

Committee Manager: Jane Fulton (Ext. 37611)

12 July 2017

## **OVERVIEW SELECT COMMITTEE**

A meeting of the Overview Select Committee will be held in Committee Room 1 (the Pink Room) at the Arun Civic Centre, Maltravers Road, Littlehampton, BN17 5LF on **Tuesday, 25 July at 6.00 pm** and you are requested to attend.

Members: Councillors Dingemans (Chairman), English (Vice-Chairman), Mrs Bence, Blampied, Edwards, Elkins, Hitchins, Hughes, Mrs Oakley, Oliver-Redgate, Mrs Rapnik, Miss Rhodes, Dr Walsh, Warren and Wheel.

## **A G E N D A**

1. APOLOGIES FOR ABSENCE
2. DECLARATIONS OF INTEREST

Members and Officers are reminded to make any declaration of personal and/or prejudicial/pecuniary interests that they may have in relation to items on this agenda.

You should declare your interest by stating:

- a) the item you have the interest in
- b) whether it is a personal interest and the nature of the interest
- c) whether it is also a prejudicial/pecuniary interest

You then need to re-declare your interest and the nature of the interest at the commencement of the item or when the interest becomes apparent.

3. MINUTES

To approve as a correct record the Minutes of the meeting of the Overview Select Committee held on 30 May 2017 (which have been previously circulated.)

4. ITEMS NOT ON THE AGENDA THAT THE CHAIRMAN OF THE MEETING IS OF THE OPINION SHOULD BE CONSIDERED AS A MATTER OF URGENCY BY REASON OF SPECIAL CIRCUMSTANCES.

5. \*BUSINESS CASE FOR OPERATING A LOCAL PROPERTY COMPANY

At its meeting on 17 October 2016, Cabinet approved the principle and purpose of establishing a wholly owned local authority property (LPC) company subject to the production and approval of a satisfactory business case. This paper presents the final business case for the Company which has been subject to a detailed independent review and input by our legal advisors Trowers and Hamblins (Solicitors).

It is proposed that subject to completing the supporting documentation with our advisors that approval is sought from Cabinet to enable the Company to commence trading.

6. \*DATA PROTECTION POLICIES

The Council needs to review its data protection policies and guidance in preparation for the requirements of General Data Protection Regulations which will come into force in 2018. The Committee is being asked to consider the first of these policies at this meeting relating to:

- (1) Clear Desk/Clear Screen Policy
- (2) Records Retention and Disposal Policy

The report also sets out the timescale in place for reporting the remaining policies under review. *(Appendix 2 will be circulated separately to the Agenda)*

7. \*CORPORATE PLAN 2013-2017 - PERFORMANCE OUTTURN FOR 1 APRIL 2016 TO 31 MARCH 2017

This report sets out the year end performance outturn for the Corporate Plan performance indicators for the period 1 April 2016 to 31 March 2017.

8. \*SERVICE DELIVERY PLANS 2013-2017 PERFORMANCE OUTTURN FOR 1 APRIL 2016 TO 31 MARCH 2017

This report sets out the year end performance outturn for the Service Delivery Plan (SDP) performance indicators for the period 1 April 2016 to 31 March 2017.

9. CABINET MEMBER QUESTIONS AND UPDATES

- (i) Cabinet Members will update the Committee on matters relevant to their Portfolio of responsibility.
- (ii) Members are invited to ask Cabinet Members questions and are encouraged to submit these to the Committee Manager in advance of the meeting to allow a more substantive answer to be given.

10. FEEDBACK FROM THE MEETING OF THE SUSSEX POLICE AND CRIME PANEL HELD ON 30 JUNE 2017

A feedback report from the Cabinet Member for Community Wellbeing will be presented following his attendance at a meeting of the Sussex Police and Crime Panel held on 30 June 2017. This report will be circulated separately.

11. FEEDBACK FROM THE MEETING OF WEST SUSSEX COUNTY COUNCIL'S HEALTH AND ADULT SOCIAL CARE COMMITTEE (HASC) HELD ON 7 JULY 2017

A feedback report following Councillor Blampied's attendance at a meeting of the West Sussex County Council's Health and Adult Social Care Committee (HASC) held on 7 July will be presented. This report will be circulated separately.

12. COUNCIL TAX SUPPORT TASK AND FINISH WORKING PARTY – CHANGE IN MEMBERSHIP

Following the Annual Council Meeting on 17 May 2017, the Committee is asked to nominate a Member from the Committee to replace Councillor Clayden on the Working Party.

13. \*WORK PROGRAMME - 2017/2018

At the last meeting of the Committee, Members considered topics that they would like to cover in the 2017/2018 year so that the Work Programme could be finalised and forwarded to Full Council for approval.

Since that time, some shifting of items has been required and so the Group Head of Policy will update the Committee on some of the changes required.

(Note: \*Indicates report is attached for Members of the Committee only and the Press (excluding exempt items). Copies of reports can be viewed on the Council's web site at [www.arun.gov.uk](http://www.arun.gov.uk) or can be obtained on request from the Committee Manager.)

(Note: Members are also reminded that if they have any detailed questions, would they please inform the Head of democratic Services, Cabinet Member and/or relevant Lead Officer in advance of the meeting in order that the appropriate Officer/Cabinet Member can attend the meeting.)

**AGENDA ITEM NO. 5****ARUN DISTRICT COUNCIL****REPORT TO AND DECISION OF  
OVERVIEW SELECT COMMITTEE  
ON 25 JULY 2017****PART A : REPORT****SUBJECT: Business Case for Operating a Council Owned Property Company****REPORT AUTHOR: Andy Elder – Housing Strategy & Delivery Manager**  
**DATE: 10 July 2017 EXTN: 37714****EXECUTIVE SUMMARY:**

At its meeting on 17 October 2016 Cabinet approved the principle and purpose of establishing a wholly owned local authority housing company (to allow greater flexibility this is now referred to as a local authority property company) subject to the production and approval of a satisfactory business case. This paper presents the finalised business case for Trisanto, the Council's arms-length property company, and an accompanying risk register which have both been subject to an independent review by our advisors. It also sets out the next steps which will need to be completed before the company can commence its trading activity, this work will be funded from the initial working capital loan.

The purpose for creating Trisanto is to develop residential housing and other appropriate schemes to generate an additional income stream for the authority via company dividends. Trisanto would be a separate legal entity wholly owned by the Council. It would have the power to undertake anything a company can do and in particular to acquire and hold land and properties.

Trisanto would be run by its Directors but their decisions would be constrained by a shareholder agreement which would define the limits the Council wants to place on the ability of the Directors to make decisions and in particular, the decisions that would need shareholder consent. The Council would be the sole shareholder and as such, decisions as to how to exercise its shareholder power would come back to the Council's Cabinet.

**Statement from the Council's Group Head of Corporate Support**

*In considering this report Members should be particularly aware of the matters outlined in paragraph 1.7 and the contents of the risk register (Appendix 2). If Trisanto commences its trading activity it is likely – even if the Company is successful - to be some considerable time before any financial rewards accrue to the Council. In the short to medium term any gains (interest rate differentials or dividend payments) will be offset by the loans advanced for working capital and set-up costs.*

*Members need to make an assessment of all the implications of Trisanto commencing trading activities and to weigh the risks and additional costs (including the supplementary estimate of £1m and set-up costs currently estimated at some £120,000) on the one hand against the potential future rewards on the other.*

## **RECOMMENDATIONS:**

The Committee is asked to recommend to Cabinet that:

- i) The business case at **Appendix 1** is approved.
- ii) The risk register at **Appendix 2** is noted.  
The Committee is also asked to note the below recommendations which will be considered by Cabinet at its meeting on 31 July 2017.
- iii) The statement from the Council's Group Head of Corporate Support included in the Executive Summary be noted.
- iv) The actions set out at paragraphs 2.1 and 2.2 are completed to enable Trisanto to commence its trading activity.
- v) Approval of a supplementary estimate of up to £1M, equating to a Band D council tax of £16.82, for working capital to enable the Company to start transacting.
- vi) The working capital to take the form of loans from the Council to the Company, with each loan being subject to the approval of the S.151 officer, the Chief Executive and the Deputy Leader of the Council, and the terms of each loan (including the rate of interest) to be determined by the S.151 officer.
- vii) Authorisation is given to execute all required legal documentation and take such steps/actions to give effect to the business case including the Shareholder Agreement and Loan Arrangements.
- viii) Cabinet will be responsible for the Council's function as shareholder, and that the substantive Directors of the company be appointed at Arun's Annual Council Meeting and the position of Councillor Directors be considered at the Council's Annual Meeting each subsequent year;
- ix) The Chief Executive be authorised, in consultation with the Leader of the Council, to approve the appointment of the first directors to Trisanto Development Corporation;
- x) The appointment of the Director of Place, already confirmed as Director of Trisanto Development Corporation on its incorporation in February 2017, be approved;
- xi) The Council's constitution is amended at Part 3, Responsibility for Functions, paragraph 2.10 (page 48/49) to add:
  - To review and scrutinise the operation of any Council owned companies by working with the arms-length companies.
- xii) The Council's constitution is amended at Part 3, Responsibilities for Functions, either paragraph 4.1 Audit and Governance Committee (page 63/64) or paragraph 4.4 Overview Select Committee (page 67/68) to add:

- To review and scrutinise the operation of any Council owned companies and Cabinet's role in overseeing this activity through monitoring reports submitted on at least an annual basis or as reported by the S.151 officer.
- xiii) The Standards Committee be requested to review the Council's Code of Conduct to cover the role of Directors of companies set up by the Council.

## 2. PROPOSAL(S):

2.1 Powers to establish a council owned property company are contained within the Local Government Act 2003. The legislation establishes the principle that local authorities can trade, through a company, with other companies, authorities or individuals, either within or beyond the district council boundaries. Within this legislation, however, trading can only be in relation to an existing function of the local authority, such as housing. The Localism Act 2011 further extended these powers, allowing local authorities to participate in trading activities not necessarily related to any existing functions of the authority. Importantly, both legislative frameworks require local authorities to establish a company structure when undertaking trading or activities which have a commercial purpose. A local authority trading company would have the power, for example, to trade for profit. The legislation also requires that a detailed business case is considered by the Council and approved before any trading can commence.

2.2 In deciding to launch an arms-length property company, the Council needs to consider the objectives of Trisanto and the outcomes that could potentially be achieved. These objectives and outcomes need to be framed within the context of the 2020 Vision Programme and the Council's agreed Corporate Plan. When considering the establishment of an arms-length property company in 2016 the Cabinet Working Party identified the following potential opportunities:

- The provision of market and affordable housing (shared ownership) for the people of the Arun district;
- The cross-subsidy of market and affordable homes and the ability to provide new homes without Government subsidy;
- The use of Council assets (General Fund) for the delivery of housing;

### **Financial and operational considerations**

2.3 All the necessary considerations in establishing and operating Trisanto are set out in the Business Case (Appendix A). The business case assumes the Council incurs additional capital expenditure in making loan advances to Trisanto. The interest charges on the loan advances will be sufficient over the life of the company's business plan (and agreed loan period) to at least meet the Council's financing and administrative costs in borrowing money to make these advances. The Council is able to lend funds to Trisanto using the powers outlined in the business case and as long as the arrangements are deemed State Aid compliant, (i.e. effectively this means they do not provide a hidden subsidy to the company). The alternative of directly sourcing external private funding would be significantly more challenging, time consuming and would pass significant influence and potentially control over Trisanto's business activities and decisions to the lenders.

2.4 Trisanto will need to competitively procure and appoint a contractor/developer to build the properties and a sales agent to market them for sale when they are built. As the Council would be exercising control of the Company, via a Shareholder Agreement, there may be a need for it to provide guarantees under any contract entered with a developer due to lack of any trading history of Trisanto at the beginning of its life. However, such guarantees would need to be compliant with State Aid rules and would not extend to Trisanto's liabilities and indebtedness in the future unless the Council chose to provide such guarantees.

2.5 It should be noted that Section 4(1) of the 2003 Local Government Act provides the Secretary of State with the power to impose restrictions in relation to borrowing by local authorities and under Section 4 (2) the Secretary of State can, by direction, set limits on borrowing by a particular authority for the purpose of ensuring that the authority does not borrow more than it can afford. There is therefore a risk that the Government might in future impose borrowing caps nationally and/or locally in relation to General Fund borrowing.

#### **Company structure**

2.6 Trisanto is a registered as a company limited by shares, with the Council owning 100% of the shares which enables it to trade and generate surpluses from trading activity and distribute proceeds back to the Council via dividends as the only shareholder. Although owned by the Council, Trisanto would be a separate legal entity with its own identity, staff and board of directors. However, it could have its registered office address as the Civic Offices to keep costs down and use some council support services (although the company could chose to procure such services from elsewhere).

2.7 Trisanto's primary purpose is to act as a commercial entity and make a financial return from developing housing for sale or private rent.

#### **The Council operating as a funder to Trisanto**

2.8 Trisanto will need significant funding to purchase land to develop a portfolio of properties in the open market. Therefore as well as the Council having the powers to form a property company it must also be able to provide it with necessary loan and potentially equity funding. The primary task for the Council when acting as a Funder will be to assess Trisanto's viability as an entity and the viability of each project for which loan funding is being sought. Consideration of a number of factors will be taken into account to determine whether to release loan funding to Trisanto such as the value of assets available to be used as security, state aid compliant equity verses debt ratios for the company, policy compliance and acceptable level risk exposure as the only Shareholder.

The key areas for the Council in its role as a Funder will want to be satisfied with prior to providing funding for a development are likely to include:

- that the financial modelling demonstrates that the loan will be repaid;
- that any loans accord with the Council's approved loan policies, notably with regard to security considerations;
- there is confidence that the projected rental stream can be maintained;

- that the base level sensitivities, which would in turn trigger warning signals, for Trisanto's general performance of each proposed development are properly set and that a sufficient margin is added to the base level to provide reassurance;
- that any loan is state aid compliant;

### **The relationship between the Council and Trisanto**

2.9 The Council has a number of ways in which it can legitimately guide the activities of Trisanto, including:

- as a shareholder – appointing and removing directors, signing off its annual business plan, and signing off any changes to the Memorandum and Articles of Association;
- as a land owner – making available land, and deciding whether to dispose of particular sites to the Company. *Note – disposal of land in the general fund must be at best consideration so as not to contravene State Aid regulations and satisfy the Councils' Local Government Act 1972 Section 123 duty to obtain the best consideration that can be reasonably obtained;*
- as a funder – deciding whether to make loans to Trisanto. It is considered that it would be difficult for the newly formed company to secure affordable loans by any other means. *Note – loans must be set at commercial rates so as not to contravene State Aid regulations;*
- as a strategic housing authority – as when working with a housing developer, directing the required housing mix and/or the need for specialist housing on sites in line with the relevant planning policies;
- as a planning authority – as with any housing developer, assessing whether a particular proposal by Trisanto meets the Council's planning requirements;

### **Governance arrangements**

2.10 The Council will hold 100% of the shares in Trisanto and as such will have full ownership. This enables the Council to retain sufficient control of the company to protect its position as investor. As a company wholly owned by the Council it is imperative that an appropriate governance structure is put in place to ensure sound and robust management of the company alongside protection of the Council's financial and reputational investment in the company. However, the governance must not hinder the company's commercial character and must allow it to act swiftly and pro-actively which is essential if it is to compete in acquiring land for future development projects in the open market. As sole shareholder, the Council would appoint (and can change) the directors of the company and would approve key decisions and the Company's business as set out in the shareholder agreement.

