10,350		-5,848,640	6,169,485	320,845

Page 39

Original Budget		Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure
2016-2017	Service									2017-2018
12,655,657	Report Totals	18,585,094	2,876,983	1,710,440	9,617,067	32,142,240	1,061,000	-53,950,544	65,992,824	12,042,280
-109,620	Less capitalised salaries									-179,890
12,546,037	Total									11,862,390

Budget 2017/18 Main Movements	2017/18 Total	Savings		Growth		
		Efficiency Measures/Service Adjustments	Income Generation	Externally Imposed	Loss of Income	Service Improvements/ Adjustments
		£000	£000	£000	£000	£000
CORPORATE						
Movement in capitalised salaries	(70)	(70)				
Salaries - pay rise	156					156
Increments - regrading etc	147					147
Net reduction in posts	(523)	(523)				
Provision for Apprenticeships	143					143
Provision for redundancies	250					250
Property repairs , maintenance and utilities	(215)	(215)				
Business rates - revaluation	102			102		
COMMUNICATIONS						
HDC News 3rd Edition	19					19
Communications Dept Software/Systems	36					36
LEGAL & DEMOCRATIC						
Software	17					17
Legal costs recovered	(50)	(50)				
Agency Costs	60					60
Reduction in Counsel fees	(25)	(25)				
FINANCE						
Reduction in bad debt provision	(20)	(20)				
Increase in capital expenditure financing charge (MRP)	210					210
Interest on investments	(268)		(268)			
Insurance	20			20		
Reduction in borrowing costs	(30)	(30)				
HDC ICT						
Removal of income for services supplied to other Local Authorities	70				70	
Project expenditure	60					60
CENSUS ICT						
Reduction in project expenditure	(107)	(107)				
Net increase (after partnership contributions)	27					27
REVENUES AND BENEFITS						
Additional provision for LA error	40					40
Partnership contribution	27					27
COMMUNITY & CULTURE						
Building bridges project	70					70
COMMUNITY DEVELOPMENT						
Voluntary grants	13					13
COMMUNITY SAFETY						

Budget 2017/18 Main Movements	2017/18 Total	Savings		Growth		
		Efficiency Measures/Service Adjustments	Income Generation	Externally Imposed	Loss of Income	Service Improvements/ Adjustments
		£000	£000	£000	£000	£000
New community warden Pulborough - funding offsets salary increase and costs	(48)	(54)				6
Loss of contribution	15				15	
CAPITOL						
Growth in income	(46)		(46)			
Increase in casual staff costs	30					30
LEISURE SERVICES						
Statutory compensation - BBHLC	38					38
Reduction in loss of income budgets	(40)	(40)				
Reduction in Leisure Centre legacy repairs	(100)	(100)				
PARKS & COUNTRYSIDE						
Southwater Country Park - grounds maintenance	30					30
Parks restructure - covered by salary savings (£97k) includes some vehicle savings	38	(47)	(16)			101
Cemeteries income	(44)		(44)			
STREET SCENE & FLEET						
Vehicle Repair and maintenance - aging fleet	65					65
Agency staff - some offsetting salary savings	23					23
Vehicle hire - new litter picking guidelines	89			89		
WASTE & RECYLING						
Waste - other household collections contract payments	30					30
Waste - Site rental for Pods	(25)	(25)				
Green waste income volume and price	(118)		(118)			
Recycling support	(46)	(46)				
Income from bin provision	(25)		(25)			
Trade waste - income including new bulky bag scheme	(147)		(147)			
Trade waste - reduction in disposal costs	(50)	(50)				
PARKING SERVICES						
Rural car park strategy	73					73
Rural car park income	(315)		(315)			
Increase in other car park income	(242)		(242)			
Staff car parking income	(25)		(25)			
Increase in card processing costs	33					33
On street parking arrangements - additional income	(27)		(27)			
HOUSING						
Bed and breakfast increase in lodging costs	20					20
Income from temporary accommodation	(130)		(130)			
Increase in casual staffing costs - offsets salary savings	37					37

Budget 2017/18 Main Movements		Savings		Growth		
Department/Description	2017/18 Total	Efficiency Measures/Service Adjustments	Income Generation	Externally Imposed	Loss of Income	Service Improvements/ Adjustments
	£000	£000	£000	£000	£000	£000
DEVELOPMENT						
Counsel Fees	60					60
Use of consultants	120					120
Appeal costs and legal fees	20					20
Reduction in income including SDNP	19			15		4
SPATIAL PLANNING						
Neighbourhood plans - removal of parish council contribution	40					40
Local District Plan - reduction	(20)	(20)				
Strategic Planning - sales of specialist skills	(20)	(20)				
PROPERTIES & FACILITIES						
Rental Income - property investment fund	(105)		(105)			
Other rental income	(64)		(64)			
Street naming	(40)		(40)			
Service charges	27				27	
Corporate Storage costs	(27)	(27)				
ECONOMIC DEVELOPMENT						
Pop-up-Shop rates	(25)	(25)				
OTHER						
Net Other items	79	79				
TOTAL	(683)	(1,414)	(1,611)	226	112	2,004

This page is intentionally left blank

The budget includes the following grants to voluntary groups and community partnerships.

Grants to voluntary groups

	£
Citizen Advice Bureau - Horsham	94,000
Age UK	50,000
Voluntary Sector Infrastructure support	20,408
Horsham District Community Transport	20,000
Y Centre	20,000
New strategic Grants budget	10,130
Impact Initiatives – Steyning and Henfield	10,000
Community and individual grants	7,750
Home-Start, Crawley, Horsham and Mid-Sussex	7,000
West Sussex Mediation Service	3,100
Purple Bus, West Sussex Rural Mobile Youth Trust	3,000
Relate North	2,600
Billingshurst Community Transport	1,500
Total Grants	249,488

Grants to community partnerships

The budget contains £6,000 of grants to community partnerships.

This page is intentionally left blank

Special Charge element - summary

	2017/18
	£
ALLOTMENTS	2,474
CHILDRENS PLAYGROUNDS	25,114
DRILL HALL	39,444
BANDSTANDS	17,589
FOOTWAYS & AMENITY LIGHTING	1,649
FLORAL DISPLAYS	9,134
HORSHAM PARK	57,649
GRANTS TO NEIGHBOURHOOD COUNCILS	17,434
YOUTH WORKER GRANT	30,000
RECREATION GROUNDS	56,360
CHRISTMAS LIGHTS	<u>23,472</u>
TOTAL	<u>280,319</u>

This page is intentionally left blank

Objective Description	Expected Full Year 2016/17	Proposed 2017/18	Proposed 2018/19	Proposed 2019/20	Proposed 2020/21
Disaster Recovery	18,672	-	-	-	-
Local Area Network - HDC	4,850	-	-	-	-
HDC-Windows7+Ms Office2010Rollout	19,871	-	-	-	-
ICT Projects	200,000	200,000	200,000	200,000	200,000
Census - Server Replacement (4 Way)	14,532	-	-	-	-
Census - Redhat Linux (3 Way)	69,020	-	-	-	-
Census - Replace Storage Area Network	50,000	-	-	-	-
Census - Access Management Control	10,000	-	-	-	-
Mobile Working Application	72,500	-	-	-	-
Frenches Way Play Area, Billingshurst	14,669	-	-	-	-
Riverside Walk Project-Hormare	25,870	-	-	-	-
Car Park Southwater (Country Park)	20,914	-	-	-	-
Parbrook Landslip Prevention	92,030	-	-	-	-
Capitol Arts Centre - Sound System	961	-	-	-	-
Warnham Millpond Engineering Works	39,375	-	-	-	-
Horsham Park Pond Improvements	30,000	-	-	-	-
Bennets Field Improvements	105,000	-	-	-	-
Warnham Nature Reserve Improvements	50,000	-	-	-	-
Southwater Country Park - Toilets	80,000	-	-	-	-
Capitol Theatre - Lighting Desk	20,000	-	-	-	-
Capitol Theatre - Projector	36,000	-	-	-	-
Southwater Country Pk- Ext. & refurb. *	-	-	300,000	-	-
Southwater Country Pk- Parking Initiatives *	-	189,000	-	-	-
Horsham Park Outdoor Gym *	-	42,500	-	-	-
Redkiln Play Area *	-	49,139	-	-	-
Roffey Play Area *	-	100,000	-	-	-
St Mary's Garden of Remembrance *	-	75,000	-	-	-
Capitol Theatre - Fly System *	-	39,000	-	-	-
Riverside Walk - Hills Farm Lane *	-	20,890	-	-	-
Pulborough Town Centre Imps S106	32,826	-	-	-	-
96 Act-Disabled Facility Grant	713,000	713,000	713,000	713,000	713,000
96 Act-Home Repair Assist. Grant	125,000	125,000	125,000	125,000	125,000
Signage - Town & Rural Car Parks	20,000	-	-	-	-
Rural Car Park Infrastructure	72,000	-	-	-	-
ANPR Extended - Hurst Rd & Denne Rd	125,000	-	-	-	-
Pavilions Hurst Road Car Park *	-	200,000	-	-	-
Swimming Provision-Pavillions	16,336	-	-	-	-
Swimming Provision-Billingshurst	55,000	-	-	-	-
Broadbridge Heath Leisure Centre-New	2,046,892	9,129,000	1,000,000	2,500,000	-
Multi-Storey Car Park-Repairs	376,084	-	-	-	-
Swan Walk Centre	300,000	-	-	-	-
Piries Place Car Park *	-	400,254	-	-	-
Piries Place Car Park Lift	162,813	-	-	-	-
Forum Car Park Lift	190,000	-	-	-	-
Hillside Park, Small Dole, Safety Works	4,197	-	-	-	-
Granary Refurbishment	35,000	-	-	-	-
Drill Hall Heating System	65,000	-	-	-	-
Commercial Estates - General	28,000	100,000	100,000	100,000	100,000
Forum Paving	7,652	-	-	-	-
Replace Boilers	3,143	-	-	-	-

