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# Finance and Assets Policy Development Advisory Group

**Monday, 19th December, 2016 at 5.30 pm**  
**Howard Room, Parkside.**

The Access to Information Procedure Rules are not applicable to Policy Development Advisory Groups and members of the public may not attend. Members of the Council who are not members of the Policy Development Advisory Group may attend to observe the proceedings, seating for which will be provided, subject to providing advance (by noon of the day of the meeting) written notification to the Chairman and clerk of the meeting.

Councillors: Brian Donnelly (Chairman)

John Bailey  
John Chidlow  
Paul Clarke  
David Coldwell  
Leonard Crosbie

Nigel Jupp  
Adrian Lee  
Tim Lloyd  
Stuart Ritchie  
Simon Torn

You are summoned to the meeting to transact the following business

## Agenda

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	Page No.
1. <b>Apologies for absence</b>	
2. <b>To approve the notes of the previous meeting</b>	3 - 10
To approve as correct the notes of the meeting held on 25 October 2016 and the special meeting held on 29 November 2016.	
3. <b>Briefing from the Monitoring Officer</b>	
The Head of Legal and Democratic Services will brief the group.	
4. <b>Draft Budget 2017/18</b>	
Presentation by the Head of Finance.	
5. <b>Shared Services</b>	
Briefing by the Director of Corporate Resources.	



# Public Document Pack Agenda Item 2

## **Finance and Assets Policy Development Advisory Group** **25 OCTOBER 2016**

Present: Councillors: Brian Donnelly, John Chidlow, Paul Clarke,  
David Coldwell, Nigel Jupp and Stuart Ritchie

Apologies: Councillors: John Bailey, Leonard Crosbie, Adrian Lee and Tim Lloyd

### 12 **TO APPROVE THE NOTES OF THE PREVIOUS MEETING**

Subject to clarification about the risk register and noting that the Monitoring Officer would attend the meeting of 19 December to describe the requirements of 'key decision' making, the group agreed the notes of the meeting held on 31 August 2016.

### 13 **REPORT ON DISCRETIONARY RATES RELIEF**

The Head of Finance briefed the group on discretionary business rate relief offered by the council as requested at the previous meeting. The Business Rates Relief Policy was circulated to the group along with a summary table of the 2016/17 applications for discretionary relief.

The briefing included:

- the two types of business rate relief granted to charities; mandatory and discretionary
- the general criteria applied by the council was normally limited to 50% of the amount payable and a maximum amount of £8000, but that if an organisation is considerably helping the council to deliver the priorities in the corporate plan, it may be awarded 75% and to a maximum of £8000
- the application process
- eligibility criteria
- the total amount of charitable relief granted in 2016/17

Members commented on:

- whether grants could also be seen, by some, as a subsidy
- the consistency of the application of the policy across the district
- member understanding of the process being enhanced by a further officer update

The Chairman thanked the group for their comments and felt that as the group continued in its advisory role, that members would better understand existing policies and processes.

14 **UPDATE ON COUNCIL TAX SUPPORT**

The Head of Finance set out the initial findings of a review commissioned on options for the future of the council tax support scheme. Contextually, the scheme cost £5.4m per year and over the past few years, the council had a significant cut in the amount of money it received from its government grant which included funding for council tax support. Pressure on the scheme was particularly created by the shift from housing benefit to universal credit.

The commissioned review revealed that there needed to be an alternative to the existing scheme which had become unsustainable. The review had proposed a 'banded' scheme that could cost less and be more straightforward to understand and administer.

The Chairman explained that he felt that more work was needed on the proposals to minimize any impact on vulnerable groups and families. The impact on the MTFP would be seen by 2018/19. Consultation with the public was scheduled for the summer of 2017, and the Chairman asked the group to note the very low level of responses received to the consultation in previous years.

Overall, the group supported the work underway but would prefer the scheme to be developed to not reduce the total sum available to support customers at this time.

15 **MTFP**

The Director of Corporate Resources presented to the group an overview of the MTFP, which as part of the budget setting process, would enable 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. The presentation set out the proposed strategy for the period 2017/18 to 2019/20 to establish the context for the Council's budget and medium term financial planning scenarios and assumptions. The group heard that the risk of reliance on central government grant was identified on the corporate risk register and that the preparation of the medium term financial plan was a part of the mitigation of that risk.

