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Council

Wednesday, 15th February, 2017 at 6.00 pm
Park Suite, Parkside, Chart Way, Horsham

To: All Members of the Council

(Please note that prayers will be taken by Father David Bouskill, Vicar of Holy Trinity, Horsham before the meeting commences)

You are summoned to the meeting to transact the following business

Tom Crowley
Chief Executive

Agenda

	Page No.
1. Apologies for absence	
2. Minutes	3 - 10
To approve as correct the minutes of the meeting of the Council held on 7 th December 2016	
3. Declarations of Members' Interests	
To receive any declarations of interest from Members	
4. Announcements	
To receive any announcements from the Chairman of the Council, the Leader, Members of the Cabinet or the Chief Executive	
5. Questions from the Public	
To receive questions from the public under Rules 4a.2(f) and 4a.8-18	
6. Members' Questions on Notice	
To receive questions from Members under Rules 4a.20(b)-25 (Questions by Members on notice)	

7. **Minutes of Committees**

To receive the minutes of the following Committee and, if approved, to adopt the recommendation contained therein:

- a) Audit Committee of 4th January 2017 11 - 16
(agenda online at: [Audit Committee](#))

8. **Budget for 2017/18 and Council Tax**

(Please note that the report of the Director of Corporate Resources to Cabinet on the 2017/18 Budget and the Medium Term Financial Strategy is online at: [Cabinet agenda](#))

- a) Budget for 2017/18 and Medium Term Financial Strategy 17 - 18
To approve the recommendations from Cabinet
- b) Council Tax 2017/18 19 - 28
To approve the formal Council Tax Resolution for 2017/18

9. **Honorary Aldermen**

To receive the report of the Monitoring Officer on the appointment of Honorary Aldermen of Horsham District Council 29 - 34

10. **Governance Committee**

To receive the report of the Monitoring Officer on the appointment of the Governance Committee 35 - 38

11. **Calendar of Meetings**

To receive the report of the Chief Executive on the proposed Calendar of Meetings for 2017/18 39 - 50

12. **Chairman and Vice-Chairman of the Council for the municipal year 2017/18**

To indicate who shall, subject to formal appointment at the Annual Meeting of the Council on 24th May 2017, be the Chairman and Vice-Chairman of the Council for the municipal year 2017/18

13. **To receive reports from Representatives on Outside Bodies** 51 - 52

14. **Urgent Business**

To consider matters certified by the Chairman as urgent

Council
7 DECEMBER 2016

Present: Councillors: Christian Mitchell (Chairman), Roger Clarke (Vice-Chairman), John Bailey, Andrew Baldwin, Toni Bradnum, Karen Burgess, Peter Burgess, John Chidlow, Jonathan Chowen, Philip Circus, Paul Clarke, David Coldwell, Leonard Crosbie, Ray Dawe, Brian Donnelly, Matthew French, Billy Greening, Tony Hogben, Gordon Lindsay, Tim Lloyd, Paul Marshall, Mike Morgan, Godfrey Newman, Brian O'Connell, Stuart Ritchie, Kate Rowbottom, Jim Sanson, David Skipp, Ben Staines, Simon Torn, Michael Willett and Tricia Youtan

Apologies: Councillors: John Blackall, Alan Britten, Roy Cornell, Christine Costin, Jonathan Dancer, David Jenkins, Nigel Jupp, Liz Kitchen, Adrian Lee, Josh Murphy, Connor Relleen and Claire Vickers

CO/46 **MINUTES**

The minutes of the meeting of the Council held on 19th October 2016 were approved as a correct record and signed by the Chairman.

CO/47 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

CO/48 **ANNOUNCEMENTS**

The Chairman:

- Welcomed Councillor Billy Greening to his first full Council meeting following his election at the recent by-election for the ward of Southwater.
- Advised that the changes Council had made in April to improve governance arrangements had received national recognition for both the Council and its staff. The professional body for Lawyers in Local Government organised an annual event to acknowledge the very best in local government law and practice. After a national judging process in October, the Council's governance team was announced runner up to Wolverhampton City Council. The Council's approach to governance was commended as innovative, engaging and transparent and officers were commended for their professional advice and guidance. The Chairman offered his commendation to the governance team and all Members for helping to deliver better governance.

- Announced that it had been an honour to present Trevor Beadle, Head of Community and Culture, with the Public Service Award at the Community Awards, which had been held in The Capitol on 7th November 2016.

The Cabinet Member for Leisure and Culture reminded Members that this year's pantomime at The Capitol, a production of 'Aladdin', would open on Friday 16th December 2016 and encouraged Members to support it.

CO/49 **QUESTIONS FROM THE PUBLIC**

No questions had been received.

CO/50 **QUESTIONS FROM MEMBERS UNDER RULE 10.2**

No questions had been received.

CO/51 **RECOMMENDATIONS FROM CABINET**

Medium Term Financial Strategy

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

The 2016/17 budget was set in February 2016 and future deficits had been projected for 2017/18 through to 2019/20. Since then there had been a period of planning on a range of income generation ideas, continuing the business transformation journey to the next stage and other efficiency measures.

RESOLVED

- (i) That the projected budget gap be noted as detailed in the report submitted to Cabinet.
- (ii) That the Medium Term Financial Strategy 2017/18 to 2019/20 be approved

CO/52 **MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE**

The minutes of the meeting of the Overview and Scrutiny Committee held on 28th November 2016 were received.

CO/53 **REVISED CONSTITUTION**

The Monitoring Officer reported that the Constitution Review Group created at Council on 27th April 2016 had concluded its review and was recommending a revised constitution for Horsham District Council, which was now submitted for approval.

The Chairman reported that the proposals for a shorter, easier to read constitution included the formation of a new Governance Committee, clarification of roles and decision making responsibilities and a more consistent document overall. He considered that this revised approach would enable Members and the public to better understand how the Council's governance arrangements worked.

The Chairman, Councillor Christian Mitchell, moved the adoption of the recommendations in the report and it was seconded by the Vice-Chairman, Councillor Roger Clarke.

RESOLVED

- (i) That the revised constitution for Horsham District Council, as submitted, be approved to take effect from 8th December 2016.
- (ii) That the Council's Personnel Committee be dissolved and all its functions transferred to the Head of Paid Service (Chief Executive).
- (iii) That a Governance Committee be created comprising nine Councillors including the Chairman of the Council, the Chairman of Overview and Scrutiny Committee and one Cabinet Member.
- (iv) That the Governance Committee now undertakes the review of the effectiveness of the changes to governance arrangements agreed by the Council on 27th April 2016 after one year of operation (and not the Accounts, Audit and Governance Committee (now the Audit Committee) as previously agreed).
- (v) That it be noted that the Monitoring Officer will make any minor, typographical and presentational adjustments to the revised Constitution in consultation with the Chairman of the Council.

REASONS

- (i) To satisfy the requirement for the Council to keep its Constitution under review pursuant to section 9P of the Local Government Act 2000 (as amended by the Localism Act 2011).

- (ii) To satisfy the resolution of the Council on 27th April 2016, that a review be undertaken according to the terms of reference set out, and that recommendations be made to Council for consideration.

CO/54 **ELECTORAL REVIEW OF HORSHAM: WARDING ARRANGEMENTS**

The Chief Executive reported that the Local Government Boundary Commission for England (LGBCE) had informed the Council in April 2016 that it would be undertaking an electoral review of the District to deliver electoral equality for voters in local elections. The Commission assessed electorate data for each local authority annually and conducted a review where significant electoral inequality was found. In 2016, 32% of the District's wards had a variance of greater than 10% with little prospect of the variance correcting itself through development or population movements.

On 21st July 2016, following Member briefings and two seminars, the Council agreed a submission to the LGBCE, proposing a Council size of 47 councillors from May 2019. On 27th September 2016 the LGBCE wrote to the Council advising that it was commencing its consultation on proposals for a new pattern of electoral wards and that it was minded to recommend that 47 district councillors should be elected to Horsham District Council in future. This consultation ended on 5th December 2016 but the Council had been given an extension to 8th December to allow the matter to be considered at this meeting.