Objective Description	Expected Full Year 2016/17	Proposed 2017/18	Proposed 2018/19	Proposed 2019/20	Proposed 2020/21
Energy Efficiency Improvements	25,000	50,000	-	-	-
Southwater Health Centre Project	20,000	-	-	-	-
Hop Oast Depot Realignment	2,796,044	1,554,400	-	-	-
Temp Accommodation Apartments	1,851,105	216,880	-	-	-
Myrtle Lane Car Park (Billingshurst)	29,997	-	-	-	-
Disabled Access To Public Bldgs	20,000	-	-	-	-
Corporate Provision - Asset Enhancement	-	50,000	500,000	500,000	500,000
Commercial Property Investment Fund	3,248,107	3,000,000	3,000,000	3,000,000	3,000,000
Ambulance Station	1,035,000	-	-	-	-
Old Barn Pump Alley *	-	200,000	-	-	-
Chesworth Farm - new storage facility *	-	75,000	-	-	-
Denne Road Lodge *	-	30,000	-	-	-
Rowan Drive Garages, Billingshurst *	-	1,320,000	880,000	-	-
Peary Close Horsham *	-	780,000	520,000	-	-
Land at Oakhurst Business Park phase 4 *	-	75,000	-	-	-
Wickhurst Pumping Station	-	200,000	-	-	-
Swan Walk Centre - Rebuild CCTV Room	50,000	-	-	-	-
Bishopric Refurbishment / Enhancement	-	159,880	-	-	-
East Street Pedestrianisation	1,500	-	-	-	-
West Street Improvements	69,153	89,168	-	-	-
Housing Enabling Grants	504,000	1,000,000	1,000,000	1,000,000	1,000,000
Vehicles - Replacement programme	717,000	2,779,000	90,000	296,000	120,000
TOTAL	15,719,113	22,962,111	8,428,000	8,434,000	5,758,000

* New budgets or addition to existing scheme

New schemes in the 2017/18 capital programme:

Appendix Eii

Rowan Drive garages Billingshurst £1,320,000 A £2.2m scheme to build up to 10 flats of social or temporary accommodation to provide housing, which would also produce an income stream. The scheme has been profiled across two financial years. Funding by S106 identified.

Peary Close Horsham £780,000 A £1.3m scheme to build up to 6 flats of social or temporary accommodation to provide housing, which would also produce an income stream. The scheme has been profiled across two financial years. Funding by S106 identified.

Refurbishment of Piries Place car park £260,000 To improve the standard of the car park alongside the redevelopment of the Piries Place scheme.

Pavilions car park at Hurst Road £200,000 Redesign of car park layout resulting in additional spaces to help relieve congestion and also aid the future implementation of automatic number plate recognition. The additional car parking will generate income to payback the investment.

Old Barn pump alley £200,000 Conversion of storage facility into two flats and refurbishment which will generate rental income or capital receipt on disposal.

Southwater Country Park parking initiatives £189,000 Additional car parking spaces and parking meters to help relieve congestion. The additional car parking will generate income to payback the investment.

Roffey recreational ground play area improvement: £100,000 The current play area is over 25 years old and in need of significant replacement / refurbishment. Funding from S106 identified.

Chesworth Farm - new storage facility £75,000 Additional storage facility (a pre-fabricated building on a concrete base) to release the decant from the Old Barn Pump Alley.

Land at Oakhurst Business Park phase four £75,000 Preparation of derelict land which could be used for industrial expansion. Clearance of land required to be able to market for rental or disposal.

St Mary's garden of remembrance £75,000 Enhance the quality of the garden by making it safer and more attractive to a wider range of visitors and to discourage anti-social behaviour and vandalism. Funding from S106 identified.

Renew and extend Redkiln Way play area £49,000 The current play area is over 20 years old and in need of significant replacement / refurbishment. Funding from S106 identified.

Horsham Park outdoor gym facilities £42,500 To provide outdoor gym equipment to encourage people to use our green spaces to benefit their health and wellbeing. Funding from S106 identified.

Stage engineering at the Capitol £39,000 Remedial work to the over stage bars at the Capitol to address worn components and ensure it meets health and safety requirements.

Denne Road cemetery lodge £30,000 Refurbishment of the cemetery lodge to create a new housing unit for temporary accommodation.

Riverside Walks Hills Farm Road section £21,000 Constructing an all-weather, durable surface on the Hills Farm section of the Riverside Walk so it can be used by recreational walkers, wheelchair and pushchair users. Funding from S106 identified.

This page is intentionally left blank

ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT 2017/18

When the Council does not finance capital expenditure with resources such as capital receipts, grants, contributions and reserves it effectively finances the spend by debt (although this can be internally sourced debt), and it must put aside resources to repay that debt. The amount charged is known as the Minimum Revenue Provision (MRP).

The amount of Minimum Revenue Provision (MRP) is set by the Council but legislation requires the Council to have regard to guidance issued by the Department for Communities and Local Government (CLG). The aim of the guidance is to ensure that debt is repaid over a period that broadly matches the period over which the unfinanced capital expenditure provides benefits.

The CLG's guidance requires the Council to approve an annual MRP statement and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

The Council is recommended to approve the following MRP Statement:

- For capital expenditure incurred before 1 April 2008 or which in the future will be Supported (*Note*) Capital Expenditure, the MRP policy will follow the former DCLG Regulations. This means the MRP will be based on 4% of the Capital Financing Requirement in respect of that expenditure.
- From 1 April 2008 for all unsupported capital expenditure, the MRP will be calculated by dividing the capital expenditure by the expected useful life of the relevant assets, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years
- For assets subject to finance leases, the MRP requirement would be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability.
- Where loans are made to other bodies for their capital expenditure, no MRP will be charged. However, the capital receipts generated by the annual repayments on those loans will be applied to reduce the capital financing requirement.
- Capital spend in 2017/18 will not be subject to a MRP until 2018/19.

Note Supported Capital Expenditure is capital spend that central government supports with a contribution through grant. Horsham District Council does not have any Supported Capital Expenditure at present.

This page is intentionally left blank

Prudential Indicators

Capital Expenditure Plans

The Council is asked to approve the capital expenditure projections below. The estimate of capital expenditure is based on the capital programme in this report and estimates of capital spend that may become necessary during the period of the medium term financial strategy.

	2016/17 Revised £000	2017/18 Revised £000	2018/19 Revised £000	2019/20 Estimate £000
Projected Capital Expenditure	10,201	26,310	9,803	8,990
Financed by:				
Capital receipts and third party contributions	5,033	8,603	7,554	4,956
Capital grants	513	513	713	713
Revenue reserves*	1,119	2,953	536	821
Total Financing	6,665	12,069	8,803	6,490
Net financing need	3,536	14,241	1,000	2,500

* Includes use of New Homes Bonus

The Council's borrowing need, the Capital Financing Requirement

The Council is asked to approve the projections below.