Cabinet would be responsible for ensuring the Company delivered all development in accordance with the agreed business plan and would receive performance reports as required by the shareholder agreement between the Council and Trisanto. The Cabinet will also be responsible for approving any variations to the delivery of the business plan; further scrutiny could also be undertaken if required by the Overview and Select Committee or Audit and Governance Committee. The Council as the only shareholder would appoint all the Trisanto directors.



### **Shareholder Agreement**

- 2.11 The Shareholder Agreement is separate to the Articles of Association and does not have to be registered at Companies House. The Shareholder Agreement regulates the relationship between the Shareholder (Council) and the Company (Trisanto) and gives rights and obligations that would not normally be included in the Articles, or would not be appropriate for inclusion in the Articles.

The Shareholder Agreement can provide that the Annual General Meeting of Trisanto takes place in the Council Chamber on an evening when Full Council takes place with the shareholder (Members of ADC) being invited to attend. Trisanto will be a controlled Company, being entirely owned by Arun District Council who will approve:

- the setting of general development targets each year and the associated budget;
- appointment or removal of Auditors that will be independent from the Council;
- any borrowing arrangement and giving security in respect of such borrowing;
- making any application for planning permission or lodging an Appeal against a planning decision;

### **Council objectives for setting up Trisanto**

- 2.12 The objectives for creating the company, as endorsed by the Cabinet Working Party, is to establish suitable commercial activities to address shortfalls in the future revenue streams for the Council as set out in the Council's 2020 Vision programme. The proposed objectives for Trisanto are to:

- I. Promote financial sustainability: the investment in housing, commercial realisation of assets and the delivery of related surpluses to provide a significant contribution to the Council's overall financial position;
- II. Maximise housing supply and meet strategic housing priorities: both directly and through the market to facilitate strategic sites across the district;
- III. Promote sustainable communities;
- IV. To participate in economic delivery and regeneration through:
  - a) The delivery of a portfolio of homes and sites for sale and rent including market, affordable housing for sale for (shared ownership, fixed equity, Starter Homes), self-build, custom build and schemes for the elderly;
  - b) The acquisition, improvement, assembly, development and disposal of land, including General Fund land by leasehold or freehold to produce a profit for the company;

- 2.13 Subject to approval by Cabinet of the business case and a loan agreement for initial working capital the following activities will be undertaken to enable the company to commence trading:

- Recruitment of staff to run the Trisanto business independently and at arms-length from the Council;
- Production of the Trisanto Business Plan;
- Drafting of the Trisanto policies and procedures;
- Set up of the Trisanto bank account and audit arrangements;
- Set up of the independent Trisanto IT systems for financial accounting, development management, scheme appraisals, audit and capital accounting (all separate from the Council);
- Registration of directors for the board/s;
- Assign the Company Secretary role;
- Operate the Trisanto website;

### **Fiduciary duties**

2.14 The Council's fiduciary duties can be briefly summarised as acting as trustee of tax and public sector income on behalf of its rates and tax payers. The Council in effect holds money but does not own it and spends that money on behalf of its business rate and council tax payers. Taking those fiduciary duties into consideration, the Council will need to ensure that it achieves an appropriate return for the lending it provides and that it has minimised the risks and potential costs to it if Trisanto becomes insolvent and/or defaults on any loans. Ultimately, should the company be unable to repay the loan in full at the point that it ceases to trade and its assets are liquidated, then any residual loss will sit with the shareholders.

### **3. OPTIONS:**

- 3.1 There is an option not to operate a Council property company – **not recommended**
- 3.2 To operate a Council property company, to generate an additional revenue stream for the Council - **recommended**

### **4. CONSULTATION:**

A Cabinet Working Party has undertaken detailed consultation 2016.

| Has consultation been undertaken with:  | <b>YES</b> | <b>NO</b> |
|---|------------|-----------|
| Relevant Town/Parish Council  |            | ✓         |
| Relevant District Ward Councillors  |            | ✓         |
| Other groups/persons (Cabinet Working Party)  | ✓          |           |
| <b>5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES:<br/>(Explain in more detail at 6 below)</b> | <b>YES</b> | <b>NO</b> |
| Financial   | ✓          |           |
| Legal   | ✓          |           |
| Human Rights/Equality Impact Assessment   |            | ✓         |
| Community Safety including Section 17 of Crime & Disorder Act   |            | ✓         |

|                                |   |   |
|--------------------------------|---|---|
| Sustainability                 | ✓ |   |
| Asset Management/Property/Land | ✓ |   |
| Technology                     | ✓ |   |
| Safeguarding                   |   | ✓ |
| Other (please explain)         |   | ✓ |

**6. IMPLICATIONS:**

The proposed constitutional changes will determine that Cabinet will be the key strategic supervisory body of Trisanto DevCo. With ultimate responsibility for ensuring that it complies with its own Business Plan.

**7. REASON FOR THE DECISION:**

To note and comment upon the authority to operate a property company wholly owned by the Council.

**8. BACKGROUND PAPERS:**

Appendix 1) Business case for the establishment of a local property company  
Appendix 2) Risk register

# BUSINESS CASE FOR THE ESTABLISHMENT OF A LOCAL PROPERTY COMPANY

FINAL



Date: 7 June 2017

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## 1. Executive Summary

### 1.1 Introduction

The purpose of this document is to present the rationale with supporting evidence for the establishment of a Local Property Company (LPC) at Arun. This includes the key drivers, the vision, the financial and commercial considerations, funding options and governance arrangements. It is important to note that only one high level financial model has been developed – for the build for sale scenario. This should be used for illustrative purposes only. Further detailed financial modelling will be undertaken as part of the development of the company Business Plan once the LPC begins trading.

The LPC will operate as a commercial arms-length development vehicle for the Council. Its primary aims will be to generate an additional income stream for the Council, deliver housing which may not otherwise come forward from the market and to stimulate regeneration; all of which will deliver economic advantages and benefits to Arun over the short, medium and longer-term.

On 10<sup>th</sup> February 2017 the Council formally registered Trisanto Development Corporation at Companies House as a private company limited by shares. The name Trisanto is an ancient name for the River Arun.

### 1.2 Background

The government has reduced the funds awarded to local government in recent years, requiring councils to find greater efficiencies in the way they provide services to meet the needs of local communities. Arun District Council's 2020 Vision Programme identified a number of opportunities for developing business cases to allow the Council to take forward options to generate income from commercial services. One of the suggested business cases is the option to establish a LPC. This idea has been progressed via a formal project initially overseen by a Cabinet Working Party with external consultancy provided by Cornerstone Assets, Arlingclose and Trowers and Hamlins (Solicitors). The project proposal is now to operate a LPC, centred on developing housing for sale and market rent and affordable housing for sale outside of the Housing Revenue Account (HRA).

Many authorities are now beginning to consider whether the housing market might be an effective way of making best use of their own assets, of creating revenue income and generating capital receipts. The opportunity to set up a LPC in Arun fits with the government's expectation that local authorities will play a much more active role in housing delivery and in shaping their local housing market.

A LPC can provide new homes for sale and market rent which could generate surpluses which can either be re-invested back into the LPC or to the Council itself. A LPC can be structured so that any surpluses from developing market housing (sale and rent) are used to subsidise affordable housing for sale (shared ownership, Rent to Buy, Starter Homes)

To date 120 councils have established a range of development vehicles to deliver new housing in their areas with the vast majority using investment from the Public Works Loan Board (PWLb) to finance their activities. Whilst some authorities have explored alternative capital funding options, including the issuing of bonds, most have chosen to use the flexibility and competitive rates offered by the PWLB.

Very few councils have generated profits/ dividends from their companies so far. Experience has shown it takes a number of years for the companies to operate before they start to generate profits.

Whilst it is likely, the requirements of Sections 1 and 12 of the Local Government Act 2003 would be met in connection to borrowing and/or lending to LPC the Council's S151 Officer will need to be satisfied with compliance with the latest Prudential Code requirements. Lending from the Council, just like a bank, would be secured against the assets of the LPC held probably under a debenture. A LPC, wholly owned by the Council, would need to provide a return to the Council which is both greater than the costs of financing a loan, and greater than the current return on cash investments.

Whilst there are some risks (Risk Register included at appendix B) for the Council in establishing a LPC, as it would be a new commercial venture, there are also very clear advantages which include the following;

- An ability to borrow for housing investment without being constrained by HRA borrowing restrictions although the rules and principles around Prudential Borrowing are applicable;
- Generate an additional revenue stream that will enable the Council to continue to deliver its services at a time of reducing government grant;
- Homes developed by a LPC for rent do not currently have to carry a Right-to-Buy although the LPC can still sell them to residents if it so wishes, with or without a discount;
- Homes owned by the LPC for rent do not have to have rents set at levels below market levels making it easier to develop without the need for subsidy;
- There is scope that, if the LPC is successful at a later stage, to bring in private investment or shareholders and so realise the value of the Council's original investment for use elsewhere. However, this may mean that the ability of the Council to control and direct the LPC's activities may be diluted;
- Increased opportunities for economic growth by direct employment in construction, through the supply chain and skills development i.e. Arun Charter Plus;
- Present the Council with an opportunity to provide substantial place leadership – supporting community development by investing in the local district and working alongside other private and public sector bodies;
- A LPC can potentially extend its operations to wider trading functions related to housing development. For example, the LPC could develop commercial buildings where this makes a suitable return and is integral on any particular site and supports the LPC's primary purpose of generating returns for the Council; and
- The LPC will be able to attract institutional investment where necessary to increase its development output if required;

The Council has a HRA development programme in place which is addressing the issue of currently losing 20-30 homes per annum through right to buy sales. The new HRA Business Plan will seek to redress this by utilising the recycling of right to buy receipts to replace the sold properties. In addition, the Council will need to manage a future funding deficit and a reduction in its New Homes Bonus. By 2021, the Council will need to be far more financially self-reliant to manage its day to day functions, and is therefore looking at options to help address this position. One of these options is the establishment of a LPC, which would be set up to run alongside the HRA development programme in a complementary rather than competitive situation.



### 1.2.1 Legal powers to set up and operate a LPC

Powers for the Council to establish a LPC are contained within Section 12 (Power to invest) of the Local Government Act 2003. This legislation establishes the principle that local authorities can trade, through a company, with other companies, authorities or individuals, either within or beyond the district council boundaries. Within this legislation, however trading can only be in relation to an existing function of the local authority, such as housing.

The Act provides that in exercising the power to trade, a local authority shall have regard to guidance issued by the Secretary of State. The main objective of the guidance is to ensure that in carrying out trading activities, and by definition competing with the private sector, a local authority ensures that it is not obtaining any commercial advantage over its private sector competitors. This ensures that there are no financial or tax advantages provided to the local authority company and requires the local authority to provide greater transparency through company law requirements. These requirements also assist the local authority company in terms of State Aid and competition law compliance.

The Local Government Act 2003 provides the power for local authorities to borrow and to invest for any purpose "relevant to its functions under any enactment" or "for the purpose of the prudent management of its financial affairs" (Section 1 and Section 12).

Section 1 (Local authority's general power of competence) of the Localism Act 2011 allows local authorities to "do anything an individual may do". A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others. In exercising the general powers of competence, a local authority is still subject to its general duties (such as the fiduciary duty it owes its local tax payers) and to the public law requirements to exercise its powers for a proper purpose. Importantly, Section 4 of the Localism Act 2011 requires local authorities to establish a company structure when carrying out a "commercial purpose". As set out in paragraph 2.2, the Council's objectives are commercial: it wishes to intervene in the housing and property market to maximise supply and generate income. Therefore, the Council is required by Section 4 of the Localism Act to pursue such objectives through a company.

As the Company will be established to have a 'commercial character', it would be unlikely to be considered a body governed by public law and so would not need to follow public procurement rules. Factors supporting the 'commercial character' of the company include that it is intended to operate competitively, take commercial decisions and bear the financial risk of its activities. This would mean that the LPC can potentially procure services (even for contract sums above the procurement thresholds) without breaching EU requirements.

### 1.3 Options Analysis

The options analysis considered various delivery models, including Joint Ventures and the use of Registered Providers. When considering the requirements of the Council against those various models, the LPC was identified by a Cabinet Working Party as the model most likely to deliver the aims of the Council in terms of profit generation, meeting market need and stimulating regeneration. Options were then considered around the form and governance structure of the LPC, which identified that a Company Limited by Shares (CLS) was the most suitable for the vehicle as there was no financial responsibility placed on the company directors. Further detail on the options analysis undertaken can be referred to at paragraphs 3.1 and 3.2 of the Business Case.

Land supply is a critical factor in the success of the LPC and the Council will consider a number of options for acquiring a land supply. For land where the Council has no influence then the LPC must look at suitable delivery options at the earliest opportunity so that potential income streams can be prioritised.

#### 1.4 Financial and Commercial Considerations

The LPC will be wholly owned by the Council and will take forward and deliver on behalf of the Council investment in housing and other related property activity to deliver priority outcomes, using money borrowed from the Public Works Loan Board (PWLB) and other suitable sources to finance their activities.

The LPC would buy suitable landholdings from the Council, and the private sector, and then commission a company to design and build an appropriate development. Income for the Council would be derived through this vehicle from land receipts, sales receipts, development profit, dividend receipts, and staircasing receipts from shared ownership sales and on-lending of its finance.

The Council would borrow the money for the cost of a development, then the Council would itself lend that money to the LPC for it to deliver the development. The Council would be repaid the initial capital plus interest from the proceeds of sales and the income received by the LPC from the rents received from market rental and shared equity schemes.

Section 15 of the Local Government Act 2003 Act requires a local authority to have regard to the guidance issued by the Secretary of State. The Prudential Code, issued by CIPFA, is one such piece of guidance which the LPC and the Council will need to take into account when considering the investment plans of the company.

The Prudential Code requires a local authority to set an affordable borrowing limit and to consider the affordability of its capital spending plan's through the setting and monitoring of a number of prudential indicators. The Prudential Code ensures that through the relationship between outstanding long-term debt and the Capital Financing Requirement (CPR) that borrowing is not used to fund revenue transactions and is therefore not used to invest in anything other than capital investment transactions. The Council will therefore need to comply with the requirements of the Prudential Code when considering its investment into the LPC, so long as this is done there is no reason why it should be considered that the Council is acting *ultra vires* through borrowing to on-lend or purchase equity in its arms-length property company.

In terms of the short-term funding required by the LPC to operate in its early days it is anticipated that this will be funded from the Council's existing cash balances. However, in light of the power conveyed in the 2003 Act, the Council could, in theory, also borrow on a short-term basis to cover this expenditure.

#### 1.5 Governance arrangements for the LPC

The Council will solely own the LPC (preferred option); therefore the Council will hold 100% of the shares and as such will have full ownership. In operational terms however, the LPC will be arms-length from the Council and determine its commercial priorities and investment decisions through its own Business Plan. The Shareholder function of the Council will be primarily executed through the Cabinet (who will appoint the Board of Directors – this will not include any members from

Cabinet) and a Shareholder Advisory Group (comprising officers and professional advisors) which will appraise the individual development plans brought forward by the LPC.