In drawing up a pattern of electoral wards the LGBCE had to balance its three statutory criteria:

- To deliver electoral equality where each district councillor represented roughly the same number of electors as others across the district
- That the pattern of wards should, as far as possible, reflect the interests and identities of local communities
- That the electoral arrangements should provide for effective and convenient local government

With these criteria in mind, and following engagement with Members of the Council a proposed response to the consultation had been prepared and was submitted for approval. Electoral equality had been demonstrated in 20 of the 22 wards. However, in the proposed Broadbridge Heath and Forest Wards there would be variances that would exceed the LGBCE's criteria. The justification for exceptions to be made in these cases was set out in the report.

The Leader, Councillor Ray Dawe, moved the adoption of the recommendation in the report and it was seconded by Councillor Toni Bradnum.

It was proposed by Councillor David Skipp and seconded by Councillor Godfrey Newman that the draft submission to the LGBCE should be amended to:

- 1) reinstate a revised Horsham Park Ward of 3 Members by adding the northern part of polling district NP (currently proposed as part of the Holbrook West ward) with parts of polling districts NRA and NRB from the currently proposed Forest ward
- 2) reinstate a revised Forest Ward of one member with boundaries amended (as described in 1 above) to accommodate the revised Horsham Park Ward
- 3) propose a council size of 49 members in order to ensure electoral equality for the proposed warding pattern

Following debate the amendment was put and was declared **LOST**.

Having been moved and seconded the substantive motion was put. The motion was declared **CARRIED** and it was:

RESOLVED

That the submission to the Local Government Boundary Commission for England (LGBCE) on warding arrangements for Horsham District Council from May 2019 be approved as submitted and that, in doing so, the LGBCE be asked to approve a Council size of 48 councillors (an increase in one from that originally proposed).

REASONS

To provide the Council's response to stage two of the electoral review process by proposing the warding arrangements that the council believes will be right for the authority from May 2019 to provide electoral equality whilst reflecting the interests and identities of local communities and providing for effective and convenient local government

CO/55 **INTERIM REVIEW OF POLLING DISTRICTS AND PLACES**

The Electoral Registration Officer (the Chief Executive) reported that the Local Government Boundary Commission for England (LGBCE) had published their final recommendations for changes to the West Sussex County Council division boundaries on 16th August 2016 and the draft Order had been laid before Parliament on 26th October 2016. These recommendations required Horsham District Council to conduct an interim review of some polling districts and polling places, which had been the subject of a four week consultation period.

The conclusions of the consultation were summarised in the report and the recommended changes to polling districts and places were submitted for approval.

The Leader, Councillor Ray Dawe, moved the adoption of the recommendation in the report and it was seconded by Councillor Toni Bradnum.

RESOLVED

That the changes to polling districts and places be approved as set out in the report.

REASON

To discharge the duty to review polling districts and places consequent to the recommendations for West Sussex County Council made by the LGBCE.

CO/56 **APPOINTMENT OF EXTERNAL AUDITORS**

The Director of Corporate Resources reported that, by 31st December 2017, the Council had to appoint new external auditors to audit its accounts from the 2018/19 financial year. The Council could do this on its own, with partners or through a national collective scheme. If the Council appointed its own auditors it would need to set up an audit panel with independent members to manage the scheme. Due to its value the appointment would require an EU procurement process. Since the Audit Commission had previously appointed the external auditors the Council had no officers with experience of procuring external audit services to carry out this work.

The Council had received an invitation to opt into the national collective scheme run by Public Sector Audit Appointments Limited to appoint the external auditors and manage the contract. Council was recommended to accept this offer to avoid the procurement and ongoing costs of running such a scheme, to achieve economies of scale, to be able to gain the same auditors as Councils with whom it was in partnership and to avoid the procurement risk of purchasing an unfamiliar service, as a small purchaser in a market overcrowded with purchasers but with a limited number of suitable suppliers.

Councillor Godfrey Newman moved the adoption of the recommendation in the report and it was seconded by Councillor Stuart Ritchie.

RESOLVED

That the invitation to become an opted in authority be accepted and the Director of Corporate Resources be authorised to enter into the scheme on behalf of the Council after being satisfied as to the terms and conditions.

REASONS

- (i) In order to secure a better price for external audit services through the utilisation of the purchasing power and expertise of Public Sector Audit Appointments Ltd.

- (ii) A local option would be time consuming and carry the risk of inexperienced officers with no experience of procuring external audit services being involved in the task.
- (iii) In order to achieve a lower cost of audit by having the same external auditors as our partner councils, who are also proposing to let their audit arrangements with Public Sector Audit Appointments Ltd.
- (iv) To avoid the costs and workload of setting up an independent audit panel to manage the appointment.

CO/57 **APPOINTMENTS TO COMMITTEES**

RESOLVED

- (i) That the following appointments be made to the vacancies on the respective committees and policy development advisory groups (PDAG):

Licensing Committee – Councillor Billy Greening
Standards Committee – Councillor Michael Willett
Community and Wellbeing PDAG – Councillor Billy Greening
Planning and Development PDAG – Councillor Karen Burgess

- (ii) That it be noted that Councillor Billy Greening is appointed to the Planning Committee (North) by virtue of being a Member for the relevant area.

CO/58 **TO RECEIVE REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES**

A report from the Council's representative on the South Downs National Park Authority, Councillor David Coldwell, had been circulated to all Members for information.

CO/59 **URGENT BUSINESS**

There was no urgent business.

The meeting closed at 6.52 pm having commenced at 6.00 pm

CHAIRMAN

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Audit Committee
4 JANUARY 2017

Present: Councillors: Godfrey Newman (Chairman), Stuart Ritchie (Vice-Chairman), Brian Donnelly, Adrian Lee and Paul Marshall

Apologies: Councillors: John Chidlow and Tim Lloyd

Also Present: Paul King, Audit Director, Ernst & Young

AAG/29 **MINUTES**

The minutes of the meeting held on 13th September 2016 were approved as a correct record and signed by the Chairman.

AAG/30 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

AAG/31 **ANNOUNCEMENTS**

There were no announcements.

AAG/32 **AUDIT PLAN 2016/17**

Paul King, Audit Director, Ernst & Young presented the External Auditors Plan in respect of the 2016/17 audit. The Plan set out the audit work the Auditor proposed to undertake for the audit of financial statements; the statutory conclusion on the Council's arrangements to secure value for money (economy, efficiency and effectiveness); and the review of the Whole of Government Accounts return.

The Audit Director drew attention to one risk that had been identified as being relevant to the audit of financial statements and indicated how this areas would be audited:

- Risk of management override (the Audit Director reassured Members that this was not a particular risk at Horsham but one that was identified and responded to on every audit engagement they undertook).

With regard to value for money, the Audit Director had identified one significant risk: Sustainable Resource Deployment (the predicted budget gaps in future years).

The Audit Director referred to the definition used by the auditors for materiality when determining whether the financial statements were free from material error.

It was noted that the planned fee for the 2016/17 audit had been set at £50,094, which was the same as the fee for 2015/16.

The timetable for the 2016/17 audit had been set with the statutory changes to accounting deadlines in 2017/18 in mind and it was hoped the audit would be completed in time to be reported to the meeting of the Committee in July 2017. If this was not achieved the report would be submitted to the September meeting.

AAG/33 CONFIRMATION OF AUDITOR APPOINTMENT FOR 2017/18

The Director of Corporate Resources submitted a letter received from Public Sector Audit Appointments confirming the re-appointment of Ernst & Young LLP as the Council's external auditor for 2017/18.

AAG/34 TREASURY MANAGEMENT STRATEGY 2017/18

The Director of Corporate Resources reminded Members that the Council had significant investments which required an overall strategy as well as sets of practices and procedures to identify, monitor and control the associated risks. The Treasury Management Strategy for 2017/18, which both fulfilled legal requirements and provided a workable framework for day-to-day operations, was therefore submitted for approval.

The strategy had been prepared taking account of the general economic situation, statutory requirements and relevant Government and Council policies including the resource projections to 2019/20. The wider use of pooled funds had been introduced in the 2016/17 strategy and the strategy for 2017/18 would provide the opportunity to develop the use of this type of fund whilst recognising the risk of the volatility of capital values.

Details of the current treasury portfolio were submitted together with information in respect of the borrowing and investment strategies, treasury management indicators, the policy on the use of financial derivatives, the Council's treasury management advisers, staff training and the investment of money borrowed in advance of need.

The Head of Finance would advise Committee Members on the likely effect on the capital values of pooled funds, especially bonds, if interest rates were to rise. In addition, the Head of Finance would advise Committee Members on the expected average interest returns on the pooled funds over the medium term.