Capital Requirement	Financing	2016/17 Revised £000	2017/18 Revised £000	2018/19 Revised £000	2019/20 Estimate £000
Opening balance		13,256	15,957	29,276	29,119
Net financing need		3,536	14,241	1,000	2,500
Less MRP		(835)	(922)	(1,157)	(1,064)
Closing balance		15,957	29,276	29,119	30,555
Net inc/(decrease)		2,701	13,319	(157)	1,436

The CFR is forecast to rise significantly next year as capital expenditure financed by debt outweighs resources put aside for debt repayment. In the subsequent two years it stabilises. The current longer term projection shows 2019/20 as the peak level.

Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. Total debt is expected to remain below the CFR during the forecast period as indicated below.

	2016/17 Revised £000	2017/18 Revised £000	2018/19 Revised £000	2019/20 Estimate £000
Gross Borrowing	4,000	4,000	4,000	0
Capital Fin. Req.	15,957	29,276	29,119	30,555

Limits to debt

There are two indicators that seek to put a limit on debt. The first limiting indicator is the 'operational boundary' which represents the expected maximum debt position during each year but is not an absolute limit. The other debt prudential indicator is the 'authorised limit' for external debt which represents the limit beyond which external borrowing is prohibited, and needs to be set and revised by Council. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The table below shows the estimates that the Council are asked to approve.

	2017/18	2018/19	2019/20
Operational boundary - borrowing	£4m	£4m	£0m
Operational boundary – other long term liabilities	£0m	£0m	£0m
Operational boundary - Total	£4m	£4m	£0m
Authorised limit – borrowing	£14m	£14m	£14m
Authorised limit – other long-term liabilities	£1m	£1m	£1m
Authorised limit – Total	£15m	£15m	£15m

The projection assumes the single debt is repaid in 2019 and no new borrowing is taken out.

Affordability Prudential Indicators:

Estimates of the ratio of financing costs to net revenue stream – This indicator identifies the trend in the cost of capital (borrowing costs net of investment income) against the net revenue stream. It therefore measures how much of the Council's overall income is used to finance capital. The increase is due to the capital expenditure which is not financed from capital and revenue resources.

	2016/17	2017/18	2018/19	2019/20
Ratio of financing costs to net revenue stream	4%	2%	4%	3%

Estimates of the incremental impact of capital investment decisions on the Council Tax – This indicator identifies the revenue costs associated with the proposed changes to the capital programme recommended in the budget report. The costs are shown per Band D property and have been included in all the budget projections brought before the Council. The small cost reflects that the growth in capital spend is overwhelmingly externally funded or provides a financial return.

	2017/18	2018/19	2019/20
Impact on Council tax	£0.01	£0.02	£0.02

Adoption of the CIPFA Treasury Management Code: The Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition in February 2012. It fully complies with the Codes recommendations.

New Homes Bonus (NHB) – post Settlement December 2016

Appendix H

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
2011/12	379	379	379	379	379	379				
2012/13		390	390	390	390	390				
2013/14			397	397	397	397	397			
2014/15				776	776	776	776			
2015/16					994	994	994	994		
2016/17						1,462	1,462	1,462	1,462	
2017/18							1,186	1,186	1,186	1,186
2018/19								1,186	1,186	1,186
2019/20									1,186	1,186
2020/21										1,186
	379	769	1,166	1,942	2,936	4,398	4,815	4,828	5,020	4,744
Used to fund revenue	-	-	1,166	1,166	1,166	1,166	700	400	200	-
Used for BBH						2,000	2,000			
Added to Reserves	379	769	-	776	1,770	1,232	2,115	4,428	4,820	4,744
Total Reserve figure	379	1,148	1,148	1,924	3,694	4,926	7,041	11,469	16,289	21,033

Notes:

The 2016 Autumn Statement introduced changes to the mechanism of NHB. This includes 5 years of payments in 2017/18 and 4 years in 2018/19. A 0.4% baseline was also introduced, which needs to be exceeded before any NHB payments are made. For 2017/18, measured against the total band D equivalents in the district, 0.4% equates to approximately 240 additional houses a year before we receive anything. The projected figures in *red italics* are subject to further consultation. The government has retained the option of making adjustments to the baseline in future years.

An increase in the baseline of 0.1% is equivalent to approximately 60 band D dwellings, which at the standard payment of £1,530 per dwelling would reduce NHB by £92k.

Actual amounts for the future years 2018/19 to 2019/20 will only be confirmed once the results of the further consultation on the future allocation of NHB are announced. At this point, figures for 2020/21 are based only on the assumption that payments continue into the 2020s which has not yet been confirmed.

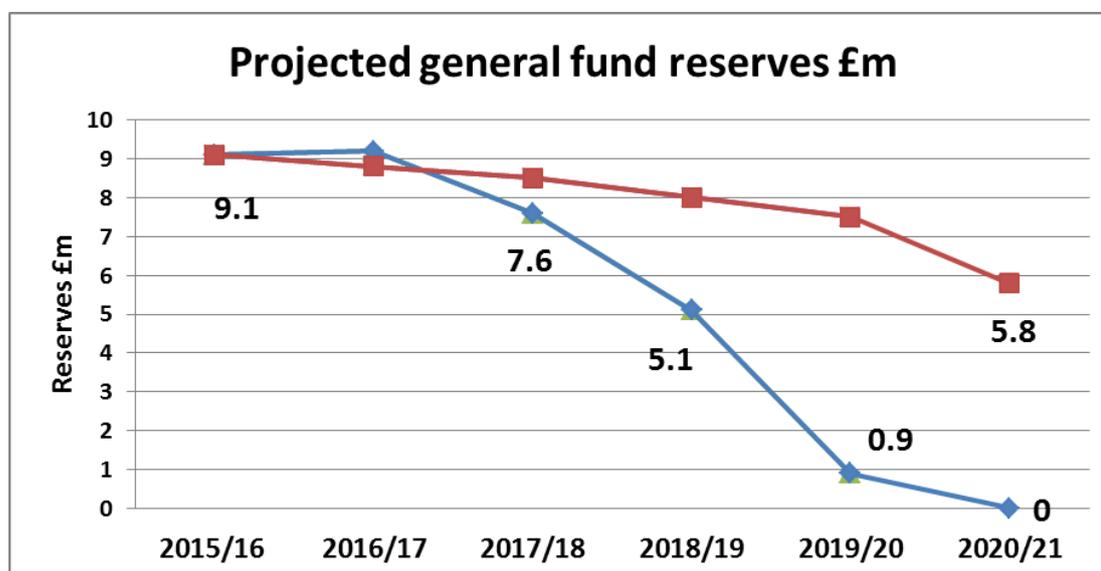
Reliance on NHB to support revenue is being tapered down over the period from 2017/18 to 2019/20. This tapering period will enable us to take measures to increase income and phase in additional spending reductions to balance the budget as new homes bonus cannot be considered a permanent source of income.

The table also assumes that £2m of the NHB reserve is used to fund the capital project of Broadbridge Heath (BBH) leisure centre in 2016/17 and also in 2017/18 as previously approved by Cabinet.

This page is intentionally left blank

1. Robustness of Estimates and Adequacy of Reserves

- 1.1 Section 25 of the Local Government Act 2003 requires Chief Financial Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their precepts, and authorities are required to take the Chief Financial Officer's report into account when setting the Council Tax.
- 1.2 The desired minimum level of general reserves was established in the 2012/13 budget report at £6m. Sufficient general reserves are required to ensure that the Council is able to meet its expenses if it finds it needs to fund unplanned costs during the year or its projected income fall short of the budgeted amount. These changes could result from a number of sources such as increased homelessness or an increase in voids in the commercial property estate, or reduced business rate income.
- 1.3 General reserves at 31st March 2016 were £9.1m. Of this, £0.5m of the 2015/16 revenue budget surplus has subsequently been transferred into an earmarked transformation reserve to fund one-off up-front costs of business transformation.
- 1.4 The following graph shows the predicted level of general reserves for future years after two scenarios. Firstly, the level of general reserves available if the Council had not taken action to implement transformation and funded the shortfall from reserves. This results in all general fund reserves being spent in 2020.