During the set up period of the LPC, a Shadow Board will be appointed, a Board of Directors will replace this once the company becomes operational. It is proposed that the LPC will consist of one elected member, excluding members of Cabinet and the Development Control Committee, one senior officer of the Council and; up to three independent non-executive Directors.

A number of agreements will typically govern the LPC. The key agreements that apply to the LPC at the different levels include the Shareholder agreement which represents the top level of governance, Strategic Land Agreements which represent the middle level of governance and development management agreements which represent the project level of governance.

#### 1.6 Proposed operational arrangements for the LPC

The day to day operational staff management of the LPC will be externally sourced led by a Managing Director. At project specific level, the resourcing will mainly consist of consultants (engineers, cost consultants, project managers etc.) which will allow resources to be secured against specific projects and for specific time-frames. This will also allow the LPC to deliver schemes concurrently and to dovetail appropriate projects.

There is significant flexibility in this approach and means the LPC is not committed to paying for resourcing during troughs. However the LPC will be able to resource up during peaks and bring in expertise as needed. Site finding, scheme assembly, financial appraisal, site plans, technical drawings, site surveys and planning applications will probably need to be externally resourced as those professional skills are not currently available within the Council

For completed projects to let at a market rent or shared ownership management services will also need to be provided. Whilst it is possible that this service could be delivered by the Council it is more likely that it will be tendered externally due to the commercial skills required for this specialist function.

#### 1.7 Project Management for the establishment of the LPC

The Project Sponsor is Karl Roberts who will advise the Council's Corporate Management Team (CMT) of the on-going project delivery. The project is owned by Arun District Council and project managed by Andy Elder, the Housing Strategy and Enabling Manager. The project was originally supported by Cornerstone Assets in an advisory capacity and has been further supported by other consultants providing legal, financial, tax and commercial advice during the establishment and then the on-going operation of the LPC.

#### 1.8 Conclusion

The analysis of the evidence strongly supports the view that an opportunity, through the establishment of a LPC, exists to intervene in the housing market to develop profitable housing schemes, which will in turn help support the revenue and capital requirements of the Council. This opportunity should be underpinned by strong leadership and effective governance with an appropriate process adopted for delegation, to ensure the LPC operates at arms-length from the Council.

The establishment of the LPC can allow the Council to play an active role in planning for the overall needs of the community and connecting-up planning policy, housing affordability and the wider

economic needs of the residents. Additionally, the LPC is expected to generate profit which will be either reinvested in future LPC projects, or will form dividends for the Council as the main shareholder and provide sources of income through the various company activities.

The LPC is also expected to stimulate regeneration, through housing delivery, property development or in partnership with other organisations on identified projects. This is key to the economic well-being of the Council as a whole.

**The primary aim of the LPC is to deliver viable commercial projects that will generate a profit for the benefit of the Council.**

## 2. Background

### 2.1 Corporate Vision and strategic overview

The Corporate 2020 Vision programme, agreed by Members in July 2016 aims to establish suitable commercial activities to address shortfalls in the future revenue streams for the Council as set out in the Council's 2020 Vision programme. The 2020 Vision programme has been established to provide the strategic direction required to help the Council become a more effective and sustainable one and to enable it to meet future demands that are placed upon it. The Council is facing a challenging financial climate and changing customer expectations. It also needs to strengthen its relationships with local organisations and communities and must offer more digital opportunities to make dealing with it easier. The decisions made now must not only enable the Council to achieve savings today, but they must serve well into the future.

The establishment of a LPC in Arun is one of the key projects to support the Council in achieving its vision and meeting their objectives. The aim of the LPC is to establish a housing, property development and regeneration vehicle that can achieve future income streams for the Council by maximising commercial opportunities. In addition, it will ensure the Council can continue to promote a healthy and diverse local housing market including senior living, stimulate regeneration projects and promote sustainable communities.

### 2.2 Council Objectives

The Council's objectives for setting up the LPC are to:

- **Promote financial sustainability:** the investment in housing, property development, commercial realisation of assets and the delivery of related surpluses to provide a significant contribution to the Council's overall financial position. A LPC will:
  - provide for Arun a means of generating income to its general fund from commercial housing/property development activity. This could be by way of new homes for sale and market rent which could generate surpluses which could be re-invested back into the company or paid to the Council itself by way of dividends.
  - allow the Council to make a more efficient use of resources through the direct use of access to capital funding (e.g. grants, s106 commuted sums etc.), access to capital through borrowing and sites already owned by the Council to address strategic priorities and generate revenue income in the future.
  - Make use of the Councils planning powers to take forward the assembly of strategic sites for development.

- **Maximise housing supply and meet strategic housing priorities:** both directly and through the market to facilitate strategic sites across the District. A LPC will provide a crucial component in the Councils work to actively shape the local housing market by:
  - delivering profitable housing schemes to facilitate surpluses for reinvestment to support strategic housing priorities.
  - delivering housing of type and location consistent with sustainable communities.
  - providing a means of delivery of affordable housing primarily for sale (shared ownership) without future reliance on housing associations.
  - providing a means of directly achieving housing delivery on sites and of housing types which are considered to support/strengthen communities where the private sector may judge the case too marginal and as a result would not progress rapidly.
  - influencing the local housing market through taking a direct delivery role in specific sites/schemes and through the provision of new forms of tenure and specialist housing such as senior living, and
  - establishing an entity capable of responding to anticipated and future changes particularly in housing related policies and initiatives (e.g. self-build plots and Starter Homes).
- **Promote sustainable communities:** the Council's ability to promote sustainable communities will be enhanced by the capacity and function of a LPC in a number of key areas:
  - the targeted acquisition of buildings in key locations and through associated public realm and community investment;
  - the capacity to influence the local construction market to directly commission development of sites with an emphasis on retention of economic activity within the local community and creation/strengthening of skills by promoting the Arun Charter Plus brand; and
  - the ability to focus on sites that will have a wider regenerative impact to the area.
- **Participate in economic delivery and regeneration** through;
  - Delivery of a commercially focussed portfolio of homes and sites for sale and rent including market, affordable housing for sale (for shared ownership, fixed equity and Starter Homes), self-build, custom build and schemes for the elderly.
  - The acquisition, improvement, assembly, development and disposal of land, including General Fund land by leasehold or freehold to produce a profit for the company.
- **Property development;**
  - To take opportunities to develop properties that might assist with generating profit and assisting economic regeneration of an area.

### 2.3 Arun Charter Plus

In addition to the Council's objectives listed above, the LPC would have a commitment to deliver the Arun Developer and Partner agreement Charter Plus objectives through its developments and partners. Charter Plus is designed to help stimulate and generate economic growth and reduce carbon emissions from new residential housing developments in the Arun district. Charter Plus consists of the following objectives:

- Raise average weekly wages in the district, which are currently lower than the County and Regional average

- Raise educational attainment and skill levels, which are currently lower than the County and Regional average.
- Improve the competitiveness and sustainability of the diverse range of small businesses in the area which make up over 80% of our business community.
- Ensure that developments conform to the principles of the energy hierarchy which is to reduce the need for energy, maximise energy efficiency, supply energy from renewable sources, where fossil fuels are to be used, use as efficiently as possible.
- Excite residents, visitors and potential investors with the intentions, plans, progress and outcomes of development.
- Promote good (if not best) practice in safe, secure and considerate working practices.

#### 2.4 Arun Housing Market analysis

The local housing market in the Arun District has experienced mixed fortunes since the market crash of 2008. Whilst there has been considerable price volatility in the local housing market the result is that property is considerably less affordable than it was before 2008. At a local level, therefore the Council could now take a leading role in ensuring that new places are developed to meet the housing needs and demands of the district. The Council also brings democratic accountability to the process, holds the responsibility for assessing and planning housing need, and is perhaps better placed to oversee a process of parcelling out of land than the private sector.

As advised by GL Hearn in the 'Updated Housing Needs Evidence' report dated September 2016, there is an opportunity to increase the amount of land that is made available for development and to ensure developers build it out at the rate that homes are needed, rather than the rate at which the highest returns can be obtained.

#### 2.5 Government Policy and current initiatives to stimulate housing supply

In the past five years, the UK Government has brought in a number of changes to planning and housing policy. These changes are complex and fast moving and have major implications for how councils provide for all housing tenure types.

Government intervention in the building sector since the financial crises of 2008 has been significant in terms of cash, but questionable in terms of its cumulative policy impact. The credit crunch and the collapse of the mortgage and land markets led to a major gap between the value of major housebuilders assets and the new market price for housing, reflected in a widespread lack of viability for current and future sites. The reaction of the government has been to try to bridge this gap through various fiscal interventions.

The range of recent and current government initiatives to increase housing supply includes the following list:

- HomeBuy Direct 2008;
- Kick Start 2009;
- Public Land Initiative 2010;
- Build Now, Pay Later 2011
- First Buy 2011;
- Get Britain Building 2012;
- Mortgage Indemnity Guarantee (MIG) 2012;
- Build to Rent Fund 2012;
- Help to Buy 2013;
- Starter Homes 2016;

Some of these initiatives support home ownership and have helped to underwrite opportunities for first time buyers. Where some of these schemes still exist, the LPC should benefit as part of its delivery and sales strategy. A number of potential new affordable housing products may be suitable for the LPC as outlined in the 2017 Housing White Paper such as Affordable private renting and discounted market sale.

### 3. Options analysis

#### 3.1 Review of alternative commercial structures

There are a number of different delivery models, and tools, which could be utilised to enable the Council to intervene in the local housing market. Those that have been considered, and informed by a report commissioned for the Council by Trowers and Hamlins (May 2017), include the following:

- Local Asset Back Vehicle / Joint Ventures
- Local Housing/Property Company – **preferred option**
- New development / planning options
- Providing capital funding to Registered Partners

The table below summarises the 4 different models and highlights the rationale behind the selection of the Local Property Company as the Council's preferred option.

| Vehicle                                   | Role  | Advantages   | Disadvantages   |
|---|---|--|---|
| Local Asset Backed Vehicle/Joint Ventures | This is a mid/long term venture equity partnership between a local authority (or a number of local authorities acting together and/or a local authority with other public sector bodies) and a private sector investment partner. | These types of partnerships can correct market failure and help increase commercial viability. Partnerships can help to pump-prime private sector investments, de-risk developments sites and provide essential supporting infrastructure that makes development more commercially viable. | Concern about best value from the disposal of public assets and are cautious about 'selling off the family silver' at the wrong time of the property cycle or handing over control of public assets. Private sector may have concerns about entering into a process often characterised as bureaucratic, time consuming and costly. Take up of this model has been low. |

|  |   |   |  |
|--|---|---|--|
| <p>Local Housing/Property Company/Special Purpose Vehicle</p> <p><b>Preferred option</b></p> | <p>Owned by the Council but a separate legal entity with no impact on the Council's HRA borrowing caps or the HRA account.</p>  | <p>Complements development within the HRA. Avoids government-imposed HRA borrowing caps. Allows the Council to have more influence over the type of development and not constrained by the appetite of the private sector. A number of local authorities are choosing to take this route.</p> | <p>Costs of set up and officer time.</p> <p>Land supply potentially a challenge.</p>   |
| <p>New Development/ Planning options</p>   | <p>Build now pay later: Housebuilders pay for the land once the building has started.</p> <p>Land Assembly: Council parcels up land for sale.</p> <p>Land Auctions: Council works with other public sector land owners to secure planning and development of the land, splitting the returns.</p> | <p>BNPL aimed at managing builder's cash-flow allowing new homes to be built more quickly than would otherwise be possible.</p> <p>Increases competition between firms and development models.</p> <p>Enables local communities to capture a greater share of the land value uplift.</p>      | <p>Would not suit smaller sites.</p> <p>Piecemeal approach, that would require significant resources both within the Council and externally and unlikely to be cost effective as a long term solution.</p> <p>Appetite from private sector may not be sufficient to sustain.</p> |
| <p>Providing capital funding to Registered Providers (RP's).</p>                             | <p>Councils using their cheap borrowing from the Public Works Loan Board to lend to housing associations for development.</p>   | <p>Loans to associations count against a council's general fund rather than the HRA and so are not subject to the cap on borrowing. In the short term, RPs could be attractive places for Councils to invest.</p>   | <p>Councils borrowing to make the loans would be using up some of their debt capacity from the general fund. There are also the risks in lending to housing associations, particularly on longer term loans, including pressures on rental income from welfare</p>               |



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The LPC is the Council's preferred investment vehicle. However, the form of a new LPC will largely determine the corporate governance structure. There are various options for the form of the LPC. It could operate as a company, either limited by shares or by guarantee, a community benefit society or possibly as a limited liability partnership.

The key decision making factors on choice of legal vehicle are based on the following:

- whether the LPC is to be trading for profit or not,
- whether it is to be charitable or not, and
- whether there is a need now or in the future for it to be able to offer a partner or partner's equity in the company.

The types of company structure are summarised in the table below, with a legal recommendation that a Company Limited by Shares (CLS) is the structure to be adopted:

| Company Type   | Brief definition  | Advantages   | Disadvantages  |
|--|---|--|--|
| Company Limited by Shares (CLS)<br><br><b>Preferred option</b> | Shareholders' responsibilities for the company's financial liabilities are limited to the value of shares that they own but haven't paid for.   | Company directors aren't personally responsible for debts the business can't pay if it goes wrong, as long as they haven't broken the law.<br><br>Separate legal entity from its owners. | Shareholders bound by the constitution of the company which can only be changed by special resolution.   |
| Company Limited by Guarantee (CLG)                             | Members (i.e. "guarantors") financially back the organisation up to a specific amount if things go wrong.   | Debt repayment is limited to a specified amount.   | Members have a financial responsibility for the company's debt.<br>Members are bound by the constitution of the company.                       |
| Community Benefit Society                                      | A community benefit society exists for community benefit, rather than the benefit of members. This is safeguarded through a legal requirement for community benefit societies to conduct their business and use | Financial gain and other surpluses must be reinvested in the primary function of the business, or other activities that benefit the community.   | CBSs cannot be used as investment vehicles and so are required to adhere to a number of principles that limit financial returns for investors. |

|                                     |  |   |   |
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|                                     | profits for the benefit of the community.<br>The liability of members is limited to the share capital they hold in the society (usually a nominal amount).   |   |   |
| Limited Liability Partnership (LLP) | A LLP has unlimited capacity and can do anything that a legal person can do.<br><br>A LLP is treated as a separate legal entity from its members; it owns the business's assets and is liable for its own debts. | The partners in a LLP aren't generally personally liable for debts the business can't pay - their liability is limited to the amount of money they invest in the business.<br><br>For tax purposes a LLP is treated as a partnership and each member is liable for tax on their share of the LLP's income or gains. | Partners have a financial responsibility with regards to debt up to amount they invest in the business. |

### 3.2 Preferred Option for the Company Structure

Given that the Council has set requirements for the LPC, the most appropriate company structure, as advised by Trowers and Hamlins in their recent report would be that of a Company Limited by Shares (CLS).