Members agreed that a prudent approach to treasury management was appropriate as some of the money available for investment by the Council was being held on behalf of other bodies.

RECOMMENDED

- (i) That the Treasury Management Strategy for 2017/18 be approved.
- (ii) That the Treasury Management Indicators for 2017/18 be approved.

REASONS

- (i) The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition which requires the Council to approve a treasury management strategy before the start of each financial year.
- (ii) The Department for Communities and Local Government issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

AAG/35 **TREASURY MANAGEMENT ACTIVITY AND PRUDENTIAL INDICATORS MID-YEAR REPORT 2016/17**

The Director of Corporate Resources presented a report on treasury management activity and prudential indicators for the first half of 2016/17.

The report confirmed that, during this period, the Council had complied with its legislative and regulatory requirements and the statutory borrowing limit, the Authorised Limit, had not been breached. There had been one instance when the single institution limit of £2,500,000 had been breached by £80,000 for one day, otherwise all limits and indicators had been within estimates.

At 30th September 2016, the Council's external debt was £4,000,000 and its investments totalled £52,800,000.

It was noted that, during the first half of 2016/17, the Council's cash balances had been invested in accordance with the Council's treasury management strategy, with interest of £260,000 being earned on investments, an average return of 1.1% compared to the full year return of 0.8% in 2015/16.

RESOLVED

That the mid-year treasury management stewardship report and mid-year prudential indicators for 2015/16 be noted.

REASON

The report meets the requirements of the Council's reporting procedures and the relevant CIPFA Codes of Practice for Treasury Management and Prudential Indicators in Capital Finance.

AAG/36 **RISK MANAGEMENT - QUARTERLY UPDATE**

The Director of Corporate Resources presented the latest quarterly update of the Corporate Risk Register.

The Senior Leadership Team had reviewed all outstanding actions on the corporate risk register and updated the comments to reflect the current position for each risk. The corporate risk profile highlighted four risks as being high and details of control actions in respect of all risks on the register were submitted. It was noted that risk CRR19 relating to future uncertainty in the UK economy would be amended so that it did not refer solely to Brexit. The Director of Corporate Resources would advise the Committee Members on how it might be possible to further sub-divide CRR19 to relate to specific risks.

One emerging risk relating to the implementation of the new Financial Management System (CRR20) had been added. Risks relating to an overly-bureaucratic Constitution (CRR08) and decisions not always being based on data (CRR13) had now been mitigated and would be removed from the register.

RESOLVED

That the report be noted.

REASON

To ensure that the Council has adequate risk management arrangements in place.

AAG/37 **INTERNAL AUDIT - QUARTERLY UPDATE REPORT**

The Chief Internal Auditor submitted a report summarising the work of the Internal Audit Section since September 2016.

A summary of audit findings in respect of Emergency Planning; Software License Management; Release and Change Management; Events Management; and Complaints Management (all of which had achieved an overall audit opinion of satisfactory assurance); and Contracts and Payment Card Industry Data Security Standard (both of which had achieved an overall audit opinion of limited assurance) was submitted. The Committee was advised of actions being undertaken to address the control weaknesses identified in respect of those areas identified as being of limited assurance.

The report also summarised other work being undertaken by the Internal Audit team and gave a progress update in respect of the Audit Plan.

RESOLVED

That the summary of audit and project work undertaken since September 2016 be noted.

REASONS

- (i) To comply with the requirements set out in the Public Sector Internal Audit Standards 2013.
- (ii) The Committee is responsible for reviewing the effectiveness of the Council's system of internal control.

AAG/38 **URGENT BUSINESS**

There were no urgent matters to be considered.

AAG/39 **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED

That, under Section 100A(2) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information, as defined in Part I of Schedule 12A of the Act, by virtue of the paragraph specified against each item, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

AAG/40 **INTERNAL AUDIT – QUARTERLY UPDATE ON AUDIT FOLLOW-UPS**

The Chief Internal Auditor submitted a report summarising progress since September 2016 on the implementation of actions in respect of audits undertaken in 2016/17, 2015/16 and 2014/15.

RESOLVED

- (i) That progress in terms of agreed actions implemented since September 2016 be noted.
- (ii) That the position in respect of the specific areas highlighted by the Chief Internal Auditor be noted.

REASON

The Committee is responsible for reviewing the effectiveness of the Council's system of internal control.

The meeting closed at 6.31 pm having commenced at 5.30 pm

CHAIRMAN

COUNCIL
15TH FEBRUARY 2017

RECOMMENDATIONS OF CABINET ON THE BUDGET 2017/18

EX/74 **BUDGET 2017/18 AND MEDIUM TERM FINANCIAL STRATEGY TO 2020/21**

The Cabinet Member for Finance and Assets reported the details of the proposed 2017/18 revenue and capital budgets and reviewed the Medium Term Financial Strategy, which had been approved in November 2016, in light of the final 2017/18 budget and receipt of the Settlement. It was noted that the Council was able to set a balanced budget for 2017/18, generating a small surplus which would help towards funding future transformation to maximise efficiency and effectiveness.

The 2016 Autumn Statement had done little to change the Government's policy of significantly reducing funding to local authorities in a bid to help reduce Government debt, consequently the pressure on Council finances remained 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 £2,700,000 in 2016/17. Cumulatively, there would be a 62.3% reduction over the four year period by 2019/20.

The current budget estimate was for the Council to deliver a small surplus in 2018/19, breakeven in 2019/20 and have a deficit of £1,600,000 in 2020/21. These projections were significantly lower than had been forecast a year ago 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 £1,000,000 per annum.

It was planned 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 focused on the period up to 2020, but this would help put the Council in good shape to tackle the deficit in 2020/21.

The report set out a series of prudential indicators, which were a statutory requirement to demonstrate that the Council's capital programme was affordable and prudent in the context of the Council's overall finances, together with a statement on the robustness of reserves.

The proposals were supported by the Finance and Assets Policy Development Advisory Group.

RECOMMENDED

- (i) **That the level of Council Tax for 2017/18 be increased from £137.17 by 2.5% to £140.60 at Band D.**
- (ii) **That the net revenue budget for 2017/18 of £11,860,000 be approved, as submitted.**

- (iii) That Special Expenses of £280,319 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 be approved as submitted 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 be 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 be approved, as submitted.**
- (vii) That the prudential indicators and limits for 2016/17 to 2019/20 be approved, as submitted.**
- (viii) That the statement on the robustness of the level reserves be noted.**

REASON

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

Report to Council

Date of meeting 15 February 2017

By the Cabinet Member for Finance and Assets



DECISION REQUIRED

Not exempt

COUNCIL TAX RESOLUTION 2017/18

Executive Summary

This report seeks approval to the formal 2017/18 Council Tax resolution, setting out the Council Tax to be levied in each parish and for each property band. It is proposed to increase the District-wide Council Tax by 2.5% from £137.17 to £140.60 and to set the Special Charge in the unparished area at £24.40. Precepts from the County Council, Police and Crime Commissioner and parishes have been received and form part of the overall Council Tax.

Recommendations

The Council is recommended to resolve:

1. The Council Tax Base 2017/18 be noted
 - a. for the whole Council area as 59,630.1 (Item T in the formula in section 31B of the Local Government Finance Act 1992, as amended (the "Act") and
 - b. for dwellings in those parts of its area to which as Parish Precept or Special Expenses relates as shown below:

Parish	2017/18 tax base
Amberley	317.9
Ashington	1,118.3
Ashurst	147.2
Billingshurst	3,815.7
Bramber	413.9
Broadbridge Heath	2,002.8
Coldwaltham	462.3
Colgate	989.9
Cowfold	808.1
Henfield	2,471.7
Itchingfield	743.0
Lower Beeding	535.1
North Horsham	8,580.9
Nuthurst	1,025.3
Parham	121.8
Pulborough	2,483.4
Rudgwick	1,340.6
Rusper	779.1
Shermanbury	287.6
Shipley	648.6
Slinfold	868.7
Southwater	4,270.4
Steyning	2,562.1
Storrington & Sullington	3,200.8
Thakeham	882.8
Upper Beeding	1,418.0
Warnham	969.3
Washington	1,059.7
West Chiltington	2,188.8
West Grinstead	1,309.0
Wiston	96.9
Woodmancote	272.9
Horsham Town	11,437.6
Total	59,630.1