- 1.5 If the budget gaps are filled through the transformation programme to 2019/20 however and the assumptions in the MTFs, on increases in Council Tax rates are applied for example, the Council would have sufficient revenue reserves for the period covered by the Medium Term Financial Strategy. This second scenario assumes the current transformation programme ends in 2019/20 and the 2020/21 deficit is funded from GF reserves. This results in the Council retaining £5.8m of general reserves by the end of 2020/21.

- 1.6 By holding general reserves, if the Council finds itself in a difficult position and the projected deficits in future years increase as a result of unforeseen government policy or events, the Council should still be able to maintain a minimum level of reserves while it identifies increased savings or additional income.

Earmarked reserves

- 1.7 The Council also holds earmarked reserves which are funds received for a specific purpose. For example, grant funding that can only be expended on particular purposes. Details of the earmarked reserves held by the Council at 31st March 2016 are shown in table a) below.

Table a: Earmarked reserves

Earmarked Reserves at 31 March 2016	£'000
Neighbourhood Planning Grant	318
S106 reserves	1,393
NNDR reserve	1,435
Council Tax localisation	278
Health and Wellbeing	198
Weekly Waste Collection	254
Community reserves	250
Other	515
Total	4,641

New Homes Bonus (NHB)

- 1.8 The NHB reserve is expected to total £4.9m at 31 March 2017 and an estimate of the future levels of NHB reserves are set out separately in more detail at Appendix H. This assumes that payments of NHB remain at four years from 2018/19 and that there are no changes to the 0.4% baseline below which there is no payment. It is likely though that the current projected NHB levels will change as a result of the outcomes of the further consultation in 2017.
- 1.9 Now that the government has clarified the future of NHB in the medium term, and under the current assumptions the forecast is that the new homes bonus reserve will grow, so consideration should now be given to developing a policy for the best use of it to help the Council and district in the longer term. It is suggested that the key aims of such a policy should be to strengthen the Council's ability to generate income from appropriate investments in order to receive income to support future service delivery and secure the delivery of infrastructure to serve the needs of the district's residents. It is proposed that the policy should be developed early in 2017/18.

Terms of Reference for the Crime and Disorder Sub-Committee

(In accordance with the Protocol for the Scrutiny for Crime and Disorder Matters
In accordance with the legislation)

The function and terms of reference of the Scrutiny and Overview Committee in relation to Crime and Disorder issues are as follows:

1. The Chairman of this Sub-Committee will be a Member of the Overview and Scrutiny Committee having been elected by the Sub-Committee
2. To scrutinise the work of the CSP and the partners who comprise it, insofar as their activities relate to the partnership itself;
3. To make reports and / or recommendations to the Council with respect to the discharge by the CSP of its crime and disorder functions;
4. To act as a 'critical friend' of the CSP, providing it with constructive challenge at a strategic level rather than adversarial fault-finding at an operational level;
5. To consider Councillor Call for Actions (CCfAs) that arise through the Council's CCfA process and which relate to Crime and Disorder matters.
6. To make recommendations to decision makers and discharge functions directly, where appropriate and in accordance with legislation

June 2016

This page is intentionally left blank

Report to Overview and Scrutiny Committee

30 January 2017

By the Scrutiny Officer

INFORMATION REPORT



**Horsham
District
Council**

Not Exempt

Scrutiny Guide January 2017

Executive Summary

The purpose of this report is to inform the Overview and Scrutiny Committee of the update to the Scrutiny Guide.

Recommendations

The Committee is recommended to approve the updated Scrutiny Guide for publication.

Reasons for Recommendations

To provide Councillors, Officers and Members of the Public with a clear and up to date outline on the function and processes of Overview and Scrutiny in Horsham District council.

Background Papers

None.

Wards affected: N/A

Contact: Joseph Gupwell, Committee & Scrutiny Support Officer,
joseph.gupwell@horsham.gov.uk

Background Information

1 Introduction and Background

- 1.1 The most recent Scrutiny Guide was published in June 2015, and contains a large amount of outdated information. Consequently it was the view of Democratic Services that the guide be updated.

2 Relevant Council policy

- 2.1 Efficiency, Great Value Services – Analysing and taking timely action to improve performance where necessary.
- 2.2 Communities, Support our communities – By providing excellent customer services through processes which optimise customer contact and efficient service delivery.

3 Details

- 3.1 Publication of the new Constitution and changes to the names of committees and working groups led to officers reviewing the current Scrutiny Guide.

4 Next Steps

- 4.1 To continue to update the Scrutiny Guide when necessary and to provide Members with a list of alterations made in each future update.

5 Outcome of Consultations

- 5.1 N/A

6 Other Courses of Action Considered but Rejected

- 6.1 N/A

7 Financial Consequences

- 7.1 There are no financial consequences to this report.

8 Legal Consequences

- 8.1 There are no legal consequences to this report.

9 Other Considerations

- 9.1 There were no other considerations.



Horsham
District
Council

Scrutiny Guide: Overview and Scrutiny Committee

For councillors, officers and members of the public



January 2017

Please note that this Guide is a working document and is regularly updated. To ensure you have the latest version, please download a copy from Horsham District Council's online library:
<http://horsham.moderngov.co.uk/ecCatDisplay.aspx>

Contents

Introduction	3
What is Overview and Scrutiny?	3
Where does Scrutiny fit into the Council's political management?.....	4
The Scrutiny Structure	4-5
Why does Overview and Scrutiny exist?.....	6
Aims of O&S:	6
Who is, or can be involved?	7
How does Overview and Scrutiny Work?	
Stage 1: Gathering Issues for the Work Programme	7-8
Stage 2: The Sub-Committee Investigation	9
Public Consultation	10
Stage 3: Reporting	10
Cabinet/Council Feedback to Scrutiny	11
Stage 4: Monitoring	
Recommendations of Sub-Committee	12
Measuring Success	12
Annual Review	12
O&S Evaluation Criteria	13
Work Programme 2016/2017	14
Contacts	14
Bibliography	14
Appendix 1 – Guidance for Councillors for Work Programme Suggestions	15
Appendix 2 - Work Programme Suggestion Form.....	16

This guide provides Councillors, Officers and Members of the Public with an outline of the function and processes of Overview and Scrutiny in Horsham District Council. It sets out to answer: **what** Overview and Scrutiny is; **where** it fits into the overall Council process; **why** it exists; **who** is, or can be involved; and **how** it works. It also deals with the **when**, by setting out the current work programme of the Committee.

What is Overview and Scrutiny?

The Overview & Scrutiny (O&S) process provides the Council with its own 'watchdog' or 'critical friend'. O&S is a common sense approach to reviewing decisions and policies and considering whether they are appropriate for the district. Therefore, its principal purpose is to improve decision-making. The O&S Committee does this by:

- Reviewing and developing policy recommendations for the Executive's consideration
- Providing a means to review the Council's own achievements against its planned targets
- Setting out to influence Council/Cabinet decisions and policies where appropriate
- Playing a part in the Community leadership role of the Council i.e. by reviewing services provided by other organisations on issues that affect the public and by calling individuals/organisations to account
- Contributing to democracy by stimulating public engagement

Scrutiny should not be a confrontational or divisive process, its aim is not to apportion blame; rather it should enable Members (and officers) to be inquisitive, to increase understanding of community issues, and to seek to understand the causes of poor performance so as to be able to identify ways of improving. It is intended to complement and add value to the work of the Cabinet which is charged with making day-to-day decisions - *The Centre for Public Scrutiny, The Good Scrutiny Guide*

What Scrutiny cannot do.....

- Make policy decisions
- Review individual planning, licensing, housing or grant decisions
- Veto decisions of the Council, Cabinet, Committees or Officers
- Commit the Council to Expenditure

Where does Scrutiny fit into the Council's political arrangement?

The Council at Horsham District Council is made up of 44 Councillors (or Members), elected by the public to represent them. The Council agrees the Policy Framework and the Budget of the Council, including the Council Tax.

The Council also appoints the Cabinet, which consists of a Leader and six other Councillors known as Cabinet Members, Executive Members or Portfolio Holders. The Cabinet must take decisions within the Council's Policy Framework and Budget.

As it is Council that has overall responsibility for the Policy Framework and the Budget, both Cabinet and the Overview and Scrutiny Committee must make recommendations to Council if they seek to amend or adopt the Framework or the Budget.