Members noted that the considerations were; changes waste collection, rural car parking changes and an increase in garden waste charges, which would all be considered by Cabinet at its November meeting. Members urged that the monitoring of the smaller projects that formed the Future Horsham

transformation programme would need to be robust, since those projects contributed around £1.4m towards closing the £4.2m budget gap by 2019/20.

The Chairman thanked officers for their presentation and the group noted the next steps in forming the budget.

*The meeting closed at 19:00*

CHAIRMAN

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## Finance and Assets Policy Development Advisory Group 29 NOVEMBER 2016

Present: Councillors: Brian Donnelly (Chairman), Paul Clarke, David Coldwell, Leonard Crosbie, Nigel Jupp, Tim Lloyd and Stuart Ritchie

Apologies: Councillors: John Bailey, John Chidlow and Adrian Lee

Also Present: Councillor Newman.

### 1 CREATION OF A COMPANY FOR THE DEVELOPMENT OF TEMPORARY HOUSING

The Chairman explained that the Council had a duty to provide temporary housing for people in housing need and owned a stock of residential units which were used for that purpose. The Council had 59 units with a further 17 due in the spring of 2017, on completion of the Council's residential development in the Bishopric, Horsham.

Officers explained that it was expected that the Council would require additional temporary housing to satisfy future increases in demand, consequent to population growth. The group heard that the Council could take a reactive approach and acquire new temporary accommodation units only when demand exceeds supply, or it could acquire accommodation in advance of the demand arising. The risk of the former approach was that the Council would need to use bed and breakfast accommodation to house people, which was expensive, and the risk of the latter approach was that the Council may have a surplus of stock over demand.

It was proposed that the Council should take steps to expand the temporary accommodation portfolio in the expectation that demand will exceed supply, but to structure this in a way that provided the Council with the commercial flexibility, if required, to let the properties on assured shorthold tenancies, thus avoiding the previously identified risks.

The best way of achieving commercial flexibility was to create a company for the development and management of new housing. The Company would be a wholly owned subsidiary of the Council and the strategic direction of the Company would rest with the Council to ensure that the company's activities were in line with the Council's corporate priorities, policies and strategies.

Members, broadly supportive of the proposal, queried:

- The composition of the Board of the company, and its governance arrangements
- Whether, based on need, the company could be used as a vehicle for the development of affordable homes

- Whether capacity was already sufficient for the future
- Funding sources

Officers responded

- That further work was need to define the composition of the Board and its governance arrangements
- That a further report relating to affordable housing would be prepared in the new year
- That a Business Plan to address predicted demand, and sources of funding would be developed

The Chairman thanked members for their views and surmised that more detail was needed, including the exploration of options relating to affordable housing, the clarification of the governance arrangements and Board composition of the company and the preparation of a Business Plan.

## 2 **ALLOCATION OF A BUDGET FOR THE PURCHASE OF INVESTMENT PROPERTY**

The Chairman explained that the Council had extensive property interests, including investment property; property used for the delivery of council services; and other miscellaneous land holdings. The Council's policy was to improve the quality of the portfolio and where appropriate rationalise interests and effect sales of low or non-income producing property. On 9<sup>th</sup> September 2015, Council approved a £5m budget for purchasing investment property, which generated an additional revenue stream to support the Council's activities.

Cabinet was proposing to continue the strategy of purchasing commercial property investments, which would be funded by either internal resources or borrowing. It was proposed to repay any borrowing (either internal or external) with capital receipts from the sale of low or non-income producing assets. The report to Cabinet recommended to Council the creation of a budget of £15m, to be used to purchase investment property over a five year time horizon. This would allow the Council to remain an active investor in the commercial property investment market. It would be recommended that the target yield should be 6% or such other target determined by Cabinet, and monitored by the Finance and Performance Scrutiny Sub-Committee.

Members noted that all acquisitions in excess of £250,000 would be formally decided by Cabinet in accordance with the Council's constitution.

Members were broadly supportive of the proposal and commented that consideration be given to the availability of low interest rates and that alignment with economic development priorities would be beneficial.



The Chairman thanked the group for their support and explained that each proposed acquisition would have a robust business plan which would take account of the matters raised by the group. Furthermore, the Chairman requested that officers clarified the role of the sub group that had been formed at the first meeting with regard to the forthcoming changes to the constitution, at the next meeting of the group, scheduled for 19 December.

*The meeting closed at 17:50*

CHAIRMAN

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