A CLS would permit the LPC to:

- be set up as a non-charitable wholly owned vehicle with no initial equity partners;
- operate at arms-length from the Council with its own Business Plan;
- retain flexibility to adapt to future changes required and in particular to enable the vehicle to enter into future development partnerships and/or take on the developer role directly; and
- be financially efficient from a tax and utilisation of internal funding perspective.

A company limited by shares is generally viewed as the most appropriate legal form for the majority of ventures where an on-going business is to be run, due to the fact that the corporate structure is tried and tested and is underpinned by an established body of law and practice. A company limited by shares, is also the type of company with which most people tend to be familiar.

In terms of overall control and financial and tax planning, the structure of a limited company can provide considerable flexibility through the creation of different types of share and loan capital. A

company can also create a floating charge over its assets which are often a requirement of external finance.

A key advantage of the CLS is that, if it is set up as a wholly owned (or at least 75% owned) subsidiary of the Council, and operating at arms-length, it can potentially claim relief for Stamp Duty Land Tax (SDLT) on transfers of land between the Council and the LPC.

### 3.3 National growth of council owned housing/property company's

Councils have been able to invest in new housebuilding since Section 12 of the 2003 Local Government Act gave them new investment powers. The Localism Act 2011 further confirmed their general power of competence in this area.

The reduction in revenue support grant of more than 40% in the last parliament, and the increasing reliance on New Homes Bonus and Business Rate retention have made a powerful case for councils to retain land suitable for housing and develop it out directly, creating a long-term income stream for themselves. The prolonged period of low interest rates means that many schemes that might once have been marginal are now viable. The increase in values and rents in many areas in the past three or four years have threatened that equation.

Recent research undertaken by the Chartered Institute of Housing revealed that 120 councils in England have either set up, or intend to set up, their own housing company to boost building rates in their district and generate additional income streams. So far, these companies' development plans are modest, as most companies only aim to build a couple of hundred homes over a 10-year period. The types of companies councils have chosen to set up are varied. These are companies wholly owned by the council, joint ventures with housing associations and joint ventures with private developers or institutional investors.

For many companies it is very early days, and only a very few have made any income so far. Sheffield City Council has made the most income to date, it has operated a housing company for five years and made profits of just over £430,000 in 2016. The majority are either still in the process of setting up their company, and haven't got any houses to show for their efforts yet, or are only expecting to see returns on their investments after at least five years of operating. The attitude of government towards these companies appears to be positive, at the moment, as confirmed by the 2017 Housing White Paper 2017.

Examples of council owned housing companies that have started their trading activities are included at appendix A.

### 3.4 Land Supply / Development Process

It is essential that the LPC has access to a sufficient supply of land to sustain its short, medium and longer term business plan objectives. In common with other Local Authorities, there is a finite supply of land immediately available and of assets that can be redeveloped. To break this down further the complete supply options would consist of the following:

- Land assembly through the planning process such as town centre regeneration, which might possibly involve compulsory purchase;

- Other public sector estates where the landowner doesn't have the capability, funds or resources to redevelop themselves;
- Private land acquisition; and
- General Fund land acquisition from the Council;

The LPC should be looking at options on land not owned by the Council as soon as possible, and needs to identify what Council land may become available for future development and when. As part of its own business plan, the LPC needs to be looking at sites immediately, so that income streams can be prioritised. Once the LPC has control over other sites, these can be planned into the supply options.

*Note – it is unlikely at present that HRA land will be available to the LPC for development purposes.*

The process of acquiring suitable development sites for the LPC will not be without risk. Many of the costs associated with the LPC's development programme will be incurred at the outset of a project, and may not be recovered, as not all the identified sites will be progressed for a variety of reasons. To build on any land the LPC will need to acquire planning permission, with all details approved and pre-commencement conditions discharged. Securing a planning permission will be one of many risks for the LPC and often comes at a significant cost.

At every stage, the process of securing an implementable planning permission requires investment – with no guarantee of a return (until full planning permission is granted) – with the prospect economic/market cycles will increase the risk of a downturn. The Council and its LPC will each need to determine their risk appetite in the business plan to fully engage in this process (see appendix B).

The complicated process by which homes are planned and built is underpinned at many stages by contracts and the LPC will require suitable legal support to enter into those contracts. The complexities involved in the various stages will mean that the LPC will require specialist legal advice to ensure that the company is adequately protected. The terms and conditions of these contracts, influenced by the market, create commercial pressures which will have to be regularly and thoroughly reviewed by the LPC and its advisors.

#### **3.4.1 Consent – General Fund land**

The Council has the power to dispose of General Fund land under sections 123 of the Local Government Act 1972 for the best consideration reasonably obtainable. Otherwise, the disposal requires the consent of the Secretary of State. The Secretary of State has issued a General Consent (General Disposal Consent 2003) which removes the requirement for councils to seek the specific consent of the Secretary of State for any disposal of land where the difference between the unrestricted value of the interest being disposed of and the consideration accepted, i.e. the undervalue is £2 million (or less), the disposal is likely to contribute towards the achievement of well-being and the Council has complied with the Technical Appendix to the General Disposal Consent.

#### **3.4.2 Consent – HRA land**

Although it is unlikely that land held in the Council's HRA will be available to transfer to the LPC in the immediate future, on either a freehold or leasehold basis, its powers to do so are contained in section 32 of the Housing Act 1985. The use of Section 32 power is conditional upon obtaining the prior consent of the Secretary of State unless a General Consent is available. Where the land is not vacant the Council is limited to five disposals per financial year at market value to the LPC.

### 3.4.3 Consent – undervalue land disposals

An undervalue disposal made in connection with properties to be privately let (which would include any rental or shared ownership properties of the LPC) is likely to be regarded as financial assistance and/or gratuitous benefit under Sections 24 and 25 of the Local Government Act 1988. The Council has power to provide such assistance under Section 24 of the 1988 Act but it must obtain prior consent from the Secretary of State under Section 25 to do so unless a General Consent is available.

## 4. Financial and commercial considerations

The main objective of the LPC will initially be to develop and deliver market homes for rent and sale and affordable homes for sale (shared ownership). The LPC will initially borrow from the Council.

The General Consent under Section 25 of the Local Government Act 1988 allows councils to grant loans to other bodies for privately let accommodation, however, they must be at a commercial rate because any reduced rate of interest risks the legitimacy of the operation being challenged by competitors under the State Aid rules. Similarly, statute allows staff, office space, equipment and 'assistance' to be provided to other bodies, and while charges can be applied the Council is not allowed to make a profit from these services.

The LPC would be loaned the initial capital from the Council, at market rates and with that money, the LPC would buy suitable landholdings and then commission a company to design and build an appropriate development. In return for lending the money, the Council would receive an initial revenue income in the form of interest and this would be at rates higher than currently available in commercial deposit accounts. However some of the advantage gained by this interest rate differential could be offset by the requirement to make a Minimum Revenue Provision (see para 4.5).

There is a fair degree of uncertainty with regard to the timing and quantum of the required funding, particularly as developments could be subject to delays, caused by a number of factors, so a flexible approach to funding is likely to be adopted. Arlingclose (Treasury Management advisors) have recommended that the Council use internal resources in the first instance to fund loans to the LPC. When these are exhausted there will be scope to enter rolling short-term loans, available at rates close to Bank Rate to enhance portfolio flexibility, hedge in-year cash influxes and provide exposure to "lower for longer" interest rate outcomes. This debt also has little or no break cost associated with it, making it easy to reduce debt levels if funding is no longer required.

Legal advice has been sought from the law firm, Trowers and Hamlins, who have confirmed that the Council has the power to set up a commercial company to trade and provide a commercial return to the Council. This includes transferring General Fund land to the company so long as it is sold for the best consideration reasonably obtainable, or at a price which is discounted by £ 2million or less for well-being objectives.

If approval is given to enable the company to begin trading, the Council will continue to receive ongoing external legal and financial advice on issues such as:

- Setting up and training directors on the company's board;
- Tax and financial accounting and audit advice;
- Advice on whether the company's activities have any implications for council tax setting;

- Drafting of loan agreements, debentures, standing orders and other associated legal documentation;
- Advice on land transfer / appropriation and stamp duty;
- State aid;
- Advice on pensions and human resource implications;

In terms of the legal and commercial advice acquired to date, the Council has sought the services of Trowers and Hamlins (Solicitors) on the legal principles set out in this business case, they have confirmed that they see no compelling reasons as to why the company approach should not proceed to the next stage of development and commence its trading activity.

#### 4.1 Funding routes

There are a number of funding routes available to the LPC. The Public Works Loan Board (PWLB) is the most likely source of funding as the LPC cannot borrow direct from the PWLB. The Council would take a loan from the PWLB and make a loan agreement with the LPC for individual scheme development finance which can be borrowed at reduced rates for affordable housing. Other types of housing will require lending at commercial market rates to comply with EU state aid rules. The PWLB is still seen to provide good value compared to commercial lending and is not subject to typical fees which can increase the cost of the debt. But lending can come with a (MRP) requirement, determined by the Council, which affects the commercial viability of a development.

Other sources for borrowing include the following:

- bank lending;
- insurance industry lending;
- Wealth funds, which can be accessed via brokers or directly;
- Bonds offering investment which could be marketed to other Local Authorities;
- Local Authority Pension Funds; and
- A partnership with the private sector but this is more relevant at project level.

#### 4.2 Financial modelling

It is proposed that that the company will undertake developments for market sale, market rent and affordable housing for sale (Shared Ownership, Rent to Buy and Starter Homes).

The financial viability of market-led housing development by a wholly-owned company as detailed in this business case has been modelled by officers. This is a basic financial model showing an illustrative model for market sale housing and the potential income, costs and profit associated with this type of development. Supporting this model is a number of assumptions that will be variable on a project by project basis when the company actually commences operations.

It is proposed that the company will also develop housing for market rent and affordable housing for sale. The viability of a market rent development will be dependent on a number of variable and one of the key issues will be the terms of the loan from the Council to the Company. These terms will be determined by negotiation between the Council and the Company and the Council will need to be mindful of the risks relating to the provision of the loan:- **with the market rent model the Company will not be receiving any sale proceeds, so the repayment of the Council's loan may be deferred for**

**a considerable number of years.** In these circumstances the issue of MRP will need to be carefully considered (see para 4.5).

There is a risk that the Council may incur significant upfront costs in advance of any returns being made due to the reliance on the property sales being the principle source of debt repayment. This has to be fully considered given the financial demand of the Vision 2020 projects and the Council's scarce resources. There is no guarantee that Trisanto will generate profits quickly or that any dividends will be returned to the Council during the early years of trading.

Financial models will be produced on a project by project basis when the company commences operations and more detailed information is available.

To finance the operation of the LPC the Council intends to borrow funds from the Public Works Loan Board (PWLB) using its prudential borrowing powers within the general fund. It intends to on-lend this funding to the LPC to provide capital resources for investment in property and regeneration projects. The loans will be secured against the company owned assets and their repayment must be funded by the company's trading activities.

Careful consideration to the interest rate attached to the on-lending to the company is required. European Union State Aid regulations require the loans to be provided at a rate that the company could otherwise obtain from the financial markets, in order to prevent any unfair advantages over other companies providing similar services. Any uplift in the interest rates between the Council's PWLB borrowing and its on-lending to the company would generate a revenue income for the Council's general fund. The servicing of the Council loans is achieved through the generation of net rental income and the receipts arising from the sale of the properties. A detailed business plan outlining the tax and accounting implications for the Company will be developed in due course as well as a financial appraisal system that will encompass the elements of the company's objectives and purpose related to developing new homes. It is expected that there will be a dividend distribution back to the Council, however the level of distribution will be a matter for the Directors of the company to determine in line with the shareholder agreement.

The LPC will retain the properties which are not sold or made available for shared ownership, for letting under shorthold tenures at market rents and outside of the Right to Buy provisions.

#### 4.3 Company running costs

There are three streams of running costs related to the LPC. These are the company running costs which account for day to day management, marketing activity and internal charges. These are likely to be set at a minimum level, drawing on resources where available from the Council.

The initial running cost of the LPC are likely to include a mixture of the following:

- Financial modelling assistance;
- Site finding fees;
- Costs associated with securing land options;
- Site remediation surveys;
- Site engineering and topographical studies;
- Land and title searches;
- Architectural and design fees;
- Planning fees;
- Development appraisal fees;

- Company secretary costs;
- Accountancy and booking keeping fees;
- Legal advice;
- Staffing costs for hiring external staff (including Managing Director);

*Note - it is not possible to accurately predict actual running costs at this time.*

Additional running costs are project specific, and would be funded through individual project finance.

#### 4.4 Profit generation and break-even

There are different streams of return to the Council (as shareholders) and these are as follows:

- residual land value;
- return for risk (dividends on sale of units);
- development management charges; and
- interest charges (back to the council).

#### 4.5 Minimum Revenue Provision (MRP)

If, as is anticipated, the Council undertakes borrowing (e.g. PWLB loans) to fund loans to the Local Property Company (LPC) then MRP will need to be considered. MRP is the annual revenue provision that local authorities make in respect of their debt and credit liabilities. Each local authority is required, by law, to make an amount of MRP which it deems to be prudent.

The regulations covering MRP do not specifically define what is meant by prudent provision but some general guidelines are given and local authorities are required to have regard to this guidance. In essence it is for each local authority to determine what level of MRP it deems to be prudent having regard to the guidance and to its own specific circumstances.

Currently the Council does not have any General Fund debt (see note below) and the issue of MRP has not arisen.

At some point the Council will need to formulate a MRP policy in respect of any loans made to the LPC. This will be a particularly important issue if the Council adopts the model of lending to the LPC for the purpose of building properties for rent (as opposed to for sale), as with this model repayment of the Council's loan is likely to be deferred for a considerable number of years.

MRP is an important issue and will form a key part of the financial appraisal of any prospective LPC schemes which are funded by borrowing from the Council.

*Note : Unlike General Fund debt, HRA debt is exempt from the requirement to make MRP. However, the Council does have an approved voluntary revenue provision policy in respect of the HRA self-financing debt and this will be updated as and when additional borrowing is undertaken in respect of the current HRA acquisition/new build programme.*

#### 4.6 LPC Business Plan

A Business Plan for the LPC will need to be developed to cover a rolling 5 year period of investment activity, and will outline the company's planned operations. In addition, there will be individual business plans developed at project level to cover each project.



The Business Plan will be reviewed and agreed annually by the Cabinet and will cover the following:

- a. Company objectives (as established in the Shareholders Agreement)
- b. Governance arrangements
- c. Operational plans
- d. Financial model and assumptions
- e. Rents, sales and development assumptions
- f. Fees, on-cost and tax (using independent auditors from the council)
- g. Funding profile and sensitivity analysis (robust testing of project proposals)
- h. Corporation tax treatment and reinvestment of profits

#### 5. Operational arrangements between the Council the LPC.

As a commercial company, a LPC will be solely owned by the Council (preferred option), therefore the Council will hold 100% of the shares and as such will have full ownership. This enables the Council to retain control of the LPC although it will operate commercially at arms-length from the Council. As such, Councillors will have no day to day control or decision making powers, other than through the Council's representative on the Company's Board of Directors.