The Overview and Scrutiny Committee may make recommendations to Cabinet for any functions which are Cabinet's responsibility. The Committee may also examine any issues which are being considered, or have been considered, by Cabinet in order to make recommendations on how future developments should progress. Cabinet may accept recommendations and amend policy accordingly. It must provide reasons for those recommendations it does not accept.

Overview and Scrutiny may also "call in" decisions of Cabinet, where a decision taken by Cabinet is investigated to determine whether the process of making the decision was valid and the validity of the decision itself. Call-in must take place before implementation. (For further information on the call in procedure please refer to the Council's constitution, Part 4C 14).

It is important that Scrutiny monitors the work of the rest of the Council to ensure that it is working within the overall scheme of the Council and not at odds with it. Reviews must have a clear purpose and must balance the need to scrutinise with the need to improve service delivery throughout the Council as a whole.

The Scrutiny structure:

The O&S Committee currently has four standing Sub-Committees: **Business Improvement**, dealing with the business improvement plan; **Finance & Performance**, dealing with performance indicators; **Social Inclusion and Health**, dealing with community inclusion issues; **Crime and Disorder**, dealing with the work of the CSP (Community Safety Partnership). All Sub-Committees sit under the umbrella of the O&S Committee.

COUNCIL Functions:

- Adopting and Changing the Constitution
- Adopting the Policy Framework* and Budget
- Appointing the Leader and Cabinet Members
- Agreeing/Amending terms of reference, composition, members of other Committees
- Changing the name of the area
- Adopting Members' allowances scheme
- Confirming the appointment of the Chief Executive
- Licensing and planning decisions
- Personnel matters
- Other functions in relation to by-laws and local legislation

Any other functions are allocated to the Cabinet

* The Policy Framework means

- Plans and Strategies which together comprise the Development Plan.
- Crime and Disorder Reduction Strategy.
- Council's Corporate Plan.
- Statement of Licensing Policy.
- The Council's Housing Strategy.
- Any plan or strategy required by law to be sent to a Minister of the Crown for approval

The **Council has final say** for these functions. Both **Cabinet** and the **Overview and Scrutiny Committee** must make recommendations to Council if they seek to adopt or amend any of these function.

CABINET makes decisions within Council's Policy Framework and Budget

The **Overview and Scrutiny Committee** may challenge and make recommendations to Cabinet for any future decisions it may make or once decisions have been taken by Cabinet through the process of "call in". Ultimately the **Cabinet has the final say** for those decisions under its responsibility.

Recommendations

OVERVIEW & SCRUTINY COMMITTEE

Planning Committee North

Planning Committee South

Standards Committee

Licensing Committee

Why does Overview and Scrutiny exist?

O&S is a result of the Government's "modernisation programme" which began in 2000. The aim of this programme was to speed up and focus decision-making within councils. Before 2000 major decisions had been taken by full Council, or by committee, which at Horsham District Council included 44 Councillors. This often made decision-making a slow process. Furthermore, under the old structure, responsibility for particular decisions was often unclear.

The current Cabinet system has improved process and provided a clear line of responsibility for many decisions taken. It has, however, also had the potential to lead to criticisms of the power being held in the hands of a few. O&S was introduced as part of the amendments in 2000 in order to prevent or allay such criticisms.

Aims of O&S:

- To assist the Cabinet and the Council on all issues including the **development of new policies** and the **review of existing policies and services** and make appropriate recommendations

In practice this means: The policy development and review role may be carried out at the request of Council or Cabinet, at the Committee's own request, or as a result of public pressure. The Overview and Scrutiny Committee would then present recommendations of policy changes to Council.

- To assist the Council in the **development of its budget and policy framework**
- To enhance **Councillor and public involvement** in the Scrutiny process
- To undertake **research** in the community and carry out other **consultation** in the analysis of policy and service delivery

In practice this means: The Committee may also carry out **external Scrutiny**, scrutinising community issues which involve the work of other public bodies, for example the NHS and the police force

- To review and scrutinise decisions made by Cabinet (**internal Scrutiny**)
- To **improve future performance** and achieve **best value**
- To check whether desired **results are being achieved**
- To enhance accountability by **demonstrating successes and highlighting problems**

Who is, or can be involved?

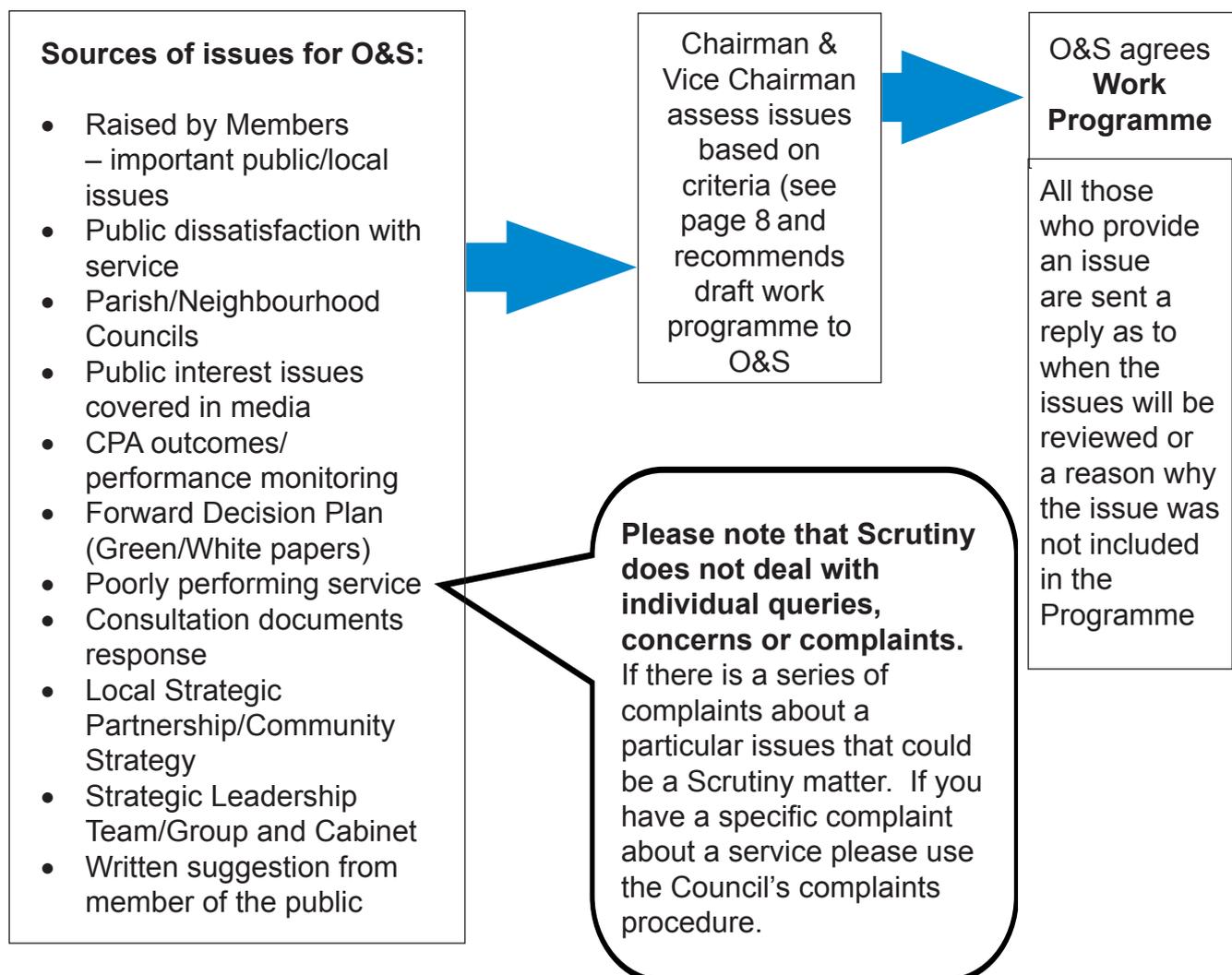
Horsham District Council has just one Overview and Scrutiny Committee which consists of fifteen non-Cabinet Members. This “parent” Committee has four standing Sub-Committees and numerous ad-hoc Sub-Committees. Any non-Cabinet Member may sit on the Sub-Committees. The O&S Committee reflects the political balance of the Council, and the Sub-Committees are normally politically balanced. The Party Leaders select Members for a Sub-Committee based upon the interests, experience and skills (as recorded in an annual skills and interests audit).