2. That the Council Tax requirement for the Council's own purposes for 2017/18 (excluding Special Expenses and Parish precepts) is £140.60.
3. That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:

- (a) £89,196,954 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
- (b) £77,641,945 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £11,555,009 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
- (d) £193.78 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £3,171,300 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act
- (f) £140.60 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

(g)				
Parish	Precept Amount £	Council Tax at Band D		
		Parish Precept / Special charge for Unparished Area £	Basic Amount of District Council Tax £	Total £
Amberley	18,827.00	59.22	140.60	199.82
Ashington	97,260.00	86.97	140.60	227.57
Ashurst	11,078.00	75.27	140.60	215.87
Billingshurst	258,408.00	67.72	140.60	208.32
Bramber	21,475.00	51.89	140.60	192.49
Broadbridge Heath	98,318.00	49.09	140.60	189.69
Coldwaltham	15,247.00	32.98	140.60	173.58
Colgate	15,424.00	15.58	140.60	156.18
Cowfold	60,153.00	74.44	140.60	215.04
Henfield	193,142.00	78.14	140.60	218.74
Itchingfield	59,895.00	80.61	140.60	221.21
Lower Beeding	32,591.00	60.91	140.60	201.51
North Horsham	293,552.00	34.21	140.60	174.81
Nuthurst	36,449.00	35.55	140.60	176.15
Parham	3,860.00	31.69	140.60	172.29
Pulborough	188,882.00	76.06	140.60	216.66
Rudgwick	66,759.00	49.80	140.60	190.40
Rusper	25,652.00	32.92	140.60	173.52
Shermanbury	19,635.00	68.28	140.60	208.88
Shipley	27,811.06	42.88	140.60	183.48
Slinfold	51,880.00	59.72	140.60	200.32
Southwater	398,407.00	93.29	140.60	233.89
Steyning	244,523.28	95.44	140.60	236.04
Storrington & Sullington	165,577.00	51.73	140.60	192.33
Thakeham	45,217.00	51.22	140.60	191.82
Upper Beeding	135,000.00	95.21	140.60	235.81
Warnham	60,961.00	62.89	140.60	203.49
Washington	39,528.00	37.30	140.60	177.90
West Chiltington	128,212.00	58.58	140.60	199.18
West Grinstead	65,845.00	50.30	140.60	190.90
Wiston	3,950.00	40.78	140.60	181.38
Woodmancote	8,100.00	29.68	140.60	170.28
Horsham Town - Special charge	279,089.00	24.40	140.60	165.00

being the amounts given by adding to the amount at (f) above the amounts of the special items relating to the dwellings in those parts of the Council's area mentioned above, calculated by the Council, in accordance with section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

4. To note that the County Council have proposed precepts and the Sussex Police and Crime Commissioner has notified precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below:

Band Authority	A	B	C	D	E	F	G	H
West Sussex County Council	837.06	976.57	1,116.08	1,255.59	1,534.61	1,813.63	2,092.65	2,511.18

Band Authority	A	B	C	D	E	F	G	H
Sussex Police and Crime Commissioner	102.61	119.71	136.81	153.91	188.11	222.31	256.52	307.82

The Horsham District Figures are shown below:-

Band Authority	A	B	C	D	E	F	G	H
Horsham District Council	93.73	109.36	124.98	140.60	171.84	203.09	234.33	281.20

5. That, having calculated the aggregate in each case of the amounts at 3 and 4 above the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2017/18 for each part of its area and for each of the categories of dwellings:

BAND	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Amberley	1,072.88	1,251.70	1,430.51	1,609.32	1,966.94	2,324.57	2,682.20	3,218.64
Ashington	1,091.38	1,273.29	1,455.18	1,637.07	2,000.86	2,364.66	2,728.46	3,274.15
Ashurst	1,083.58	1,264.18	1,444.78	1,625.37	1,986.56	2,347.75	2,708.95	3,250.74
Billingshurst	1,078.55	1,258.31	1,438.07	1,617.82	1,977.33	2,336.85	2,696.37	3,235.65
Bramber	1,067.99	1,246.00	1,423.99	1,601.99	1,957.98	2,313.98	2,669.98	3,203.98
Broadbridge Heath	1,066.13	1,243.82	1,421.51	1,599.19	1,954.56	2,309.94	2,665.32	3,198.38
Coldwaltham	1,055.39	1,231.29	1,407.19	1,583.08	1,934.87	2,286.67	2,638.47	3,166.16
Colgate	1,043.79	1,217.76	1,391.72	1,565.68	1,913.60	2,261.54	2,609.47	3,131.36
Cowfold	1,083.03	1,263.54	1,444.04	1,624.54	1,985.54	2,346.56	2,707.57	3,249.08
Henfield	1,085.49	1,266.42	1,447.33	1,628.24	1,990.07	2,351.90	2,713.74	3,256.48
Itchingfield	1,087.14	1,268.34	1,449.52	1,630.71	1,993.08	2,355.47	2,717.85	3,261.42
Lower Beeding	1,074.01	1,253.01	1,432.01	1,611.01	1,969.01	2,327.01	2,685.02	3,222.02
North Horsham	1,056.21	1,232.25	1,408.28	1,584.31	1,936.37	2,288.44	2,640.52	3,168.62
Nuthurst	1,057.10	1,233.29	1,409.47	1,585.65	1,938.01	2,290.38	2,642.75	3,171.30
Parham	1,054.53	1,230.29	1,406.04	1,581.79	1,933.30	2,284.81	2,636.32	3,163.59
Pulborough	1,084.10	1,264.80	1,445.48	1,626.16	1,987.52	2,348.89	2,710.26	3,252.31
Rudgwick	1,066.60	1,244.37	1,422.14	1,599.90	1,955.42	2,310.96	2,666.50	3,199.80
Rusper	1,055.35	1,231.25	1,407.14	1,583.02	1,934.80	2,286.59	2,638.37	3,166.05
Shermanbury	1,078.92	1,258.75	1,438.56	1,618.38	1,978.01	2,337.66	2,697.30	3,236.76
Shipley	1,061.98	1,238.99	1,415.98	1,592.98	1,946.96	2,300.96	2,654.96	3,185.95
Slinfold	1,073.21	1,252.09	1,430.96	1,609.82	1,967.55	2,325.29	2,683.04	3,219.64
Southwater	1,095.60	1,278.20	1,460.80	1,643.39	2,008.59	2,373.79	2,738.99	3,286.79
Steyning	1,097.02	1,279.87	1,462.70	1,645.54	2,011.21	2,376.88	2,742.56	3,291.07
Storrington & Sullington	1,067.89	1,245.87	1,423.85	1,601.83	1,957.79	2,313.75	2,669.72	3,203.66
Thakeham	1,067.55	1,245.48	1,423.40	1,601.32	1,957.16	2,313.01	2,668.87	3,202.64
Upper Beeding	1,096.87	1,279.69	1,462.50	1,645.31	2,010.92	2,376.55	2,742.18	3,290.61
Warnham	1,075.33	1,254.55	1,433.77	1,612.99	1,971.42	2,329.87	2,688.31	3,225.98
Washington	1,058.27	1,234.65	1,411.03	1,587.40	1,940.15	2,292.91	2,645.67	3,174.80
West Chiltington	1,072.45	1,251.20	1,429.94	1,608.68	1,966.15	2,323.64	2,681.13	3,217.35
West Grinstead	1,066.93	1,244.76	1,422.58	1,600.40	1,956.04	2,311.69	2,667.34	3,200.80
Wiston	1,060.59	1,237.36	1,414.12	1,590.88	1,944.41	2,297.94	2,651.47	3,181.77
Woodmancote	1,053.19	1,228.73	1,404.25	1,579.78	1,930.84	2,281.91	2,632.97	3,159.57
Horsham Town - Special charge	1,049.67	1,224.62	1,399.56	1,574.50	1,924.38	2,274.27	2,624.17	3,149.00

6. To note that the Council 's basic amount of Council Tax for 2017/18 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

Horsham District Council Tax Band D

2016/17	2017/18	Council Tax increase
41.72	£145.28	2.5%

As the billing Authority the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2017/18 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 522K Local Government Act 1992.

7. There are no changes to the Council Tax discount policies.

Reasons for Recommendations

To meet the Council's statutory requirement to set a Council Tax.