The LPC memorandum and articles of association along with a Shareholders Agreement would essentially govern the company. The articles of association and company memorandum determine what a company can and cannot do, these will be produced and registered with Companies House while allowing a broad range of activities normally associated with property management and land development. These three directives perform the following functions:

- Memorandum of association – states that the subscribers wish to form a company and agree to become members of the company.
- Articles of association – set out the governance structure of the company, governing conduct of meetings and decision making and other issues.
- Shareholders agreement – sets out how the shareholders will operate with respect to the company (including distribution of profits, appointment / removal of directors).

The Shareholder function of the Council will be primarily executed through the Cabinet who will appoint the Board of Directors. Regular reports on company performance, finance and development activity will be submitted to Cabinet for sign-off and approval.

#### 5.1 State Aid

The Treaty of the Functioning of the European Union (TFUE) defines "State Aid" as a measure which in summary:

- Amounts to a grant of public money or transfer or public resources;
- Distorts or threatens to distort competition in the European market; and
- Affects trade between the member states and the European Union;

All elements set out above must be present for State Aid to exist.

There is a potential for unlawful State Aid to arise in connection with funding or other support from the Council to the LPC. If it were to arise the LPC would be required to repay the value of the aid plus a specified interest rate. There are certain circumstances in which public sector funding can fall outside the scope of article 107 (1) of the TFEU and the State Aid regime. If the Council is acting in a way that a private lender and/or investor would in similar circumstances in a market economy, by providing a loan on commercial terms and at a commercial interest rate, properly taking into account risks and/or making an equity investment on the terms and for the return as a private investor would do – then such activity will not constitute unlawful State Aid.

The funding and equity documentation drafted by our legal advisors Trowers and Hamblins, in support of this business case, will reflect market economy conventions. This will include providing State Aid compliant rate of interest, documenting the Council's expectation for a return on its investment and incorporating the terms and conditions which a private lender/investor is likely to impose.

The European Commission is primarily concerned to ensure that investments by the Council are not hidden subsidies. It considers the following to be unlawful State Aid:

- The forgoing on a “normal” return on public funds used;
- The provision of working capital;
- The granting of financial advantage by forgoing profit or recoveries of debts owned;
- Providing guarantees on terms which would not be offered in the market;

Of particular note is that because the LPC would, at least initially, have no assets or credit history, State Aid rules would preclude the Council from providing the LPC with a guarantee for more than 80% of the financial obligations covered by that guarantee.

The European Commission does not dictate the risk relating to the investment, the period of time in which a return would be made or other matters which may be specific to a particular investment or project. However, if an investment was being made for a return which may not occur for some time it may be necessary for the Council to prove, by an independent report, that a private investor operating in a market economy would be prepared to make a similar investment on those terms as in those circumstances.

As the Council will be advancing loans to the LPC appropriate due diligence will be undertaken for each project. Even though the LPC is owned by the Council, normal practices will need to be undertaken when considering lending money to a third party organisation. This due diligence will also ensure that the interest rate being considered on the loan fully compensates the Council for the risk being taken, and that the rate is State Aid compliant.

Under European Union Law, State Aid rules must be taken into account whenever public money is given to an organisation that undertakes any commercial operation. It is important that a State Aid challenge to the Council is avoided through the application of a reasonable interest rate. The minimum rate that should be charged on the funding of the housing development will be the higher of the Council's cost of funding plus a suitable credit risk margin or the minimum required by State Aid rules. The maximum rate chargeable will be the rate that a housing development could achieve elsewhere. Once these have been determined, the Council can assess the options and determine if State Aid is being provided.

Should the Council wish to provide financial or other assistance to the LPC for private market and affordable products – either in the form of interest rates, a guarantee or otherwise – it will be important to ring-fence such funding from the market properties.

## 5.2 Appointment of the Board of Directors and Shadow Board

To oversee the creation of the LPC, it is proposed to establish a Shadow Board of one elected member and one officer assisted by independent advisors. Once the Company becomes operational, a Board of Directors will replace the Shadow Board. It is proposed that the elected member who joins the Shadow Board is not a member of Cabinet or the Development Control Committee to minimise members' exposure to conflict of interest situations which can carry significant penalties under the law.

A draft Shadow Board Heads of Terms has been developed. The Shadow Board will confirm the preferred reporting structures.

The role of the Shadow Board would be as follows:

- To endorse and approve the Cabinet report to set up the Company;
- To consider and review the initial business case and illustrative business plan for setting up the Company;
- To consider how the Company could further the priorities of the Council, while not at any time undermining the Company's primary commercial focus;
- To endorse an initial development programme for the Company based on potential land opportunities in the Arun and wider West Sussex area.

To ensure the LPC can operate efficiently and effectively it will be important to have the appropriate balance of skills and experience and, in particular the right business and commercial financial acumen. The LPC will be engaged in both property acquisition and ensuring that any landlord responsibilities are fulfilled in the management of the stock and provision of services to tenants. The detailed arrangements concerning the operation of the Board of Directors will be enshrined in a Shareholders Agreement, and the role and responsibilities of the Board of Directors will be set out in the company Articles of Association.

It is proposed that the LPC Board of Directors will consist of a minimum of the following:

- 1 elected member, excluding members of Cabinet and the Development Control Committee;
- 1 senior officer of the Council and;
- A maximum of 3 independent Non-Executive Directors;

The Non-Executive Directors will be recruited to bring commercial housing development and finance experience to the board (and they would be expected to attend Board meetings).

Any elected member or council officer appointed as a company director would not normally be remunerated, although it will be proposed that Non-executives Directors do receive modest remuneration. The S151 Officer and Monitoring Officer should not be appointed as Directors to ensure a clear separation of their roles in their advice to the Council. Equally, there will need to be clear separation between all officers on the Board of Directors and officers providing advice to the Shareholders on behalf of the Council. Suitable arrangements will be made to ensure the provision

of indemnities for officers and members as directors of the company board under the Local Authorities (Indemnities for Members and Officers) Order 2004 are in place.

If the Cabinet approve the Business Case, and once the bespoke Articles of Association are formally registered at Company House, the Shadow Board will be replaced with Board of Directors which will oversee the day to day operation of the company and have responsibility for development of the business and adherence to the business plan, entering into contractual arrangements and developing the internal policies. The Board of Directors may also develop processes to allow them to delegate all or some of the day to day operations of the company to appropriate advisors/staff.

There is nothing to prevent an officer of the Council also being a director of a Company. However, it is possible, that officers will also be conflicted if they were to be involved in the 'client side' of any matters between the Council and the company.

The LPC will be given sufficient autonomy to operate independently from the Council and this will be clearly set out in its Articles of Association and Shareholder agreement. Members are keen that the company has the appropriate skills and leadership to operate as a commercial entity operating independently from the Council, with the Board appointing people to the LPC for fixed times. Members are also keen to ensure that the LPC is not restricted by its Articles to operate only in the Arun district; it should be flexible and be able to trade throughout the West Sussex area.

Member Directors need to be different to those involved in Cabinet investment decisions to ensure there is no conflict of interest arising. Consideration will also need to be given to ensuring that key expertise (such as financial and legal advice) is available to inform both the Council as shareholder and the LPC.

### 5.3 Governance arrangements

The LPC will be governed by a number of agreements. The three key agreements that apply to the LPC at the different levels are as follows:

- Shareholder agreements (corporate agreements). These are agreements between the shareholders and the LPC and represent the top level of governance.
- Strategic Land Agreements. These are the agreements between the land owners, and the LPC, and represent the middle layer of governance.
- Development management agreement. These are the agreements between the LPC and the developers and represent the project level of governance.

An example of the relationship between the LPC and its various governance and financial flows is included at appendix C.

### 5.4 Financing the start-up costs; Options for finance

There are three separate funding streams concerning the LPC of which one is the start-up costs. These can then be broken down into the initial start-up costs of the company, and the start-up costs for each project. The initial outlay for the LPC will likely come from revenue costs, funded by the Council, and will cover the costs of legal fees and specific expertise to set up the company structure. Once the LPC is operating, each project will require start-up costs which funds viability assessments including architect costs, planning costs and specific advice as required unless this can be resourced internally through the Council.

If borrowing is required for start-up costs from PWLB, for example, then the borrowing will be set at a higher interest rate to reflect the level of risk involved. Borrowing may be required for project start-up costs, as it is unlikely the Council has the revenue available to fund these. The other funding streams are the running costs and working capital of the company and the project finance costs. The project finance costs will need to be borrowed to fund the specific viable projects whilst working capital is replenished through the completion of successful projects, once the initial working capital outlay has been funded.

A number of Councils who have already set-up a housing/property company have primarily used the Public Works Loan Board (PWLB) to secure capital finance for their respective housing developments. Whilst many authorities had successfully used the PWLB facility HM Treasury are beginning to raise concerns about the total accumulated level of borrowing for housing companies in England. Therefore, the LPC will need to investigate alternative external financing arrangements as part of its own business plan.

### 5.5 Delegated authority

Whilst the Council will retain a strategic role over the LPC in a number of ways, it is expected that the LPC will operate at arms-length from the Council in respect of identifying and delivering its development programme. It is critical to note that the LPC is a commercial business and must be able to operate as such and have sufficient flexibility on an operational level to take actions and make decisions enabling it to comply with its articles. The responsibilities of the Cabinet will be revised in the Council's Constitution to provide it with an additional responsibility to approve the borrowing requirements of any company of which the Council has a controlling interest.

The Cabinet, alongside the Stakeholder Advisory Group, will be the key strategic supervisory body with ultimate responsibility for ensuring compliance with the Business Plan and Business Case. However, the Directors have a duty to the LPC to perform in accordance with its articles of association and wider company law.

It should also be acknowledged that there is a very real possibility that conflicts of interest may arise between the requirements of the LPC and those of the Council and measures must be put in place to protect the LPC Directors from this potential conflict arising. It is therefore critical that the Directors of the LPC have a separate and distinct role from the Shareholder Advisory Group and Cabinet. This role will be without prejudice to the Council's normal decision making powers and the role of Overview Scrutiny Committee/Audit and Governance Committee as set out in the Council's constitution.

### 5.6 EU Procurement – LPC as a contracting authority

The determination as to whether the EU Procurement rules will apply to the LPC will turn on the basis upon which the LPC operates. As proposed, and to be set out in the Shareholder Agreement, the LPC will fundamentally have a 'commercial character' and will be established as a for profit company operating competitively in the market with a commercial remit and including (potentially) independent directors on the board.

Legal advice from Trowers and Hamlins suggests that it is unlikely therefore that the LPC will be a "contracting authority" for the purposes of the 2015 Regulations. This means that the LPC can procure services even for contract sums above the procurement thresholds without breaching EU requirements.

The Council's level of control over the LPC either through governance arrangements or the funding agreement, could impact on its commercial character. The question would be one of degree, i.e. whether the Council has such an influence over the LPC that it is unable to act commercially and take commercial driven decisions.

The governance, funding and other documentation between the Council and the LPC will be drafted so as to obtain an appropriate balance between control for the Council and commercial flexibility for the LPC. It will be important therefore that the LPC operates independently of the Council and is not (effectively) a mere agent of it.

## 6. Proposed operational arrangements for the LPC

The operational arrangements need to consider the staffing of the LPC for the day to day running of the company, and the ongoing management of completed projects where appropriate.

### 6.1 Resource implications

To enable the LPC to become operational and move into actual project development, the necessary professional staffing resources will probably need to be externally sourced.

In terms of resourcing, the key to the LPC is to bring in innovative new thinking and housing delivery experience through the executive board members or through project specific arrangements e.g. appointment of specific consultants on a project by project basis. It is highly likely that external expertise will be bought in by the LPC as needed on the various development projects, this is a model used by other similar organisations to keep costs down and streamline resourcing to adapt for peaks and troughs.

### 6.2 Project Delivery

At project level, there will be an opportunity to establish project specific delivery vehicles, including joint venture partnerships which will allow the LPC to ring fence risk. However, this is only appropriate for schemes of a certain size, for smaller schemes there is little appetite or advantage. In terms of project delivery, the following steps will be undertaken:

#### 1. Sourcing of projects.

As part of the LPC Business Plan, a supply of sites owned by the Local Authority or other public bodies will need to be identified. These will be finite so the LPC will need to assess suitable options on other land. The project will be sourced depending on land/asset availability so it may be that a number of project sources are considered at a point in time but only one is taken forward.

#### 2. Due diligence and taking projects forward to development.

Once potential projects have been identified a viability assessment including due diligence would need to be undertaken to establish whether the project is a suitable candidate for development. This would normally involve technical support which would most likely be externally sourced.

#### 3. Project based investment and financing.

Once a project has been determined to be viable and progressing to development, the LPC will need to consider the specifics of financing the project. At this point, the option to set up

a Joint Venture (JV) if required would also be tested, as this could form a source of project finance. Depending on how early in the LPC lifecycle the project is, the finance could be either from Council lending or from reinvestment of profit from earlier projects, or through a JV set up.

#### 4. Contractor procurement.

Contractor procurement has become significantly easier and more cost effective, taking the burden off local authority procurement teams. A number of regional and local frameworks have been set up in recent years to assist Local Authorities in the development and delivery of projects. These include a number of contractor frameworks, and frameworks to assist Local Authorities in early stages of projects to minimise and divest finance and delivery risk whilst retaining profit. Frameworks can be used for both procuring contractors and development solutions depending on the scope of the framework, this will be regulated by the Shareholder Agreement which will also stipulate the principle of ethics.

### 6.3 Marketing the sale properties and branding

The branding of the LPC is critical to its success. The idea behind branding would be to establish a brand that differentiates itself from the general housebuilders, whilst understanding the nuances of the target audience. Housebuilders for example regularly use the term 'Homes' as part of their brand, whilst Private Rented Sector (PRS) organisations will use the term 'Living'. It will be important that the brand is or becomes synonymous with quality homes and lifestyles.

Marketing of sale properties will depend on the size of site. There are a number of marketing options available, including the traditional routes:

- Using Land Agents – this route is recommended where the site is small and there are less than 50 units.
- Using an internally appointed sales team – this is recommended where there is a site of more than 200 homes or several smaller sites of 50+homes
- Online sales – there are a number of websites where homes can be sold direct through the website. Online marketing can reduce costs indicatively by around 0.5%.
- Combination of all or any of the above.

The marketing and sales strategy for each project will be decided at an individual project level. The brand of Trisanto will continuously be promoted for all developments.

### 6.4 Provision of the housing management service for rented properties

Where projects have been completed and consist of market rented or intermediate housing, there will be a requirement for the Company to provide a housing management service.

There are a number of options for the provision of housing management services, dependent on the type of home. These are:

1. Outsourcing to a private management company as this is a different business model and would therefore require a very specific skills mix.
2. Using one provider, sourced from either public or private sector, working directly to the LPC covering both shared ownership and private rented built by the LPC

3. Management of shared ownership housing and 2<sup>nd</sup> charge assets – a portion of the housing needs to be managed so there is a need to establish relationships to manage 2<sup>nd</sup> charge assets. Providers who do this will need to be FSA registered.
4. The potential use of the in-house Council Housing Team subject to available capacity.

It is likely that the provision of housing management services will be site specific and will be considered in more detail on a project level basis.

#### 6.5 Exit Strategy

It is commercially prudent to scope and develop a project with an exit strategy in mind. The exit strategy would need to ensure that at least the investment costs would be recovered at point of exit. Exit points might also occur at the following points:

- Receipt of planning consents, where you knew the investment in the planning process would uplift the investment costs.
- Commencement of construction where affordable and market elements can be sold on.
- Threat of a falling market. This could mean a change to tenure mix such switching market housing to private rented housing and using difference forms of finance to back the project.

