

COUNCIL
14 December 2022
CABINET RECOMMENDATIONS

Recommendations to Council made at the Cabinet meeting held on 24 November 2022

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

The report to Cabinet updates the Council's financial position in 2022/23 and how the Medium-Term Financial Planning scenarios and assumptions have changed since the update to Cabinet in September 2022. A high level of uncertainty remains as the economy navigates the highest levels of inflation since the early 1990s, pressure from salary increases, and no further clarity on the future of the Government's plans for the reform of business rates, fair funding review and how levelling up will affect us.

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

Later years in the Medium-Term Financial Strategy remain very uncertain, with an increased likelihood of Government departments being asked to make further efficiency savings resulting in a reduction in spending on public services.

The estimated £1.3m cost of food waste collection from autumn 2024 remains a major factor in the projected deficits from 2024/25 onwards, unless income in the form of council tax, garden waste charges and general fees and charges are raised more in line with inflation. However, it is becoming more likely that the Government's implementation of legislation regarding food waste collection will be postponed to a later year.

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

Cabinet RESOLVED

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

RECOMMENDED TO COUNCIL

- (ii) That the charges from 1 April 2023 for the garden waste subscription service are increased from £44 for the first bin to £49 and for any subsequent bin increased from £35 to £41.
- (iii) That Fixed Penalty Notices for littering and fly tipping be raised from £75 to £150 with a £110 early payment fee (currently £50).
- (iv) To increase the car park advertising fees as set out in Appendix 3.

- (v) To approve the creation of a revenue budget in Leisure services for the Drill Hall of £9,000 income and £27,100 expenditure, which is a net cost of £18,100 in the 2022/23 budget.
- (vi) To increase the capital budget for the Highwood Community Centre project by £150,000, from £2.75m to £2.9m.

REASON

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

(b) Refuse Vehicle Refurbishment Tender Award

The Council's fleet of twenty-two refuse collection vehicles (RCVs) are in need of refurbishment as they are reaching the end of their useable life. Cabinet proposes capital investment to extend the life of the vehicles for a further six years, by which time it is anticipated there will be viable opportunities for RCVs powered by alternative fuel sources to be purchased. This will further support Horsham District Council's carbon reduction targets.

Cabinet RESOLVED

- (i) To approve the award of the contract for Refurbishing the Refuse Vehicles to the highest scoring bidder, on the terms recommended, as detailed in Appendix 1 (exempt) of the Cabinet report.
- (ii) To delegate authority to the Director of Communities in consultation with the Head of Legal & Democratic Services to finalise terms and conditions and to enter into a contract with the highest scoring bidder for the Refuse Vehicles Refurbishment Contract once the capital budget has been approved by Council.

RECOMMENDED TO COUNCIL

- (iii) To approve a capital budget of £566,520 in 2023/24 and £623,172 in 2024/25 for the refurbishment of 21 vehicles.

REASON

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

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

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

The Directors of HDH have prepared the business case for the construction of eleven affordable homes on the Council-owned site on London Road. These will provide affordable homes for some people on the Council's housing waiting list.

Cabinet approval allows the details of the transactions to be completed so that the affordable rental properties can be delivered. Council approval is required for the transfer of S106 funds to HDHH for the purchase of the eleven homes and their transfer from HDH to HDHH.

Cabinet RESOLVED

- (i) To approve the business case for the construction of eleven homes for affordable rental in London Road, Horsham by Horsham District Homes Limited.
- (ii) To approve the transfer of the land in London Road, Horsham from Horsham District Council to Horsham District Homes Limited for c£200,000 subject to obtaining any consent of the Secretary of State, if required and approval of the final construction costs and appraisal.
- (iii) To approve a loan of up to £2,650,000 to Horsham District Homes Limited for the construction of the eleven properties at London Road, Horsham at the agreed rate of 4% plus base rate.
- (v) Subject to iv) below, to delegate to the Section 151 Officer, in consultation with the Leader and Cabinet Members for (i) Finance and Parking, and, (ii) Housing and Public Protection, authority to agree the final figures in relation to this project, including the transfer value of the land, subject to the transfer value of the project of £2.65m and rental values remaining unchanged.

RECOMMENDED TO COUNCIL

- iv) To: (a) approve the transfer of s106 funds to Horsham District Homes (Holdings) Limited for the purchase, at affordable rent market rate, of the eleven 2-bedroomed homes in London Road, Horsham for a sum of no greater than

£2,650,000 plus stamp duty land tax (if applicable given intra-group relief) and agents fees; and (b) to approve the transfer of the homes from Horsham District Homes Limited to Horsham District Homes (Holdings) Limited.

REASON

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