Members of the public, experts and representatives from other bodies may be co-opted onto a Sub-Committee.

How does Overview and Scrutiny Work?

Stage 1: Gathering Issues for the Work Programme

This outlines the preliminary process of setting the Work Programme. It is important that the Programme is balanced (between external and internal reviews) and flexible so that issues can be added as and when they arise. Issues can be added throughout the year.



Potential criteria for selecting items

- Issues identified by Member as key issue for public
- Service ranked as important by Council's community (e.g. through surveys)
- Pattern of budgetary overspends
- Public interest issue covered in media
- Council corporate priority area
- Key report or new guidance provided by external organisations on key issue
- Issue raised by Audit Commission
- Central government priority area
- New government guidance or legislation
- Poor performing service (evident from performance indicators/ benchmarking)
- High level of budgetary commitment to the service/policy area
- Issues arising from Comprehensive Performance Assessment
- High level of user/general public dissatisfaction with service (e.g. through surveys/complaints /ombudsman)

Potential criteria for rejecting items

- Issue being appropriately resolved by another internal body
- Issue being examined by an officer group: changes imminent and scrutiny would be premature
- New legislation or guidance expected within the next year and scrutiny would be premature
- Issue being appropriately resolved by an external body
- Issue is an individual, specific complaint

A checklist form is available.

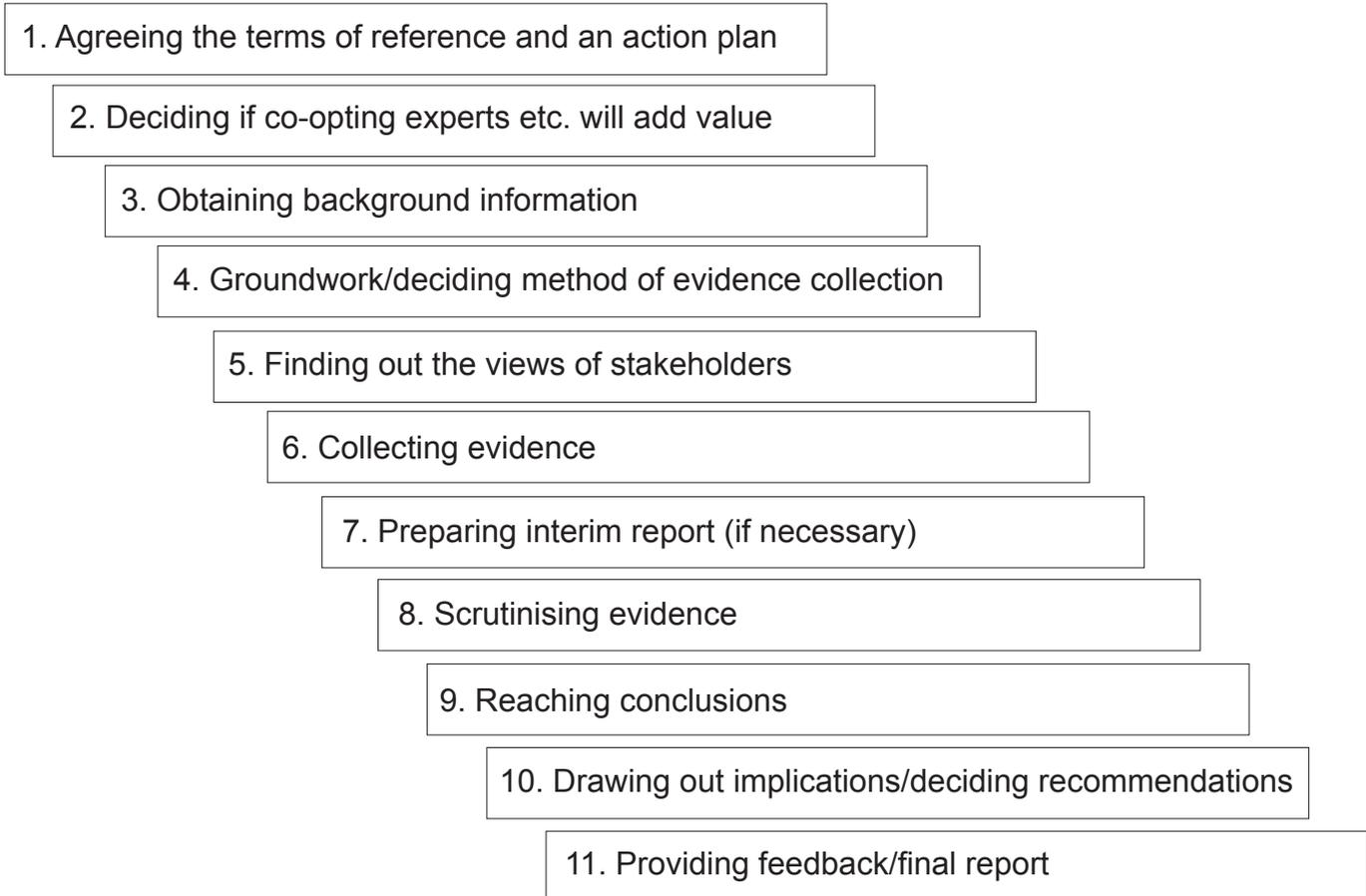
In setting the Work Programme, the nature of the investigation required will be determined. There are different **types of investigation**:

- **Short term Sub-Committee investigation:** These are generally used for internal reviews that require investigation of internal service delivery, officer and Member satisfaction and methods of improving internal efficiency. These may consist of only two or three Members.
- **Long term Sub-Committee investigation:** These are for more complex or external issues that require questioning witnesses, questionnaires, site visits etc and co-option and/or consultation of partners, stakeholders, experts and so on.
- **A full Committee investigation:** These are generally carried out in seminar form, and the issue is considered at that seminar.

Stage 2: The Sub-Committee Investigation

A **briefing note** which details the issue and concerns raised, suggested terms of reference, objectives and suggested timetable is provided to the Sub-Committee.

The Sub-Committee should then follow the **steps** below:



The **information to be gathered** should include the following:

- Officers to supply:
- Existing Policies & Practices
 - Recent Committee reports/decisions
 - Legislative requirements
 - Community Plan targets
 - Limitations on performance (e.g. budget, staff, space)

- Audit Commission reports
- User satisfaction survey results
- Complaints
- Other information as requested

All Sub-Committee meetings are public meetings, where members of the public may sit in on the meetings. Questions may be asked providing notice has been given to the Chairman (via Democratic Services (contact details are on page 13) by 12pm on the last but one working day before the day of the meeting). These meetings will have a formal agenda and minutes of the meeting will be published on the Horsham District Council website.

Task and Finish groups set up by the O&S Committee or the Sub-Committees may not be public meetings; however, the work produced by these groups will be presented at O&S Committee Meetings. Exclusion of access by the Public and Press to any meetings may still occur as set out in Part 4g of Horsham District Council's Constitution.

Public Consultation

Members of the public can request, or be invited, to give evidence as a witness. There must be clear evidence that, in each case, public consultation will add value.

Public consultation may be through **written evidence** or by asking people to **attend a meeting** to discuss concerns, problems or solutions. If asked to respond in writing reasonable time will be allowed to provide a considered response. If called for an interview at least one week's notice will be given.

Witnesses will be provided with the terms of reference and objectives of the Sub-Committee and with a briefing note. The briefing note will contain details of what is/will be expected of witnesses and what they can expect from the Sub-Committee.

All those who respond and provide information to the Sub-Committee will receive feedback in the form of the final report of the Group.

Alternatively, members of the public may **speak at an O&S Committee Meeting**. Notice must be given to Democratic Services (contact details are on page 13) by 12pm on the last but one working day before the day of the meeting.