An exit strategy will form part of the LPC Business Plan and part of the project specific plans to ensure each project has a viable exit strategy.

### 7. Project Management for the establishment of the LPC

#### 7.1 Project Team Roles and responsibilities

The table below sets out the project team roles and responsibilities for the delivery and establishment of the Local Property Company. There will be a requirement to appoint specialist legal advice in addition to the team below.

| Name                 | Role            | Organisation          | Responsibilities   |
|----------------------|-----------------|-----------------------|--|
| <b>Karl Roberts</b>  | Project Sponsor | Arun District Council | Strategic Council Lead Officer<br>– Link to Arun Corporate Management Team |
| <b>Andy Elder</b>    | Project Manager | Arun District Council | Overall Project Management   |
| <b>Ian Doolittle</b> | Legal Advisor   | Towers and Hamblins   | Project documentation and legal powers report                              |
| <b>Harry Scarff</b>  | Advisor         | Cornerstone           | Commercial advice and project management                                   |

#### 7.2 Project Governance



The project is owned by Arun District Council and project managed by Andy Elder, the Housing Strategy and Enabling Manager. The Project Sponsor is Karl Roberts who will inform the Council's Corporate Management Team (CMT) of the project delivery.

The project was initially supported by Cornerstone Assets in an advisory capacity, and has been further supported by Trowers and Hamlins (Solicitors).

## 8. Conclusions

The analysis of the evidence strongly supports the view that an opportunity, through the establishment of a LPC, exists to intervene in the housing and property market to develop profitable schemes, which will in turn help support the revenue and capital requirements of the Council. This opportunity should be underpinned by strong leadership and effective governance with a process for delegation, with the governance process being sufficiently agile to make a certain number of decisions prior to requiring Cabinet approval at the higher levels.

The establishment of the LPC will allow the Council to play an active role in planning for the overall needs of the community and connecting planning policy, housing affordability and the wider economic needs of the residents. Secondary to this, the LPC will be generating profit which will be either be reinvested in the LPC projects, or will form dividends for the Council as the main shareholder and provide sources of income through the various activities.

The LPC is also expected to stimulate regeneration, through housing delivery or in partnership with other organisations on identified regeneration projects. This is key to the economic well-being of the Council as whole.

### 8.1 Next steps

The following activities need to be completed before the Company commences any trading activity;

- 1) Establish Shadow Board
- 2) Establish supply of sites – both council owned and private
- 3) Comprehensive review of capacity and gap analysis to identify short, medium and long term resourcing.
- 4) Confirm directors liabilities
- 5) Confirm delegated authority levels with regards to the Council and LPC
- 6) Establish funding sources for start-up, working capital and project finance
- 7) Agree the state aid implications of the councils on-lending and loan pricing
- 8) Complete the Shareholder Agreement
- 9) Establish the Shareholder Advisory Group
- 10) Produce a bespoke set of Articles of Association for the LPC
- 11) Produce a draft Business Plan for the LPC for consideration and approval by the Board of Directors
- 12) Produce the Heads of Terms for the loan agreement and loan structure

9. APPENDICES

## Appendix A

**Examples of council owned housing company's**

**Sevenoaks District Council** – following a 20-month detailed due diligence process, the Council incorporated Quercus 7 Limited in December 2015. This followed a report from consultants EC Harris which recommended a suitable Governance structure and purpose for the company. This enabled the Council to operate property development on a commercial basis as well as allowing the Council to invest in residential property to be leased which it is not otherwise allowed to do. The consultants have advised that operational returns from investment in property can achieve a 6% income return on investment.

In 2016, the Council approved a Shareholder Agreement and the Company Articles of Association. The Council have now appointed Chief Officers as Company Directors and a separate Trading Board to oversee the trading activities of the company comprised of Cabinet chaired by the Leader of the Council. External non-executive Directors are being recruited to the board and will be paid for their professional knowledge, commercial skills and technical expertise.

**South Cambridgeshire District Council** – SCDC have set up a housing company trading under the name of Ermine Street Housing to purchase and develop housing for market rent purposes. The company is limited by shares with the Council as the only shareholder. Initially the company was set up as a pilot programme for 30 properties with a working capital loan of £7m, provided by the Council which was borrowed from the PWLB. The Council makes a return on the loan it lends to their company which exceeds other forms of investment.

SCDC have recently agreed a new 5-year business plan with £100m of loans from the Council, again borrowed from the PWLB and lent to the company for developing up to 500 market rented homes with a net yield of around 4%. The loan is provided at a market rate to the company to avoid any state aid issues.

The company has a 6 person board of directors comprising of 2 officers, 2 members and 2 external appointees who are paid around £4k per annum.

The purpose of establishing the company is to create an additional revenue stream for the Council and provide additional rented homes in the area managed in an ethical manner. There is clearly great trust between the Council and the company, with only an end of year report required so long as the company is operating to agreed tolerances in its business plan.

There are currently no properties for market sale, but the new programme will include affordable housing for rent and shared ownership. The company now has a development team of mainly seconded staff from the Council and trades outside of the South Cambridgeshire DC administrative area.

**Kings Lynn & West Norfolk District Council** – King's Lynn and West Norfolk DC established a local housing company in May 2015, the purpose of which was to take a lead role in directly investing in new housing on land controlled by the council by embarking on a major programme of building 600 new homes.

The vision of the Council is;

- To boost the local economy by ensuring delivery over a five year period, and create new apprenticeships and training opportunities;
- Enhance an existing residential area and improve some existing sporting/recreational facilities; and
- Creating new investment returns for the Council;

The Council used expert advice from the start – having identified the need for specialist property, legal, and tax advice. Commitment for the company came from councillors and officers to the project that involved a multi-disciplinary team, project board, and regular member briefing. Contracts were signed for a hybrid approach that includes a development agreement and a building contract with incentives on sales targets and sharing of super profits. Planning permission was granted for a new road that opens up a council owned site for development with agreed funding in place.

The Council have now appointed Lovell's as their development partner to build up to 600 homes with a potential value of up to £80 million in the King's Lynn area over the next five years. Through the development management agreement, Lovell's will design and promote the new housing on behalf of the Council and will be contracted to build the new homes. As part of its commitment to investing in local companies, the company will provide a range of job and training opportunities locally including the creation of a number of new apprenticeships and the safeguarding of a significant number of existing apprenticeship places. Lovell will also deliver a range of short training courses and a programme of visits for local school, college and university students.

The new housing company has recently made a planning application for 130 new homes which will be the first tranche of new housing with construction work is due to start later this year, subject to the scheme successfully completing the planning process. The new two-, three- and four-bedroom houses will comprise 110 homes for sale and 20 affordable homes.

**Guildford Borough Council** – set up a local housing company in 2016 for two main reasons firstly to address the shortage of rented accommodation within reach of local people and to generate a revenue income for the General Fund. The company will offer a range of tenures but not Affordable Rent. The Board of Directors comprise both officers and members from the Council and external non-executive members who bring a range of technical skills and knowledge to the company. The Council investment in the company is currently arranged as 75% loan and 25% equity but in the longer term, it is envisaged that this will move to a ratio of 60:40.

## Appendix B

**Risk Register Introduction**

Local authorities have a fiduciary duty to local tax payers and need to be prudent about putting local tax payers' money at risk. For this reason, authorities are required to prepare a detailed business case before embarking on trading ventures such as a local property company (LPC). As part of preparing the business case for the LPC the Council has assessed the risks involved in the proposed enterprise. Cabinet will ultimately need to decide whether those risks are proportionate to the potential returns and determine whether it should proceed.

The Council's Risk Appetite Statement details **the level of risk the Council is prepared to tolerate or accept in the pursuit of its strategic objectives.**

The two specific elements of the Council's Risk Appetite Statement that need to be considered when establishing the LPC are Transformational Change and Development and Regeneration.

***Transformational Change** - the environment in which the Council operates is continually changing through both external and internal factors and demands. Change projects provide the Council with an opportunity to establish longer term benefits and continual improvement in the delivery of value for money services. The Council recognises that this may require increased levels of risk and is comfortable accepting such risk, subject to ensuring that risks are managed appropriately.*

***Development and Regeneration** - the Council has a continuing obligation to invest in the development and regeneration of the district. To be progressive and innovative in meeting this obligation the Council is willing to accept a higher appetite for risk whilst ensuring that the risks and benefits to be gained are fully understood in order that informed decisions are made.*

In respect of the LPC, the strategic objective is to generate an additional income stream for the Council. The acceptance of risk is subject to ensuring that all the potential benefits and risks of establishing a LPC are fully understood, and that appropriate measures are identified to mitigate those risks. It is critical that Members fully understand the risks associated with this venture and carefully consider those in conjunction with the potential rewards/ returns prior to giving approval for the LPC to commence operating.

If approval is given for the LPC to commence operating then each development proposal will be considered on a scheme-by-scheme basis. Due to the nature of this venture, the return on investment to the Council will be long-term and therefore will not provide any financial contribution to the requirements of the 2020 Vision. The objective is for the LPC to provide a vehicle for the Council to become financially self-sufficient in the future.

Risk analysis and risk assessments are essential processes to aid the LPC in the achievement of its objectives. Because of these processes, a Risk Register has been produced. Each risk has been assessed to consider the likelihood and impact of its occurrence and an overall risk score has been assigned. Any control measures and mitigating actions to reduce the risk are also detailed in the register.

In addition to the risks set out in the Risk Register there is a risk that the Council may incur significant upfront costs in advance of any returns being made due to the reliance on property sales/rents being the principal source of debt repayment.

The legal structure of the Company may also expose the Council to the liabilities of the Company if it fails at any point in the future. To protect the Council from default suitable protections will be put in place over the structure of any loans to the Company. This could be provided through a debenture type arrangement, which would provide a first charge over the assets of the Company.

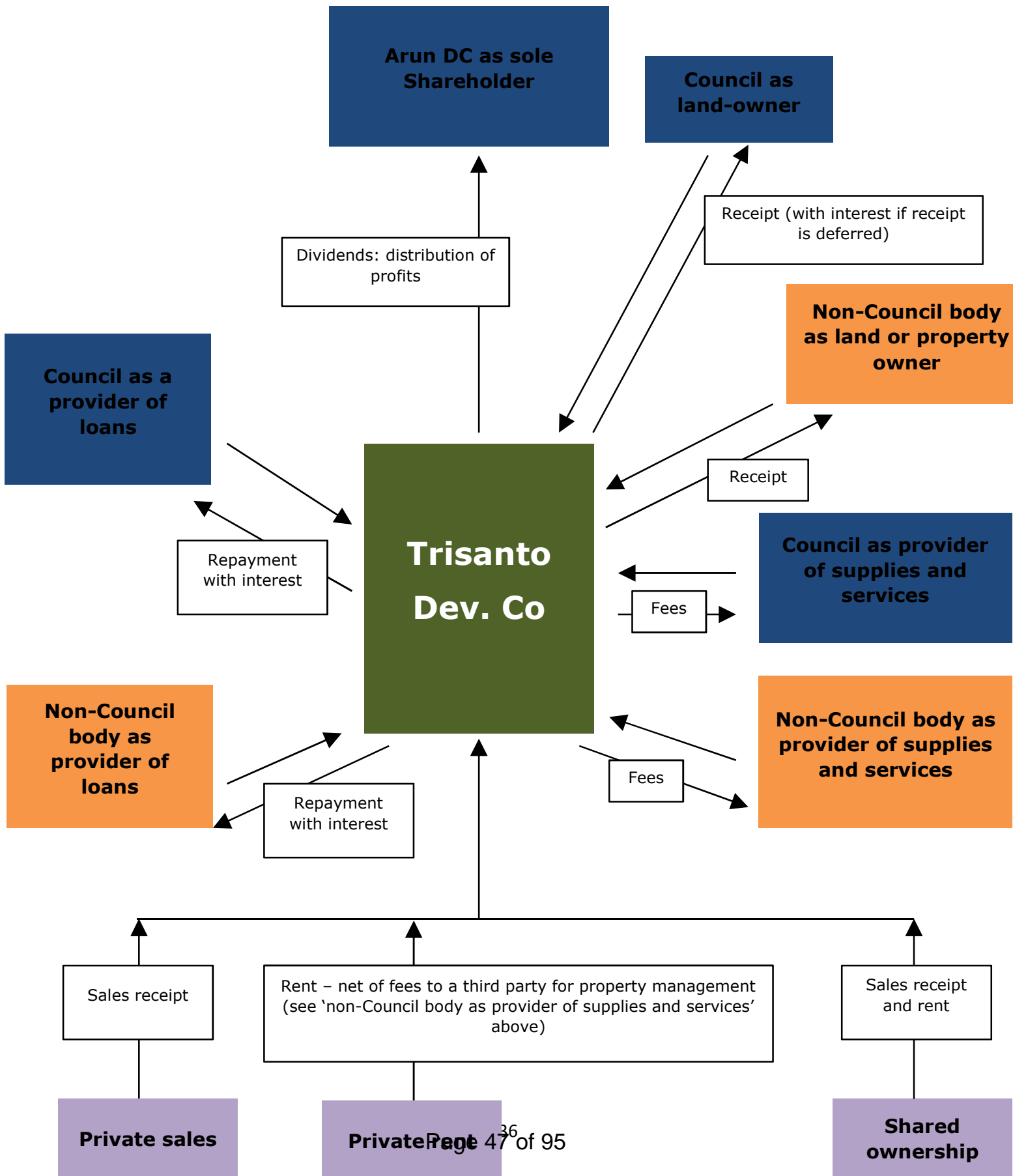
The Council will ensure that a robust sensitivity analysis is undertaken to ensure all potential risks in the housing market are adequately modelled, and that a financial plan is developed and reviewed to protect the Council's revenue budget.

The risk register is a live document which will be regularly reviewed by the Stakeholder Advisory Group (SAG) as there will be a need to address a number of additional significant risks which may arise from changing market, legal, environmental and economic conditions.

The risk register itself is contained in a separate Excel document which accompanies this appendix.