Background Papers	Report to Cabinet 26 January 2017
Consultation	None
Wards Affected	All
Contact	Dominic Bradley, Head of Finance ext. 5302

Background Information

1 Introduction

- 1.1 The purpose of this report is to enable the Council to calculate and set the Council Tax for 2017/18.

Background / actions taken to date

- 1.2 The Cabinet met on 26 January 2017 and received a report from the Director of Corporate Resources on the 2017/18 Budget and the Medium Term Financial Strategy. The report was accepted and recommendations made to Council to agree the revenue and capital budgets for 2017/18 and the Special Expenses for the unparished area. The recommendation was to increase the District-wide Council Tax by 2.5% from £137.17 to £140.60 and set the Special Charge on the unparished area at £24.40.

2 Statutory and Policy Background

- 2.1 The statutory requirements for the Council Tax resolution are contained in the Local Government Finance Act 1992 as amended by the Localism Act 2011. The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 came into force on 25 February 2014 and require that immediately after any vote is taken at a budget decision meeting of an authority there must be recorded in the minutes of the proceedings of that meeting the names of the persons who cast a vote for the decision or against the decision or who abstained from voting.

3 Details

- 3.1 Precept requirements have been received from all the parishes within the district and from West Sussex County Council and the Sussex Police and Crime Commissioner. These figures, together with the proposed District tax and Special Charge are incorporated in the detailed tables included in the Council Tax resolution.
- 3.2 The Council Tax discount policies remain unchanged as summarised below:
- Horsham District Council will not award any discount period on empty and unfurnished homes; 100% council tax will be payable.
 - Horsham District Council will not award any discretionary discount for vacant property; 100% council tax will be payable.
 - Horsham District Council has determined that Council Tax payable in respect of long-term empty properties (over 2 years) will be 100% of Council Tax due plus an additional premium of 50% of Council Tax due.
 - Horsham District Council will not award a Council Tax discount on second homes; 100% council tax will be payable.

Further information and detail is available on the Census website at <http://revsandbens.centralsussex.gov.uk>

4 Other courses of action considered but rejected

- 4.1 The Council is required to set a Council Tax. No other course of action has been considered.

5 Resource consequences

- 5.1 The financial consequences of the proposed budget have been included in the report to Cabinet. The staffing consequences of the proposed budget have been included in the report to Cabinet.

6 Legal consequences

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

7 Risk assessment

- 7.1 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.

8 Other considerations

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

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Report to Council

15 February 2017

By the Monitoring Officer

DECISION REQUIRED



Not Exempt

Appointment of Honorary Aldermen of Horsham District Council

Executive Summary

Section 249 of the Local Government Act 1972 provides that: “a principal Council may, by a resolution passed by not less than two-thirds of the members voting thereon at a meeting specially convened for the purpose with notice of the object, confer the title of honorary aldermen on persons who have in the opinion of the Council rendered eminent services to the Council as past members of the Council but who are not then Councillors of the Council.”

This report proposes a scheme for the appointment of ‘Honorary Alderman’, according to the provisions of the Local Government Act 1972.

Recommendations

The Council is recommended:

- i) To recognise the eminent service given by former Councillors by allowing them to be proposed for the title of ‘Honorary Alderman of Horsham District’, further to section 249 of the Local Government Act 1972.
- ii) To agree the Protocol for the Appointment of Honorary Aldermen set out in Section 3 of this report

Reasons for Recommendations

To ensure that the eminent service of former Councillors is formally recognised by the Council.

Background Papers

The Local Government Act 1972.

Wards affected: All wards

Contact: Paul Cummins, Head of Legal and Democratic Services.

Background Information

1 Introduction and Background

- 1.1 There is no current formal method of recognising past eminent or notable service of former Horsham District Councillors.

2 Relevant Council policy

- 2.1 This report, if approved, would set out the Protocol for the recognition of Honorary Aldermen.

3 Details

Role of Honorary Aldermen

- 3.1 Honorary Aldermen will enjoy such privileges as may be properly conferred by the Council and will be invited to civic events organised by Horsham District Council. They will be entitled to wear the badge of 'Honorary Alderman' at such events.
- 3.2 Those elected to the roll of Honorary Alderman are entitled to use the title 'Honorary Alderman of Horsham District'.
- 3.3 An Honorary Alderman does not have any right to participate in meetings of the Council or its committees beyond that of a member of the public or to claim any allowances payable under the Members' Allowance Scheme.

Protocol for Appointment

- 3.4 The appointment of Honorary Alderman is to confer recognition on a previous Councillor who over a period of time, has made a significant contribution to the Council and to the District.
- 3.5 Any member of the Council may nominate an ex-Councillor for the role of Honorary Alderman. A nomination form (as set out in Appendix A to this report) must be completed and duly signed by six current Councillors of the District Council. The completed nomination form shall then be submitted to the Head of Paid Service who shall verify the nomination is correctly made and send a copy to the Leader of the Council.
- 3.6 Persons nominated must meet the following criteria:
- I. Have made a significant contribution to the public life of the District
 - II. Have given notable service to and on behalf of the Council
 - III. Have served for a minimum of 12 years as a Councillor comprising either:
 - three terms as a Horsham District Councillor, or
 - a minimum of two terms as a Horsham District Councillor AND either a minimum 4 year term as a Parish or Neighbourhood Councillor in the Horsham District OR a 4 year term as a West Sussex County Councillor for a Horsham District division.

- IV. Be no longer serving as a Horsham District Councillor nor a West Sussex County Councillor
- V. Be willing to accept their nomination

Presentation

- 3.7 The award of Honorary Alderman shall only take place at an extraordinary meeting of the full Council.
- 3.8 The notice of object for the extraordinary meeting shall be stated on the agenda for the meeting as follows: *To confer the title of Honorary Alderman on [name(s) to be inserted], in recognition of their service to the Council and the community.*
- 3.9 The motion before Council shall be proposed and seconded, and Members of the Council shall be invited by the Chairman to speak.
- 3.10 The Chairman shall seek the agreement of those members present and voting.
- 3.11 Should the agreement be unanimously carried, 3.12 may be omitted and 3.13 shall be followed.
- 3.12 Should the motion not be unanimously carried, a vote shall be called by the Chairman, and a majority of two thirds of those present shall be required to carry the motion.
- 3.13 Subject to disposing of 3.11, the person being awarded the title of Honorary Alderman will be presented with:
 - a) A 'Certificate of Conferral of the Status of Honorary Alderman' which will carry the Council's Coat of Arms and bear the Common Seal of the Council, which shall be witnessed by the Chairman of the Council and the Head of Paid Service
 - b) A Badge of Office bearing the title 'Honorary Alderman'
- 3.14 Following the presentation, the person appointed Honorary Alderman will be given the opportunity to address the Council meeting.

Removal of Award

- 3.15 If any person appointed Honorary Alderman is subsequently elected as a Member of either Horsham District Council or West Sussex County Council their appointment will cease with immediate effect.
- 3.16 The Council may remove the award of Honorary Alderman. A motion to remove the award of Honorary Alderman must be signed by at least six current Councillors and passed by not less than two thirds of members present at the Council meeting.

4 Next Steps

- 4.1 The Roll of Honorary Aldermen, which will include the date of election to the Roll, will be maintained by the Monitoring Officer.

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

- 5.1 The constitutional provisions relating to Policy Development Advisory Groups do not apply to this report.

6 Other Courses of Action Considered but Rejected

- 6.1 To not have a scheme for the appointment of Honorary Aldermen.

7 Resource Consequences

- 7.1 The scheme proposed can be discharged within existing resources.

8 Legal Consequences

- 8.1 The authority for this matter is provided by section 249 of the Local Government Act 1972

9 Risk Assessment

- 9.1 Any risk relating to Local Government Act 1972 provisions relating to Aldermen from can be assessed as low, due to the provisions being in common usage in principal councils in England.

10 Other Considerations

- 10.1 The author of this report has considered any consequences of the recommendations proposed in respect of Crime & Disorder; Human Rights; Equality & Diversity and Sustainability and in his view, there are none.

Nomination form for Appointment of Honorary Alderman

Section 249 of the Local Government Act 1972 provides that a principal Council may, by a resolution passed by not less than two-thirds of the Members voting thereon at a meeting specially convened for the purpose with notice of the object, confer the title of Honorary Aldermen on persons who have in the opinion of the Council rendered eminent services to the Council as past members of the Council but who are not then Councillors of the Council. This nomination form must be completed by six Members of Horsham District Council.