Stage 3: Reporting

The minutes of meetings of the four standing Sub-Committees are reported in each O&S Committee Meeting. For all reviews carried out either by standing Sub-Committees or temporary Sub-Committees the following applies:

Where it is considered necessary, a Sub-Committee will submit **Interim Reports** to the O&S Committee. This is intended to keep the O&S Committee, officers and others informed of the Sub-Committee's work, to keep them up-to-date and to allow them to make suggestions to the Sub-Committee before the work is completed. The report should include:

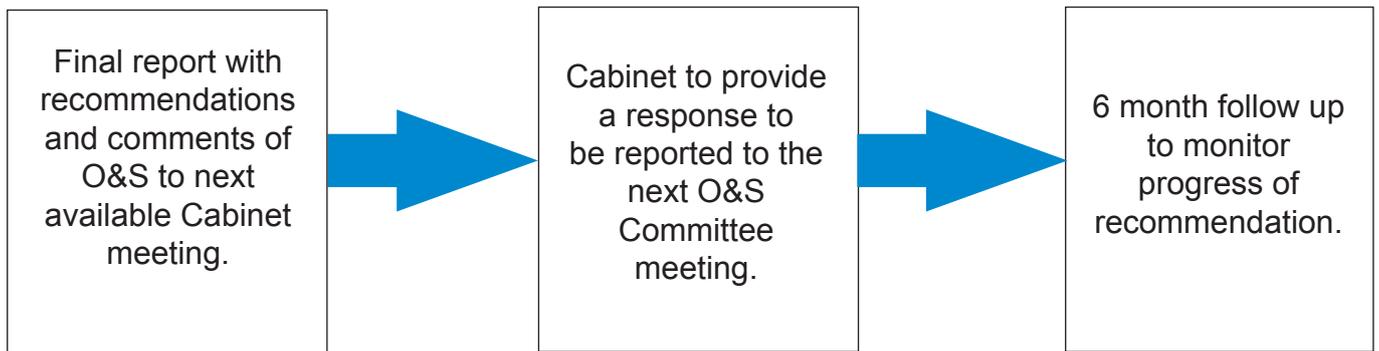
- Terms of Reference
- Objectives
- Summary of Information Gathered
- Initial Conclusions
- Action Plan
- Recommendations

When the Sub-Committee has completed its work it will submit a **Final Report** to the O&S Committee. The relevant Cabinet Member will be asked to a meeting where a draft Final Report will be discussed with them. Officers involved in the review and Strategic Leadership Team have a chance to comment on the report before it goes to O&S Committee. The report might include:

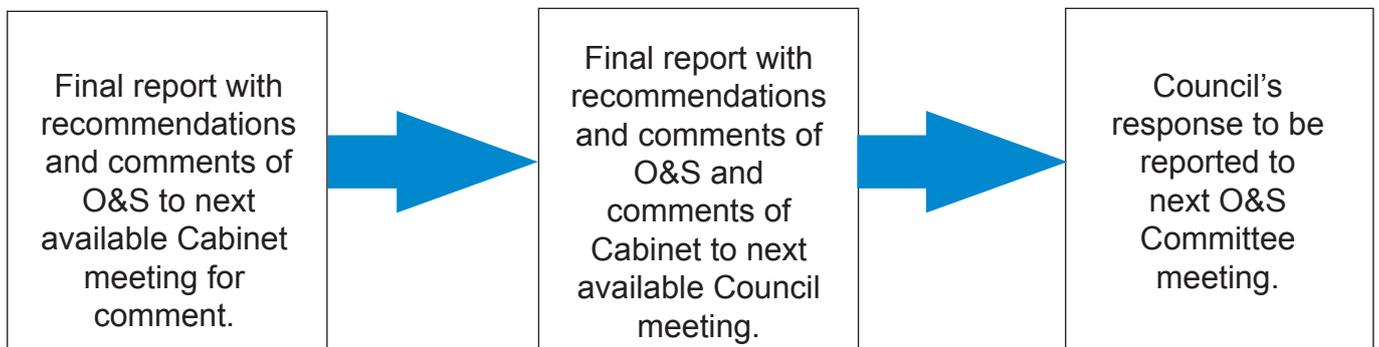
- Summary of Interim Report & Action Plan
- Summary of Work Completed Since Then
- Work Outstanding (if any)
- Conclusions
- Recommendations

Cabinet/Council Feedback to Scrutiny

Recommendations affecting an area of Cabinet's responsibility:



Recommendations affecting an area of Council's responsibility:



The response from both Cabinet and Council should include a list of recommendations which they accept, those which they accept in principle but with alternative resolution or statement as to how and when the issue will be dealt with and those which they refuse with reasons given for that refusal.

Stage 4: Monitoring

Recommendations of Sub-Committees:

The Committee must monitor the actions taken in light of the recommendations to the Cabinet and Council. A general action plan is kept to note the progress of any recommendations and this is noted as a standard item on the agenda of the Committee.

A more detailed **action plan** of Sub-Committee recommendations is kept up-to-date by the Scrutiny Team and the progress monitored. Eventually the original Members of the Sub-Committee will decide whether the recommendations have been achieved to a satisfactory degree. At this stage a **closing off report** will be sent to the O&S Committee for comment and/or signing off. In the case of larger review this might include results of a **satisfaction survey** filled in by all those involved which is aimed to develop and improve future Scrutiny reviews.

It is important to remember that success of Scrutiny must not just be measured by the number of policy recommendations from Scrutiny accepted by the executive. An important factor of 'holding to account' is the fact that it takes place, whether or not it influences the Executive to change its mind. Thus, in terms of 'democratic renewal', Scrutiny can be regarded as effective if it stimulates an informed public debate about an issue, whatever the outcome - *The Centre for Public Scrutiny, Practice, Progress and Potential*.

Measuring Success:

It is also important to ensure that there are clear measures, to assess the success of Overview and Scrutiny at the end of each year. A range of measures can be used to monitor this. In relation to the Committee, these *might* include number of members of the public attending Committee meetings, percentage of items on the work programme suggested by the public, and percentage of meetings attended by Members at which they were required. Each Sub-Committee considers its own targets at the end of a review and these can then be monitored and reported on at regular intervals.

Annual Review:

At the end of every Council year an annual review of Scrutiny is carried out. This assesses the work of Scrutiny throughout the previous year, highlights future expectations and summarises possible areas of improvement. This is presented at a meeting of full Council by the Chairman of the Overview and Scrutiny Committee.

O&S Evaluation Criteria

Proposals received by O&S are likely to be scrutinised as summarised below:

1. Maintenance Programmes:

The programme is a) to be **optimised** against the consequences of **not** doing, or of delaying work, b) to be supported by a maintenance **strategy**, which prioritises assets according to their importance & risk, which c) is to have considered **JIT** options and d) is to evaluate resource options.

2. Capital Projects:

To demonstrate a) identifiable benefits, e.g. through reduced operational, maintenance or replacement costs, or reduction in risk, b) with benefits to significant sections of the community, c) that **alternative** options have been evaluated and d) that the impact on **running costs** has been factored into the Revenue budget, including those of PCs or CCs.

3. Environmental Impact & Sustainability

To identify specific benefits such as impacts a) on carbon footprint, b) on other environmental assets, such as the countryside or c) on the health or well being of the population.

4. Section 106 Funding:

As above, plus a) compliance with S106 procedures, b) including evidence that the Scheme will predominantly benefit the community in which the funding has arisen and c) that there has been constructive liaison with PCs & their Action Plan.

5. Statutory Need:

To demonstrate a) that the proposed scope involves no more than the legal minimum, b) has **not** been gold plated and c) that alternative pragmatic solutions **have** been evaluated.

OVERVIEW & SCRUTINY WORK PROGRAMME AND REPORTS

For copies of all the individual Sub-Committee reports and the annual reports of the Committee, please use the following link to a list of Overview and Scrutiny pages on the Council's website:

<http://horsham.moderngov.co.uk/mgListCommittees.aspx>

For the latest Overview and Scrutiny Work Programme please use the following link:

<http://horsham.moderngov.co.uk/ecCatDisplay.aspx>

The work programme is located in Overview and Scrutiny/Overview and Scrutiny Guides and Forms.

Contact Details

Democratic Services Team

Tel: 01403 215465

E-mail: committeeservices@horsham.gov.uk

Bibliography:

- The Centre for Public Scrutiny, *The Good Scrutiny Guide*
- The Centre for Public Scrutiny, *Practice, Progress and Potential*.