Appendix C

Potential financial cash-flows between the Company and the Council



## Appendix D

## Local Property Company – SWOT analysis

| Strengths   | Weaknesses  |
|---|---|
| <ul style="list-style-type: none"> <li>• Knowledge of the district and its potential development opportunities including opportunities to acquire public sector land;</li> <li>• Ability to secure funding at competitive rates via PWLB;</li> <li>• The company can make a significant contribution to the Council’s plans to generate new income streams;</li> <li>• Long term capital growth and scope to repay loans in longer term;</li> </ul> | <ul style="list-style-type: none"> <li>• Lack of Council owned developable land;</li> <li>• Low potential sale values compared to much of West Sussex;</li> <li>• Lack of in-house experience of housing development/construction;</li> <li>• Historic perception of the Council not being ‘commercial’;</li> <li>• Lengthy timescale before significant numbers of homes are available;</li> <li>• Lack of scalability to develop economies of scale;</li> <li>• Competing with developers/ the private sector who have more knowledge and experience within the market;</li> </ul>  |
| Opportunities   | Threats   |
| <ul style="list-style-type: none"> <li>• Income generation for the general fund;</li> <li>• Increase of high quality housing in the district;</li> <li>• Support for local people to rent or buy a home;</li> <li>• Introduction of suitably skilled external non-executive directors;</li> <li>• Company will be able to deliver various elements of the Arun Charter Plus initiative;</li> </ul>  | <ul style="list-style-type: none"> <li>• Significant competition already in the local market;</li> <li>• Inability to attract suitable staff and board members;</li> <li>• Challenge from private sector over ‘state aid’;</li> <li>• The ‘not in my back yard’ syndrome and other adverse publicity;</li> <li>• Land values increase and make development unviable;</li> <li>• Government clampdown on Council companies/prudential borrowing;</li> <li>• Potential impact of Right To Buy extension on new rented housing;</li> <li>• Increase in interest rates;</li> <li>• Brexit affecting housing market;</li> <li>• Inaccurate or misleading development appraisal assumptions used;</li> <li>• Unavailability of experienced board members;</li> <li>• Reputational risk to the Council.</li> </ul> |



**Risk Profile**

|                   |            |                 |            |                            |                      |
|-------------------|------------|-----------------|------------|----------------------------|----------------------|
| <b>LIKELIHOOD</b> | 4 Certain  |                 |            | 12                         |                      |
|                   | 3 Probable |                 |            | 4, 11, 13, 14              | 2,5                  |
|                   | 2 Possible |                 | 20, 23, 24 | 1,3,7,16,17,18, 19, 22, 25 | 6,8, 15, 21, 26, 27, |
|                   | 1 Unlikely |                 |            | 10,                        | 9                    |
| <b>IMPACT</b>     |            | 1 Insignificant | 2 Marginal | 3 Significant              | 4 Severe             |

| Risk No   | Risk Scenario Title  |
|-----------|----------------------|
| 1, 13     | Market               |
| 2, 26     | Property             |
| 3, 21, 27 | Commercial           |
| 15        | Public Relations     |
| 4, 22, 23 | Finance              |
| 17,18, 19 | Legal                |
| 5         | Pipeline             |
| 6, 14, 16 | Governance           |
| 7, 25     | Resources / Staffing |
| 8         | Approvals            |
| 9         | Political Change     |
| 10        | Regulatory Change    |
| 24        | Audit Control        |
| 20        | Employment           |
| 11,12,    | Brexit               |

### Draft Risk Register for Arun Property Company

| Risk No | Likelihood | Impact | Risk Rating<br>Likelihood x<br>Impact | Vulnerability  | Trigger  | Risk Consequences /Affecting<br>Council or Company or both  | Current Controls/Mitigating Actions   |
|---------|------------|--------|---------------------------------------|--|--|---|---|
| 1       | 2          | 3      | 6                                     | Property development is not a business as usual function for the LA so there will be inexperience. Lack of market knowledge, and market trends.  | Local market does not support the establishment of LPC | Council and company   | Undertake detailed market research and review existing policies to establish that there is sufficient opportunity in the market. Identify other opportunities that allows the LPC to maintain its commercial viability.   |
| 2       | 3          | 4      | 12                                    | Identified sites are earmarked for other uses or sold to private developer because the LPC is unable to secure them in time. LPC is not able to source adequate funds for purchase (if required) | Existing asset/Development opportunities are limited   | Company   | Undertake detailed review of all existing and surplus assets for development opportunity, including public assets not controlled by the district council. Identify other opportunities that allows the LPC to maintain its commercial viability.  |
| 3       | 2          | 3      | 6                                     | Lack of experience in the sector and market means commercial proposal is unrealistic.  | Proposed LPC financial model not commercially viable   | Company   | Ensure robust options are developed and priced to test commercial viability. Run sensitivity analyses. Ensure market and opportunity is understood. Review the options and undertake further commercial assessment. Review other opportunities such as extending the scope of the LPC external to the LA.   |
| 4       | 3          | 3      | 9                                     | Government funding is limited, reducing or not available. Bids for funding are not accepted.   | Alternative funding sources are inadequate             | Company   | Ensure that the model is not dependent on external funding sources and can sustain itself using the established pipeline. Review funding sources, and identify projects that will sustain the company, prioritise projects that make commercial sense.  |
| 5       | 3          | 4      | 12                                    | The number of sites and/or development opportunities is finite, proposed projects are not commercially viable or sustainable.  | Pipeline is not sufficient to sustain company          | LPC delivers the immediate projects, pipeline dries up affecting funding sources and LPC is disbanded. Will affect the Company. | Ensure a robust pipeline is identified within the district, if the pipeline is finite, develop a plan for resourcing and managing the wind down and ongoing management if any. Ensure there is a robust resource plan in place and a close down plan in the event that projects dry up. Review ongoing management opportunities for commercial viability. |
| 6       | 2          | 4      | 8                                     | Experienced board members are unavailable or engaged on other projects. Projects are not prioritised highly enough and are not supported.  | Company governance is ineffective                      | LPC fails to deliver on projects. Affects both the Council and the Company.   | Ensure robust governance structures are established including board and executive structure, team resourcing and thresholds. Board reshuffle if appropriate, and assess project team for efficiencies.  |

## Draft Risk Register for Arun Property Company

| Risk No | Likelihood | Impact | Risk Rating<br>Likelihood x<br>Impact | Vulnerability  | Trigger   | Risk Consequences /Affecting<br>Council or Company or both                     | Current Controls/Mitigating Actions   |
|---------|------------|--------|---------------------------------------|--|---|--|---|
| 7       | 2          | 3      | 6                                     | Lack of experienced staff, secondment opportunities are not attractive.                        | Company staffing is inadequate  | Company  | Identify the ebbs and flows within the programme to manage the resourcing. Develop a core team and supplement with secondments from the Local Authority/contractors/consultants/associates where appropriate. Outsource not urgent activities to consultants/contractors or put on hold. Look at secondment opportunities. Ensure there is career progression, training etc. for staff to motivate. |
| 8       | 2          | 4      | 8                                     | Members don't buy into the LPC proposal so it is not supported.                                | Business case not approved by Cabinet   | Council and the Company.   | Ensure that robust options analysis and financial analysis is undertaken to support the commercial case. Ensure that adequate market research has been done and that there is sufficient pipeline to support the LPC. Ensure the business case is well drafted and executed. Review of business case and seek clarification on where the issues are. Develop a strategy to address these issues.    |
| 9       | 1          | 4      | 4                                     | Council is not prepared for the impact of national policy change.                              | Changes in central government policy and the new planning bill have significant impact on deliverability of schemes | Council and the Company.   | Ensure staff and project team are kept abreast of policy changes and understand the impact of these. Run models of different policy change scenarios to assure project viability. Understand funding streams and ability to access, identify projects within the programme that are not affected by policy and can be fast tracked to maintain momentum.  |
| 10      | 1          | 3      | 3                                     | Council is not prepared for the impact of regulatory changes.                                  | Changes in EU or national law impacts on deliverability of schemes  | Council and Company.   | Identify schemes that can be fast tracked to avoid any changes in law to maintain momentum. Maintain 'horizon scanning' to provide early warning of any potential regulatory change and prepare accordingly.  |
| 11      | 3          | 3      | 9                                     | Brexit outcome leads to uncertainty in the markets   | Outcome of the Brexit process for the housing and property market   | Projects could be delayed and momentum is lost. Main impact is on the Company. | The Shareholder Advisory Group will require the Company to advise them of any operational and delivery issues.  |
| 12      | 4          | 3      | 12                                    | Brexit affect: Change in government leadership   | Outcome of the Brexit negotiations once the UK leaves the EU  | Company.   | Monitor the current political situation. Ensure project viability is suitably robust to withstand fluctuations in cost and price, with built in buffers. Engage with developers to test appetite early in the   |
| 13      | 3          | 3      | 9                                     | Insufficient pipeline of land sites acquired by the company                                    | Company cannot compete effectively in the marketplace against existing developers                                   | Company  | Acquire sites outside of Arun and West Sussex area  |
| 14      | 3          | 3      | 9                                     | Unable to attract appropriately skilled and experience Directors                               | Poor governance decisions and lack of commercial skills in the Board  | Company  | Small Shadow Board will need to be expanded   |
| 15      | 2          | 4      | 8                                     | Reputational risk to the Council   | Company fails or operates in a manner to cause a PR issue for the Council   | Council as shareholder   | Appropriate controls in the Shareholder Agreement   |
| 16      | 2          | 3      | 6                                     | Shareholders attempt to exert excessive influence over the operational running of the company. | Tensions created between the council and company  | Council and company  | Strict adherence to the Shareholder Agreement   |
| 17      | 2          | 3      | 6                                     | Possibility of challenges to state aid   | Inadequate assessment of the state aid rules and regulations  | Council  | To review as part of the Shareholder Agreement  |
| 18      | 2          | 3      | 6                                     | Failure to arrange adequate insurance cover for the Company's liabilities/assets               | Failure to purchase sufficient policy cover   | The council and company could both be subject to a legal challenge             | Ensure that the Council arranges for the Indemnity insurance of the officer and member directors  |
| 19      | 2          | 3      | 6                                     | Failure to comply with Company law   | Failure to commission appropriate legal advice as part of the company formation and trading activity                | Council and company both affected and could face prosecution.                  | The Council is acquiring sufficient legal advice as the business case is developed  |

### Draft Risk Register for Arun Property Company

| Risk No | Likelihood | Impact | Risk Rating<br>Likelihood x<br>Impact | Vulnerability   | Trigger  | Risk Consequences /Affecting<br>Council or Company or both  | Current Controls/Mitigating Actions   |
|---------|------------|--------|---------------------------------------|---|--|---|---|
| 20      | 2          | 2      | 6                                     | Consideration of employment law including TUPE implications | Insufficient attention paid to employment law and regulations  | Council and company both affected if this is not managed properly.  | Review of the Shareholder Agreement   |
| 21      | 2          | 4      | 8                                     | Property Company failure                                    | Inadequate operational controls in place   | Council and company both affected.  | Regular review of the company performance by its Directors and Shareholder Advisory Group   |
| 22      | 2          | 3      | 6                                     | Insufficient financial controls in place                    | Inadequate planning and agreements in place between the Council and company  | Council and Company both affected.  | Appointment on Non-executive Directors to the Board. Review of Shareholder Advisory Group   |
| 23      | 2          | 2      | 4                                     | Company credit rating                                       | In its early days the company will have no track record on which it can seek finance from any institution other than the Council | This will initially impact on the Company.  | The Council could act as guarantor provide insurance to mitigate the potential risk   |
| 24      | 2          | 2      | 4                                     | Challenge from Council's external auditors                  | Failure to communicate the company's activities to the external auditors   | Council and company both could face action.   | It will be necessary to follow CIPFA Code of Practice on local authority accounting. All transactions applicable to the company can be identified using unique transaction records and coding structures. Council's External Auditor's to be kept fully informed in relation to the company business plan |
| 25      | 2          | 3      | 6                                     | Lack of capacity to manage additional workload              | Insufficient staffing resources to progress development opportunities and pipeline activity                                      | Company   | Careful programming of available internal staff resources and recruitment of external advisors, consultants and staff   |
| 26      | 2          | 4      | 8                                     | Poor investment acquisitions                                | Insufficient scrutiny of individual development projects by the Shareholder Advisory Group.                                      | Poor investments will impact on the business of the Company but will impact on both the Council and company over the longer term. | Each development opportunity will be reviewed initially by the company Board before being referred to the Shareholder Advisory Group for appraisal then to Council for final approval   |
| 27      | 2          | 4      | 8                                     | Poor rate of return on property development deals           | Sales returns and delays/failure to attract tenants to occupy new properties.  | Council and company will both be affected.  | Each development opportunity will need to present a satisfactory Net Present Value (NPV) return for the company in accordance with the expectations set out in the business plan  |

**AGENDA ITEM NO. 6****ARUN DISTRICT COUNCIL****REPORT TO THE OVERVIEW SELECT COMMITTEE  
ON 25 JULY 2017**

|                 |                                 |
|-----------------|---------------------------------|
| <b>SUBJECT:</b> | <b>Data Protection Policies</b> |
|-----------------|---------------------------------|

|                       |  |
|-----------------------|--|
| <b>REPORT AUTHOR:</b> | Liz Fitcher – Group Head of Council Advice & Monitoring Officer<br>April Heasman – Trainee Solicitor |
| <b>DATE:</b>          | July 2017  |
| <b>EXTN:</b>          | 01903 737610/01903 737623  |

**EXECUTIVE SUMMARY:**

The Council needs to review its data protection policies and guidance in preparation for the requirements of the General Data Protection Regulation (GDPR) which will come into force in 2018. The Committee is being asked to consider the first of these policies at this meeting relating to:

1. Clear Desk/Clear Screen Policy
2. Records Retention and Disposal Policy

**RECOMMENDATIONS:**

It is recommended to Full Council that:

1. The Clear Desk and Clear Screen Policy, as set out in Appendix 1 to the report, be approved;
2. The Records Retention and Disposal Policy, as set out in Appendix 2 to the report, be approved; and
3. The Group Head of Council Advice & Monitoring Officer be delegated authority to make any necessary consequential changes to the Clear Desk and Clear Screen Policy and Records Retention and Disposal Policy as a result of new legislation or alternative practices.

**1.0 BACKGROUND**

1.1 The Data Protection Act 1998 contains eight principles which need to be complied with namely:

- 1) Personal data must be processed fairly and lawfully
- 2) Personal data must be obtained for one or more specified and lawful purposes
- 3) Personal data shall be adequate, relevant and not excessive
- 4) Personal data shall be accurate and where necessary kept up to date
- 5) Personal data shall not be kept for longer than necessary
- 6) Personal data shall be processed in accordance with the rights of the data subjects

- 7) Personal data must be secure
- 8) Personal data shall not be transferred outside the European Economic Area without adequate protection

- 1.2 On 25 May 2018, the General Data Protection Regulation (GDPR) will be implemented which will continue to include and expand on the above principles. Although there are many similarities between the 1998 Act and the GDPR, the Regulation will include key differences including increased fines for data security breaches up to a maximum of 4% of global annual turnover (for Arun, this equates to between £500,000 and £1 million). The current maximum fine under the 1998 Act is £500,000.
- 1.3 In preparation for the new Regulation, we have been reviewing existing data protection policies starting with providing a corporate Clear Desk and Clear Screen Policy, and a Records Retention and Disposal Policy.