1. Name of nominee for Appointment as Honorary Alderman of Horsham District

Name:

2. Reasons for this nomination

<i>Criteria</i>	<i>Demonstration of how criteria have been met (200 words maximum, please continue on the reverse of this form)</i>
<p>I. Have made a significant contribution to the public life of the District</p> <p>II. Have given notable service to and on behalf of the Council</p> <p>III. Have served for a minimum of three terms as a Horsham District Councillor, or a minimum of two terms as a Horsham District Councillor AND either a minimum 4 year term as a Parish or Neighbourhood Councillor in the Horsham District OR a 4 year term as a West Sussex County Councillor for a Horsham District division.</p> <p>IV. Be no longer serving as a Horsham District Councillor nor a West Sussex County Councillor</p>	

3. Is the nominee willing to accept their nomination? *Please state here*

4. Proposer for this nomination *Please sign and print name here*

Supporter	<i>In addition to the proposer, 5 members must endorse their support for the nomination by signature</i>
Supporter	<i>In addition to the proposer, 5 members must endorse their support for the nomination by signature</i>
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Supporter	<i>In addition to the proposer, 5 members must endorse their support for the nomination by signature</i>
Supporter	<i>In addition to the proposer, 5 members must endorse their support for the nomination by signature</i>

This form, once completed, should be presented to the Head of Paid Service at Horsham District Council.

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Report to Council

15 February 2017

By the Monitoring Officer

DECISION REQUIRED



**Horsham
District
Council**

Not Exempt

Appointment of a Governance Committee

Executive Summary

On 7 December 2016 the Council resolved to create a Governance Committee. This report notes the appointment of the Chairman of the Council and the Chairman of Overview and Scrutiny Committee to the Governance Committee ex officio. The report further requires the appointment of one Cabinet Member and six other Members to the Governance Committee.

Recommendations

That the Council is recommended:

- i) **To note the appointment of the Chairman of the Council and the Chairman of the Overview and Scrutiny Committee to the Governance Committee.**
- ii) **To appoint the following Members to the Governance Committee:-**

Councillor Phillip Circus (Cabinet Member)

Councillor Bradnum

Councillor Peter Burgess

Councillor Coldwell

Councillor French

Councillor Willett

Councillor Youtan

Reasons for Recommendations

To discharge Article 8 of the Constitution of the Council, and so satisfy resolution CO/53 of the Council, 7 December 2016.

Background Papers

None

Wards affected: All Wards

Contact: Paul Cummins, Head of Legal and Democratic Services.

Background Information

1 Introduction and Background

- 1.1 The Revised Constitution for Horsham District Council was agreed by Full Council on 7 December 2016.
- 1.2 Article 8 of the constitution forms the committees of the Council for the discharge of Council functions. Paragraph 8.1 f) constitutes a Governance Committee of nine Councillors (to include the Chairman of the Council, the Chairman of the Overview and Scrutiny Committee and one Member of the Cabinet (but no more than one)).

2 Relevant Council policy

- 2.1 The Constitution of the Council compels this report.

3 Details

- 3.1 Part 3.2 of the Constitution of the Council sets out the responsibilities and functions of the Governance Committee as follows:
 - a) Receive reports of the Monitoring Officer to amend the Constitution of the Council and make any consequent recommendation to the Council.
 - b) Consider reports of the Monitoring Officer about governance, the Council's structure and procedures consequent to Article 13, clause 13.2 of the Constitution.
 - c) Community Governance Reviews.
 - d) Electoral Reviews.

4 Next Steps

- 4.1 Consequent to the appointment of Members, the Governance Committee shall form to elect its Chairman at its first meeting. Officers will present an indicative work programme to the meeting, which will include receiving the Electoral Review proposal from the Local Government Boundary Commission for England, and officers will consult on the frequency of meetings required with the Committee.
- 4.2 Resolution CO/53 (iv) of the Council on 7 December requires that the Governance Committee undertakes a review of the effectiveness of the governance arrangements agreed by Council on 27 April 2016, after one year of operation (and therefore after Annual Council 2017).

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

- 5.1 The formation of a committee of the council is not a cabinet function and the constitutional provisions relating to policy development advisory groups are consequentially not applicable.

6 Other Courses of Action Considered but Rejected

- 6.1 The resolution of Council CO/53 and Article 8 of the Constitution require the appointment of a Governance Committee, and therefore no other course of action may be considered.

7 Resource Consequences

- 7.1 The changes to the advisory function introduced in April 2016 were met from existing staff resources, however, the suite of 42 policy development advisory group meetings per year has proven demanding on staff resources. The Committee proposed in this report will absorb the resource allocation for the dissolved Personnel Committee of at least 4 meetings per year.
- 7.2 The terms of reference will require the dedicated support, guidance and advice of the Monitoring Officer and his staff.

8 Legal Consequences

- 8.1 The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 set out the functions that the council is responsible for. Section 102 of the Local Government Act 1972 provides for the Council to create committees to discharge any functions.

9 Risk Assessment

- 9.1 The Corporate Risk Register details risk *CRR13 – Governance: Source: decisions are not always based on data: Event: wrong decision made*. This is materially relevant to governance and decision making insofar as mitigation to that risk would be that the Council and the Monitoring Officer would be well-advised by a Committee on the matters within its terms of reference.

10 Other Considerations

- 10.1 The requirements Openness of Public Bodies Regulations 2014 are better discharged by such ongoing improvement to governance arrangements, along with the increase in the number of meetings set out in 7.1 above.

Report to Council

15th February 2017

By the Chief Executive

DECISION REQUIRED



**Horsham
District
Council**

Not Exempt

Calendar of Meetings 2017/18

Executive Summary

This report proposes a programme of Council, Cabinet and Committee meetings, including standing Scrutiny & Overview Sub-Committees, for 2017/18.

The programme takes into account, where possible, the dates of bank holidays and school holidays.

As in previous years, the calendar for 2017/18 is based on a two-monthly cycle. It is proposed that both the Licensing Committee and the Governance Committee should meet only as required, although there will be an initial meeting of each in June to appoint their Committee Chairman and Vice-Chairman. Licensing Sub-Committees will also continue to be called as and when necessary.

Recommendations

The Council is recommended to approve the calendar of meetings for 2016/17 as submitted.

Reasons for Recommendations

To fix a programme of Council meetings, in accordance with the Council's Constitution, and to approve a calendar for Cabinet and Committee meetings, which enables the Council to transact its business in a timely and efficient manner.

Background Papers: None.

Wards affected: None.

Contact: Lesley Morgan, Democratic Services Manager, Ext. 5123.

Background Information

1 Introduction and Background

- 1.1 A draft calendar was prepared for initial consultation with officers to ensure that any statutory requirements/deadlines could be met during the year. The draft was then circulated to all Members and re-circulated to Directors and Heads of Service for any additional comments or observations.

2 Relevant Council policy

- 2.1 The Council's Constitution, Part 4a, Rule 2, provides that "Ordinary meetings of the Council will take place in accordance with the notice of meetings decided at the Council's annual meeting." It has also been the Council's practice to agree a calendar for all Cabinet and Committee meetings.

3 Details

- 3.1 A draft calendar of meetings for 2017/18 has been prepared for Members' approval and is attached to this report as an appendix.
- 3.2 The proposed programme takes into account, where possible, the dates of bank holidays and school holidays.
- 3.3 As in previous years, the calendar for 2017/18 is based on a two-monthly cycle. Extraordinary Council or additional Cabinet/Committee/Sub-Committee meetings may also be called during the year as necessary.
- 3.4 It is proposed that, based on the level of business transacted over the past few years, the Licensing Committee should continue to meet only as required, although there will be an initial meeting in June to appoint the Committee Chairman and Vice-Chairman. Licensing Sub-Committees will also continue to be called as and when necessary.
- 3.5 It is also proposed that an initial meeting of the Governance Committee should be held in June to appoint the Committee Chairman and Vice-Chairman with further meetings during the year being called as and when required.
- 3.6 As in previous years, a number of dates have been allocated throughout the year to enable seminars to be held for informal discussions on important matters and for Member development purposes.
- 3.7 The draft calendar also shows possible dates for the first two months of the 2018/19 Council year, for information only (please note that these may change when the final calendar for 2018/19 is prepared).