Both publications are available on the following website: www.cfps.org.uk

Appendix 1 - Guidance for Councillors for Work Programme Suggestions

<p>Proposed scope / focus of review <i>Identify precisely what will be reviewed to provide focus and direction.</i></p>
<p>Your rationale for selection <i>What are the reasons for reviewing the topic and the key issues? Are they good ones which will stand up to Scrutiny themselves?</i></p> <p><i>e.g. Is the issue important to local people? What is the strength of Member interest? What is the possible impact of a review – is there the potential to make a difference? The focus must be on improving services, performance, policies or decisions for residents and/or significant savings. The Committee needs to be sure that the reviews do not tie up officers on work which has little impact.</i></p>
<p>Evidence <i>What are the issues / facts which will support the need for a review? e.g. Is there any evidence of dissatisfaction with the service or under performance?</i></p>
<p>Desired outcomes/objectives <i>What are the outcomes the review is seeking or expected to achieve and how will it benefit or impact on the local community? Again, the Committee needs to be sure that the reviews do not tie up officers on work which has little impact. e.g. Will the outcomes assist in achieving corporate priorities? If so, which ones?</i></p>
<p>Other comments <i>Any other information, proposals or queries. e.g. How will the subject be reviewed and is this achievable by the resources available? The Committee needs to be aware of any impact on the ability of officers to deliver services especially small teams where there is likely to be a disproportionate impact. What sort of timescale is involved? Need to check what else has happened, is happening or is planned in the areas being considered in order to avoid duplication or wasted effort (i.e. have regard to the wider programmes of reviews recently completed, being undertaken or programmed e.g. Best Value Reviews, Service Review Investigations and Corporate Projects etc.). Are there other, more suitable, ways of investigating or picking up the issues?</i></p>

Appendix 2 - Work Programme Suggestion Form

Please return this form to:

Ref: 11/PUB

**Democratic Services
Horsham District Council
Park North, North Street
Horsham, RH12 1RL**

Your Name:

Contact Number:

Proposed Scope/focus of review:

Your rationale for selection:

Evidence:

Desired outcomes/objectives/possible terms of reference:

Other comments:

Would you be interested in being a co-opted member? Yes / No *

Would you be interested in providing evidence to the Group? Yes / No *

*Please delete as applicable

What timescale do you perceive to be necessary for this review?

Urgent

Within six months

Within 6-12 months

WORK PROGRAMME SUGGESTION FORM

Ref:

Please return this form to:

**Daniela Smith
Democratic Services
Horsham District Council
Parkside, Chart Way,
Horsham
RH12 1RL**

Name: **Ben Bix, Governance Project Manager.**

Proposed Scope/focus of review:

That the Overview and Scrutiny Committee undertake the Centre for Public Scrutiny Self – Evaluation in February and March 2017

Your rationale for selection:

The Framework for all Councils to use was produced in 2006. The Centre for Public Scrutiny (CfPS) always proposed that scrutiny members should hold a mirror up to scrutiny itself, to review themselves and how they conduct their work. By conducting a self-evaluation, the awareness of the member practitioners will increase, as should the perception of the effectiveness of the function. The self-evaluation can create time and space to consider how overview and scrutiny might adjust to make the most of its resources, and still be effective. Any adjustment to scrutiny can only come about through the use of a methodologically robust and meaningful mechanism to evaluate and design ways of doing things.

Evidence:

The governance arrangements agreed by Council in April 2016 require the Governance Committee to review the operation and effectiveness of the governance arrangements post Annual Council 2017. Overview and Scrutiny can inform that review by conducting a Self-Evaluation of its own function before May 2017.

Desired outcomes/objectives/possible terms of reference:

- That the CfPS Scrutiny Self Evaluation be completed by members of the Overview and Scrutiny Committee
- That the Members of the Overview and Scrutiny Committee better understand the Overview and Scrutiny function at Horsham and comparatively
- That the Members of the Overview and Scrutiny Committee reflect on the findings of the Self-Evaluation and consider any adjustments to the way the function operates

Other comments:

- The committee is asked whether to agree to undertake the self-evaluation during February and March, at the Committee meeting on 30 January 2017
- The Chairman and Vice-Chairman of the Committee will consider the view of the committee and if necessary, advise Officers how best to undertake the self-evaluation
- A report on the self-evaluation be presented to the April meeting of the Overview and Scrutiny Committee.

What time scale do you perceive to be necessary for this review?

- Urgent **Within six months** Within 6-12 months

Note that the website for the CfPS is www.cfps.org.uk and the Self-Evaluation Framework is being refreshed in January 2017

This page is intentionally left blank

Overview & Scrutiny Work Programme
January 2016 to August 2017

	Overview and Scrutiny Committee	Social Inclusion & Health	Finance & Performance	Business Improvement	Crime & Disorder	West Sussex Joint Scrutiny Group	Task and Finish Sub-Committees
January 2016	Meeting			Additional Meeting -S106 Review -Normal business -Q RIPA Update		Joint Scrutiny Steering Group – To agree work programme	
February			Meeting Q KPI Report Q Complaints Report Q FOI Report CenSus Mins	Additional Meeting -S106 Review		Meeting (TBC) Housing Provision for Care Leavers Review Group	
March	Meeting Work Programming Procedure note on planning appeals	Digital Inclusion	Meeting	Additional Meeting -S106 Review			
April				Meeting -S106 Review -Normal Business -Q RIPA Update	Meeting Update on action plans at year end		HDC Affordable Housing Stock (tbc)
May	Meeting S106 Report from BIWG Annual Report						
June	Approve new sub-committee membership and terms of reference	Meeting	Meeting Q KPI Report Q Complaints Report Q FOI Report				

Overview & Scrutiny Work Programme
January 2016 to August 2017

			<p>CenSus Mins</p> <p>** Council Property update Brian Elliott</p> <p>Monitoring of CenSus Housing Benefit Subsidy Audit</p>			
July	<p>Report back from JE on business case for council tax collection dates (see mins of 9/5/16)</p> <p>Final Report from Joint T&F Group on Housing Provision for Care Leavers</p>			<p>Meeting -Q RIPA Update</p>		<p>Final Report from Joint T&F Group on Housing Provision for Care Leavers to O&S</p>
August			<p>Meeting</p> <p>Q KPI Report</p> <p>Q Complaints Report</p> <p>Q FOI Report</p> <p>CenSus Mins</p>			

Overview & Scrutiny Work Programme
January 2016 to August 2017

	Scrutiny & Overview	Social Inclusion & Health	Finance & Performance	Business Improvement	Crime & Disorder	West Sussex Joint Scrutiny Group	Task and Finish Sub-Committees
September	<p>Report on car parking from BG and GL following rec of Committee (see mins 9/5/16)</p> <p>Report back on recommendation re planning appeals (see minutes from 11/1/16) 6 months on</p> <p>NB. New powers not used yet (July 16)</p> <p>Cabinet Member interview (first)</p>	<p>(-Local health provision in Horsham</p> <p>-Patient Transport Service</p> <p>-Horsham Hospital and services)</p> <p>MEETING CANCELLED</p>					
October				<p>Meeting B Elliot to attend re Asset List management</p> <p>-Annual RIPA Report <i>NO LONGER REQUIRED</i> (see minutes of 12/7/16)</p>			
November	<p>Meeting</p> <p>Trade Waste WG update on report recs see mins of S&O 9/11/15</p> <p>Report back on recommendation to Cabinet on 24 November re S106 process (In BISC minutes there's a recommendation</p>	<p>Meeting</p> <p>Dr Deane and colleagues of CCG to attend to discuss</p> <p>- Local health provision</p> <p>-Patient Transport Service</p> <p>-Horsham Hospital and services</p>	Meeting				

Overview & Scrutiny Work Programme
January 2016 to August 2017

	that F&PSC look into monitoring and benchmarking of property portfolio)						
December					Meeting		
January 2017	To approve the C&DSC ToR Cabinet Member interview To look at starting a T&F group on Education see mins O&S 28/11/16 Cabinet Member for planning and development's response to the s106 review			Setting up task and finish group, led by Cllr Willett looking into S106 Funding (proposed areas to be examined as on O&S Agenda 28/11/16) Meeting			
February 2017				S106 Funding task and finish group to meet			
March 2017				S106 Funding task and finish group to meet			
April 2017	Cabinet Member interview			S106 Funding task and finish group – final meeting to produce report to BISC	Meeting		
May 2017				MEETING S106 Funding report to BISC <i>12 month follow up on s106 review by BIWG see SO</i>			

Overview & Scrutiny Work Programme
January 2016 to August 2017

				<i>minutes 14/03/16</i>			
June 2017	Cabinet Member interview						
	Council Tax/Early Help Plan Pilot						
	S106 Funding report from BISC						
July 2017	Cabinet Member interview						
August 2017							

This page is intentionally left blank