4 Next Steps

- 4.1 Once the calendar of meetings has been approved by the Council, the dates for 2017/18 will be published online.

5 Outcome of Consultations

- 5.1 Members and Officers have been consulted to ensure that the proposed programme meets the requirements for reporting on statutory matters such as the budget and final accounts.

6 Other Courses of Action Considered but Rejected

- 6.1 No other courses of action have been considered, as the Council requires a programme of meetings in order to transact its business in an efficient manner.

7 Resource Consequences

- 7.1 There are no additional resource consequences.

8 Legal Consequences

- 8.1 The Council is required to agree a programme of meetings for each municipal year by no later than the date of the annual Council meeting.

9 Risk Assessment

- 9.1 If the Council does not approve a calendar of meetings there is a risk that it will not meet requirements for reporting on statutory matters such as the budget and final accounts; dealing with planning applications etc. There would also be a risk to the Council's reputation as it would not be seen to be operating in an open and timely manner.

10 Other Considerations

- 10.1 The approval of a programme of meetings for the year will enable its publication in advance. This will ensure that this information can be made available to members of the public who may wish to attend and/or address meetings of the Council and its Committees or the Cabinet in exercise of a number of the convention rights, including a Right to a Family Life and Freedom of Expression.
- 10.2 There are no positive or negative impacts arising from this proposal in relation to crime and disorder, equality and diversity or sustainability.

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Calendar of Meetings 2017/18

Times of meetings (based on 2016/17)

Council (inc. Annual Meeting)	6.00pm	Finance & Performance Sub-Committee	5.30pm
Cabinet	5.30pm	Business Improvement Sub-Committee	6.00pm
Overview & Scrutiny Committee	5.30pm	Social Inclusion & Health Sub-Committee	5.30pm
Audit Committee	5.30pm	Crime & Disorder Sub-Committee	5.30pm
Licensing Committee	5.30pm		
Governance Committee	5.30pm		
Standards Committee	10.00am		
Planning Committee (North)	6.00pm	<i>Planning Obligations Panel</i>	5.00pm
Planning Committee (South)	2.30pm	<i>Seminars</i>	6.00pm

MAY 2017

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
1 BANK HOLIDAY	2 Business Improvement Sub-Committee	3	4 County Council Elections	5	6	7
8	9 Planning Committee (North) *	10 <i>Seminar</i>	11	12	13	14
15	16 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	17	18	19	20	21
22	23	24 COUNCIL – ANNUAL MEETING	25 Cabinet	26	27	28
29 BANK HOLIDAY {-----	30----- <i>Half- Term</i>	31 --29 th May– 2 nd June --				

JUNE

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
			1 -----	2 -----	3	4
5 Overview & Scrutiny Committee	6 Planning Committee (North)	7 Standards Committee	8 Licensing Committee#	9	10	11
12 <i>Planning Obligations Panel</i>	13	14 Governance Committee#	15 Finance & Performance Sub-Committee	16	17	18
19 Social Inclusion & Health Sub-Committee	20 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	21 COUNCIL	22	23	24	25
26	27	28	29	30		

JULY

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
					1	2
3	4 Planning Committee (North)	5	6	7	8	9
10	11 Business Improvement Sub-Committee	12 <i>Seminar</i>	13	14	15	16
17	18 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	19	20 Cabinet	21	22	23
24 Overview & Scrutiny Committee	25 Audit Committee	26 <i>{-School Summer</i>	27 <i>Holiday 26th July -----</i>	28 <i>- to 1st September -----</i>	29	30
31 -----						

AUGUST

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
	1 Planning Committee (North)	2 -----	3 -----	4 -----	5	6
7 <i>Planning Obligations Panel</i>	8 -----	9 Finance & Performance Sub-Committee	10 -----	11 -----	12	13
14 -----	15 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	16 -----	17 -----	18 -----	19	20
21 -----	22 -----	23 -----	24 -----	25 -----	26	27
28 PUBLIC HOLIDAY	29 -----	30 -----	31 -----			

SEPTEMBER

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
				1 -----}	2	3
4	5 Planning Committee (North)	6 COUNCIL	7	8	9	10
11	12 Audit Committee	13 Standards Committee	14	15	16	17 {--
<i>---Lib Dem Conference --</i> 18 Social Inclusion & Health Sub-Committee	<i>16th to 20th Sept -----</i> 19 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	<i>(Bournemouth)-----}</i> 20 Seminar	21 Cabinet	22	23	24
25 Overview & Scrutiny Committee	26	27	28	29	30	

OCTOBER

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
						{---- 1
----- <i>Conservative Party</i> 2	<i>Conference 1st to 4th Oct</i> 3 Planning Committee (North)	(Manchester)-----} 4	5	6	7	8
9 <i>Planning Obligations</i> <i>Panel</i>	10 Business Improvement Sub- Committee	11 <i>Seminar</i>	12	13	14	15
16	17 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	18 COUNCIL	19	20	21	22
23 {-----	24 -----	25 -- <i>Half Term 23rd - 27th</i>	26 -----	27 -----}	28	29
30	31					

NOVEMBER

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
		1	2	3	4	5
6	7 Planning Committee (North)	8 Finance & Performance Sub- Committee	9	10	11	12
13 Social Inclusion & Health Sub- Committee	14	15 <i>Seminar</i>	16	17	18	19
20	21 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	22	23 Cabinet	24	25	26
27 Overview & Scrutiny Committee	28	29 Standards Committee	30			

DECEMBER

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
				1	2	3
4	5 Planning Committee (North)	6 COUNCIL	7	8	9	10
11 <i>Planning Obligations Panel</i>	12 Crime and Disorder Sub-Committee	13	14	15	16	17
18	19 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	20	21 {- School Holiday 21 st }	22 Dec to 3 rd Jan -----	23	24
25 CHRISTMAS DAY	26 BOXING DAY	27 -----	28 -----	29 -----	30	31

JANUARY 2018

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
1 NEW YEAR'S DAY	2 -----	3 ----- } Audit Committee	4	5	6	7
8	9 Planning Committee (North) *	10	11	12	13	14
15	16 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	17 <i>Seminar</i>	18	19	20	21
22	23 Business Improvement Sub-Committee	24	25 Cabinet	26	27	28
29 Overview & Scrutiny Committee	30	31				

FEBRUARY

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
			1	2	3	4
5 <i>Planning Obligations Panel</i>	6 Planning Committee (North)	7	8 Finance & Performance Sub-Committee	9	10	11
12 {-----}	13 -----	14 ----- <i>Half Term</i> -----	15 -----	16 -----}	17	18
19	20 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	21 COUNCIL	22	23	24	25
26 <i>Seminar</i>	27	28				

MARCH

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
			1	2	3	4
5 Social Inclusion & Health Sub-Committee	6 Planning Committee (North)	7	8	9	10	11
12	13 <i>Seminar</i>	14 Standards Committee	15	16	17	18
19	20 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	21 Audit Committee	22 Cabinet	23	24	25
26 Overview & Scrutiny Committee	27	28	29	30 {-----} GOOD FRIDAY	31	

APRIL

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
						1
2 ----- EASTER MONDAY	3 ----School Holiday --	4 -----30 th March --	5 to 13 th April -----	6 -----	7	8
9 ----- Planning Obligations Panel	10 ----- Planning Committee (North) *	11 -----	12 -----	13 -----}	14	15
16	17 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	18 Seminar	19	20	21	22
23	24 Crime and Disorder Sub-Committee	25 COUNCIL	26	27	28	29
30						

MAY

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
	1 Planning Committee (North)	2	3	4	5	6
7 BANK HOLIDAY	8 Business Improvement Sub- Committee	9 Seminar	10	11	12	13
14	15 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	16	17	18	19	20
21	22	23 COUNCIL – ANNUAL MEETING	24 Cabinet	25	26	27
28 BANK HOLIDAY {-----	29 --- Half- Term 28 th May	30 – to 1 st June -----	31 -----			

JUNE (provisional for information only – not part of the approved calendar)

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
				1 -----}	2	3
4 Overview & Scrutiny Committee	5 Planning Committee (North)	6 Standards Committee	7 Licensing Committee	8	9	10
11 <i>Planning Obligations Panel</i>	12	13 Governance Committee	14 Finance & Performance Sub-Committee	15	16	17
18 Social Inclusion & Health Sub-Committee	19 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	20 COUNCIL	21	22	23	24
25	26	27	28	29	30	

JULY (provisional for information only – not part of the approved calendar)

Monday	Tuesday	Wednesday	Thursday	Friday	Sat.	Sun.
						1
2	3 Planning Committee (North)	4	5	6	7	8
9	10 Business Improvement Sub-Committee	11 <i>Seminar</i>	12	13	14	15
16	17 Planning Committee (South) Planning Cttee (N) – Strategic applications (provisional)	18	19 Cabinet	20	21	22
23 Overview & Scrutiny Committee	24 Audit Committee	25 <i>{-School Summer</i>	26 <i>Holiday 25th July -----</i>	27 <i>to September -----</i>	28	29
30 -----	31 -----					

* Moved from the day after the Bank Holiday

One scheduled, others to be arranged as required

Report to Council

15th February 2017

By Cllr. John Bailey

INFORMATION REPORT



Not Exempt

UPDATE ON WEY AND ARUN CANAL TRUST (WACT) RESTORATION WORK

Executive Summary

The purpose of this report is to give an update on the work of the Wey and Arun Canal Trust (WACT).

Wards affected: Rudgwick

Contact: Cllr. John Bailey, Representative on outside bodies for Wey and Arun Canal Trust

Background Information

1 Introduction and Background

The Wey & Arun Canal Trust (WACT) has worked on more than half of the 23-mile canal that once linked the Thames to the English Channel, via the Wey and Arun rivers. The longest navigable section at Loxwood is now around 3½ miles, from Drungewick Lock north to Southland Lock, which was reopened in the summer of 2014.

The Trust's greatest restoration project to date has been the reinstatement of the navigable channel under Loxwood High Street, including a new road bridge and lock. This was completed in 2009 at a total cost of around £1.9m.

WACT is now giving priority to projects in three areas (from north to south):

1. Re-establishing the link with the national waterways system at Shalford, near Guildford, Surrey. The Trust's Bramley Link team has commissioned engineering and environmental studies in preparation for a Phase 1 planning application, expected to be submitted during 2017. Phase 1 is a rebuilt canal, partly on a new alignment, between the River Wey and Gosden Aqueduct. At the end of 2016, WACT assumed ownership of the Hunt Nature Park from Surrey County Council; this includes land on both sides of the Cranleigh Waters

between Shalford and Bramley. In 2017 the Trust plans to construct a Visitor Centre at the western entrance to the park, next to the A281 Guildford-Horsham road.

2. The summit level (5 miles between Rowley, near Cranleigh, Surrey, and Sidney Wood, near Dunsfold). In the centre of this section is Dunsfold Park, an airfield and business park where a major housing development is likely to go ahead soon. In October 2016, the Trust officially opened the new Compasses Bridge, at the south entrance to Dunsfold Park, replacing a concrete causeway that blocked the canal here. The concrete shell of the bridge was constructed by contractors, then WACT and visiting volunteers added brick facing, constructed training walls and carried out landscaping. The total project cost was £750,000. The official opening formed part of celebrations to mark the 200th anniversary of the Wey & Arun Junction Canal opening in 1816. The Trust is now developing plans for another new bridge south of Compasses; the Alfold-Dunsfold road currently crosses the canal on a causeway at Tickner's Heath.
3. Gennets Bridge Lock, the next lock north of the current limit of navigation on the canal's Loxwood section. In late 2015, contractors constructed the concrete shell of the lock, allowing volunteers to continue with the construction, including brick facing and a bridge for a farm track across the southern end of the lock. The volunteers hope to complete their work during 2017. Installation of lock gates and other navigation works will follow once the canal section north of Southland Lock has been restored.

The Trust currently has six salaried part-time staff at offices in Loxwood and Shalford and at the Loxwood Canal Centre. They include a fundraising and public relations/press officer, as money raising is stepped up in line with increased restoration activities.

Update

Cllr. John Bailey attended the meeting of the WACT on 8th December 2016 held at the "Bridge End" Somerswey, Shalford, as the Council's representative. The main subject of the meeting, the first for over a year, was item 1 of Introduction and Background above.

The Bramley Link Project Manager, Philip Oliver, explained the logistical and engineering issues encountered in planning the route the restored canal will take, including the construction of two locks. The locks are needed to allow the canal to be lifted over an existing gas main that crosses the canal route.

The meeting adjourned to visit the site, about half a mile away, to look at the proposed route.

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

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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 6

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		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
-2,453,597	PARKING SERVICES	571,460	891,208	2,000	351,030			-4,590,877	1,815,698	-2,775,179
<u>STREET SCENE & FLEET</u>										
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
<u>WASTE & RECYLING</u>										
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
<u>COMMUNITY SERVICES</u>										

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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>AUDIT</u>									<u>CORPORATE RESOURCES</u>	
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
<u>CENSUS ICT</u>									<u>CORPORATE RESOURCES</u>	
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
<u>COMMISSIONING</u>									<u>CORPORATE RESOURCES</u>	
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
<u>DIR RESOURCES</u>									<u>CORPORATE RESOURCES</u>	
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	Service	Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure
2016-2017										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

PLANNING , ECON DEV, PROPERTY

PLANNING , ECON DEV, PROPERTY

PLANNING , ECON DEV, PROPERTY

Original Budget		Employee Expenses	Direct Premises Expenses	Transport and Plant Expenses	Supplies and Services	Contract Payments	Capital Costs	Income	Gross Expenditure	Net Expenditure 2017-2018
2016-2017	Service									
437,035	ECONOMIC DEVELOPMENT	285,900	28,085	1,750	150,955			-57,600	466,690	409,090

PROPERTY & FACILITIES

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

PLANNING , ECON DEV, PROPERTY

SPATIAL PLANNING

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

PLANNING , ECON DEV, PROPERTY

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
Department/Description						
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						
Department/Description	2017/18 Total £000	Savings		Growth		
		Efficiency Measures/Service Adjustments £000	Income Generation £000	Externally Imposed £000	Loss of Income £000	Service Improvements/ Adjustments £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

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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.

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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>

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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.

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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.

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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.

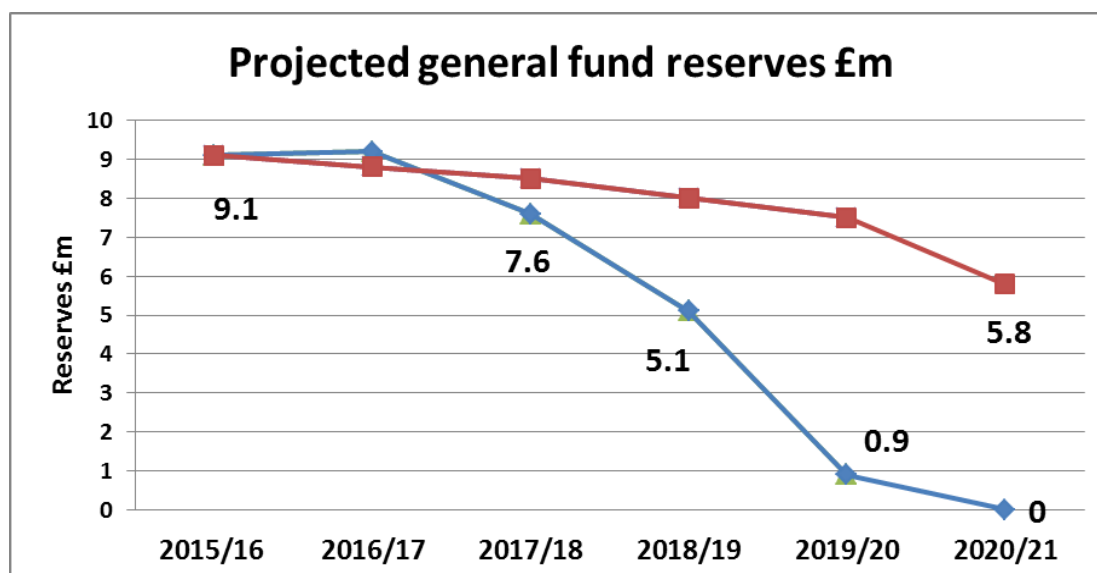
Reliance on NHB to support revenue is being tapered down over the period from 2017/18 to 2019/20. This tapering period will enable us to take measures to increase income and phase in additional spending reductions to balance the budget as new homes bonus cannot be considered a permanent source of income.

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.

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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.