### 3.0 **PROPOSALS**

- 3.1 **Clear Desk and Clear Screen Policy** - currently the Council refers to the requirements for working with a clear desk and clear screen through the general Information Security Policy. The audit of current practices has identified that this is not being fully adhered to in all service areas and that clearer guidance is required. The proposed Clear Desk and Clear Screen Policy, as set out in *Appendix 1*, aims to address this by securing the personal and sensitive data that the Council holds in accordance with the 7<sup>th</sup> principle of the 1998 Act. By securely locking away personal data overnight and when away from desks, this will assist the Council with minimising the risks of security breaches and therefore reducing potential fines from the Information Commissioner.
- 3.2 **Records Retention and Disposals Policy** – the audit of current practices has identified that there is no common policy for retention and disposal of data across the Council, and that some service areas have created their own policies. There is also concern from the audit that some service areas are holding onto data for longer than is needed. The proposed Records Retention and Disposals Policy, as set out in *Appendix 2*, will assist with compliance under the 1998 Act and the GDPR by providing clear guidelines on securely destroying data no longer necessary and preventing premature destruction of records that need retaining for a specified period. By destroying data within the set time limits will also assist the Council with answering Subject Access Requests as the less data retained, the less to sift through when responding to the requester.
- 3.3 Both policies have been discussed with the Chief Executive, Directors and Group Heads, and filtered down across service areas for feedback which has been incorporated where possible. Unison, through the Staff Consultation Panel, has been consulted in respect of the enforcement of the policies and potential disciplinary action for non-compliance. Unison have asked for a review of use of the meeting rooms that fall within the non-public access areas of the Council which are currently used for meeting with members of the public. We will take this feedback on board and discuss the implications of any change with Corporate Management Team and Unison further.
- 3.4 The next stage of work will be to update the Homeworking Policy so this meets the requirements of the new Regulation. This will also consider a request from Unison that this addresses guidelines for occasional/irregular home working. The plan is for the draft policy is to be presented to the next meeting of the Committee in September.

3.5 Further policies are to be developed as guidance and best practice is issued by the Information Commissioner and we will be discussing with the Chairman and Vice-Chairman when these need to be plotted into the Committee's work programme.

3.6 There are also plans to develop a training programme for staff and Members to cover the key requirements of the GDPR and how the policies will work in practice in the Autumn.

### 3.0 OPTIONS:

1. To support the two policies as presented.
2. To not support the policies and request that additional work is undertaken and reported back to a future meeting.

### 4.0 CONSULTATION:

| Has consultation been undertaken with:  | YES        | NO        |
|---|------------|-----------|
| Relevant Town/Parish Council  |            | ✓         |
| Relevant District Ward Councillors  |            | ✓         |
| Other groups/persons (please specify)<br>• Unison and the Staff Consultation Panel                                  | ✓          |           |
| <b>5.0 ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail below)</b> | <b>YES</b> | <b>NO</b> |
| Financial   |            | ✓         |
| Legal   | ✓          |           |
| Human Rights/Equality Impact Assessment   |            | ✓         |
| Community Safety including Section 17 of Crime & Disorder Act   |            | ✓         |
| Sustainability  |            | ✓         |
| Asset Management/Property/Land  |            | ✓         |
| Technology  |            | ✓         |
| Other (please explain)  |            | ✓         |

### 6.0 IMPLICATIONS:

The policies being proposed do change a number of working practices, to enable the Council to prepare for meeting the full requirements of the GDPR. Should the Information Commissioner become aware of potential breaches, they have a range of powers including issuing undertakings, enforcement notices and monetary penalty notices.

### 7.0 REASON FOR THE DECISION:

To ensure the Council is compliant with the General Data Protection Regulation.

### 8.0 BACKGROUND INFORMATION

**Information Commissioner's Office guidance – Preparing for GDPR**

<https://ico.org.uk/media/for-organisations/documents/1624219/preparing-for-the-gdpr-12->

steps.pdf



**ARUN DISTRICT COUNCIL**  
**INFORMATION SECURITY POLICY**  
**Clear Desk and Clear Screen Policy**

DRAFT

|                         |  |
|-------------------------|--|
| Document Owner          | April Heasman and Paul Rooke, Legal Services<br>Liz Fatcher, Data Protection Officer |
| Version                 | Draft 3  |
| Date                    | July 2017  |
| Document Classification | Unclassified   |

**Appendix 1 to Item 6****Clear Desk and Clear Screen Policy****1. Purpose of this Policy**

The purpose of this Policy is to ensure that all restricted, confidential or sensitive information, whether held electronically or on paper and other valuable resources are secured appropriately when staff are absent from their workplace and at the end of each day. The Policy is necessary to ensure

- Compliance with the Data Protection Act 1998 and the General Data Protection Regulation;
- The availability and confidentiality of information is protected;
- A reduction in the risk of security breaches through unauthorised access to electronic (computer) records; and
- A reduction in the risk of security breaches through the theft or unauthorised access to paper records.

This Policy forms part of the Information Security Policy and other related policies including the Data Protection Policy.

**2. Who this Policy applies to and their responsibilities**

This Policy applies to everyone who has access to the Council's information, information assets or IT equipment. This may include, but is not limited to employees of the Council (whether office based or working remotely), members of the Council, temporary workers, partners and contractual third parties.

All Council Officers, Members, contactors and other authorised parties have a responsibility to report security incidents and breaches of this policy as soon as possible via the Breaches Form found on SharePoint.

**3. Policy**

- Desks must be cleared of any confidential or person identifiable information at the end of each working day. Files containing confidential information must be locked securely in desks, filing cabinets or designated secure rooms at all times other than when being used.
- All documented information must be kept in accordance with the Council's Records Retention and Disposal Policy. Scanning facilities are available to minimise the need to store hardcopy documents. Should there be a need to retain physical documents, appropriate secure storage will be provided.
- Reasonable effort must be made to keep information secure and not readily accessible to non-authorised staff. Examples include tidying away all documents when staff are away from their workplace for a lengthy period of time i.e. during lunch breaks, attending meetings and the end of each working day.
- Desks and other work spaces should be sufficiently tidy at the end of each working day to allow the Council's cleaning staff to perform their duties.

**Appendix 1 to Item 6**

- All personal and sensitive personal data must be disposed of securely using the confidential waste bins. Under no circumstances should this information be placed in regular waste paper bins or recycling bins.
- Any CDs, DVDs and USB drives should be locked away when not in use and at the end of each day.
- All computers and laptops must be locked when not in use using 'Ctrl', 'Alt', 'Del' simultaneously and then selecting lock this computer or by pressing the 'Windows' key and the letter 'L'. To increase security the Council's IT system does this automatically after 15 minutes, however taking this measure will reduce any security risk even further.
- Computers and laptops must be completely shut down at the end of the work day and must not be left logged on when unattended.
- Where an encryption key is provided for laptops, this should not be left in the machine after initial start-up or when not in use, and should not be kept with the machine.
- All fax machines must be cleared of printed material as soon as they are printed; this ensures that sensitive documents are not left for the wrong person to pick up. Where fax machines have a memory capability, items received out-of-hours must be stored in memory and require password access for retrieval.
- Confidential or Personal Data must not be left on printers. Locked or held printing must be used on all printers / photocopiers to enable printing to be secured. Please contact IT / Print Services to enable.
- Whiteboards must be sited so they are not visible to members of the public or unauthorised staff. Any restricted, confidential or sensitive information written on them must be erased when not in use.
- Ideally, computer monitors that will display restricted, confidential or sensitive information should be positioned so that they cannot be overlooked by members of the public or by unauthorised staff.
- Council Officers working from home are expected to use their best endeavours to keep confidential and personal information secure at all times.

**4. Compliance**

This Policy will be officially monitored for compliance and may include random and scheduled inspections.

Line managers are responsible for monitoring compliance and providing guidance to staff on the implementation of this Policy.

**5. Non-Compliance**

The Council will take appropriate measures to remedy any breach of this Policy. In the case of a Council Officer, then the matter may be dealt with under the Council's disciplinary procedures.

**Appendix 1 to Item 6**

A breach of this Policy can be defined as an event which could have, or has resulted in, loss or damage to Council assets, or an event which is in breach of the Council's security policies and procedures.

**6. Review**

This Policy will be reviewed annually as a minimum or wherever there may be a change of influencing circumstances. Any changes will be highlighted to enable Officers to modify their practices.

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AGENDA ITEM NO. 7

## ARUN DISTRICT COUNCIL

**REPORT TO AND DECISION OF CABINET  
ON MONDAY 19 JUNE 2017 AND  
OVERVIEW SELECT COMMITTEE - 25 JULY 2017**

**SUBJECT:** Corporate Plan 2013-2018 – Performance Outturn year-end report for the period 1 April 2016 to 31 March 2017

**REPORT AUTHOR:** Gemma Stubbs  
**DATE:** 5 May 2017  
**EXTN:** 37707

**EXECUTIVE SUMMARY:**

This report sets out the year end performance outturn for the Corporate Plan performance indicators for the period 1 April 2016 to 31 March 2017.

**RECOMMENDATIONS**

Cabinet is requested to:

- a) Note the Council's overall performance against the targets set out in the Corporate Plan Report 1 April 2016 to 31 March 2017 as set out in Appendix A **attached**.

**1. BACKGROUND:**

- 1.1 Full Council approved the new Corporate Plan for 2013-2017 in February 2013.
- 1.2 This consists of **18** indicators, split out into the three priority headings of Your Council Services, Your Future and If you and your Family Need Help.
- 1.3 It was agreed by Cabinet that performance of these indicators will be reported to the Corporate Management Team every quarter and to Cabinet and OSC every 6 months and at year end.
- 1.4 You will recall that at the Cabinet meeting on 27 June 2016, Cabinet recommended that the Overview Select Committee on 26 July 2016 recommend to Full Council on 14 September 2016 that:
  - i. The existing three Council Priorities be reconfirmed for the period 2017 to 2021 as:
    - a. "Your Council services" – delivering you the best we can afford
    - b. Supporting you if you need help
    - c. Your future
  - ii. With the exception of the changes referred to in recommendation(c) above, the performance indicators remain unchanged for 2016/17 for Corporate Plan
  - iii. The performance indicators be subject to review in the Autumn of 2017 with the aim of

any potential changes being implemented from April 2018.

- 1.5 Therefore, there is one more year of the existing Council Priorities to be reported on, from 1 April 2017 to 31 March 2018. At the end of that year (around July 2018), Cabinet will receive a report showing the performance of all Corporate Plan indicators for the 5 year period of 2013-2018.
- 1.6 During the autumn of 2017, a review will be undertaken, with the assistance of CMT and Members, to decide on a new set of Council Priorities for the period 2018-2021, together with a new suite of Corporate Plan and Service Delivery Plan (SDP) indicators.
- 1.7 Due to the recent management and Cabinet Portfolio changes which have recently taken place, all of the Corporate Plan and SDP indicators for 2017-2018 will be updated to ensure that they are assigned to the correct Director and Portfolio Holder (and measurer & validator) and that changes are made if necessary.
- 1.8 This report sets out the performance outturn for the Corporate Plan indicators for the period from 1 April 2016 to 31 March 2017 which are measured at quarterly, 6 monthly and annual intervals and comprises of 18 performance indicators.
- 1.9 The performance outturn report for the period 1 April 2016 to 31 March 2017 has been prepared and is **attached** in Appendix A.

## 2. CORPORATE PLAN PERFORMANCE 2016/17:

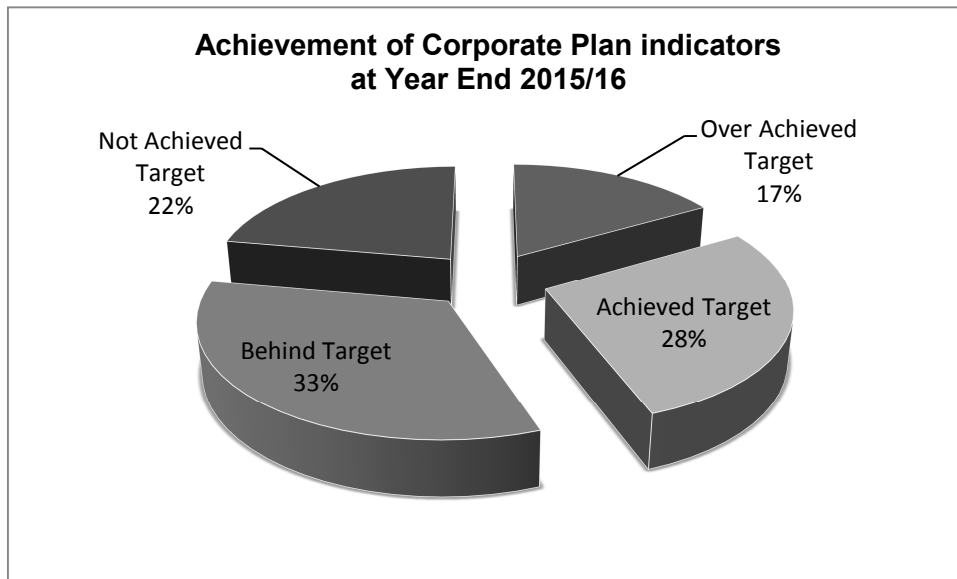
- 2.1 18 Corporate Plan Performance Indicators were measured at Q4/year end. 7 out of the 18 performance indicators have either achieved or over achieved the target set for them. This means that 39% of the Corporate Plan 2016/17 targets have been met.
- 2.2 The Corporate Plan indicators have been divided into their Directorates, and have then been sub-divided to show which indicators were:

|                |  |
|----------------|--|
| Over Achieving | Achieved at least 10% more than target               |
| On Target      | Achieved 100% of target or up to 9% more than target |
| Behind Target  | 80-99% of target achieved                            |
| Not Achieving  | 79% or less of target achieved                       |

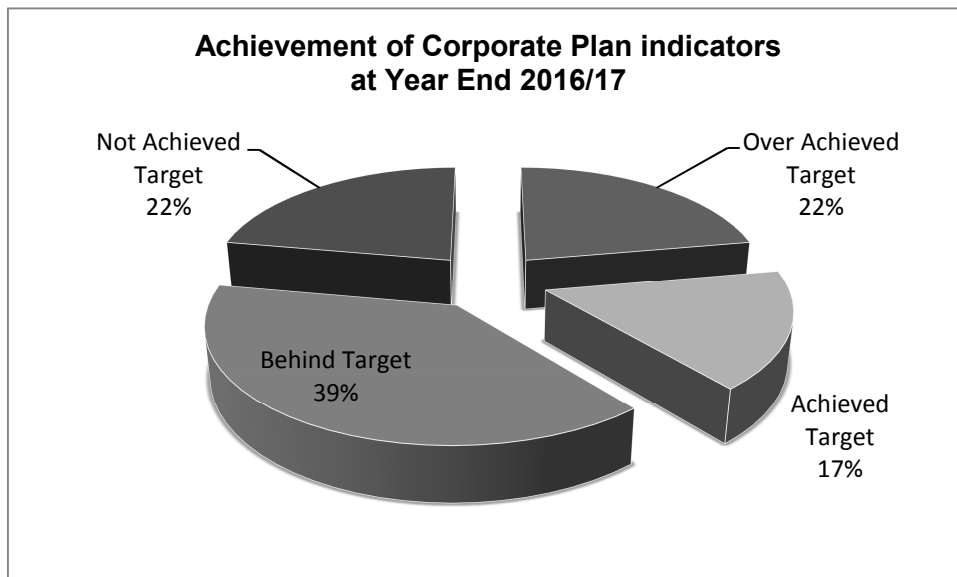
- 2.3 The following gives a summary of the status of the 18 Corporate Plan indicators, showing the number in each category this year and last year:

| Status               | Number of Corporate Plan indicators in this category 2015-16 | Number of Corporate Plan indicators in this category 2016-17 |
|----------------------|--|--|
| Over Achieved Target | 3  | 4  |
| Achieved Target      | 5  | 3  |
| Behind Target        | 6  | 7  |
| Not Achieved Target  | 4  | 4  |
| <b>TOTAL</b>         | <b>18</b>  | <b>18</b>  |

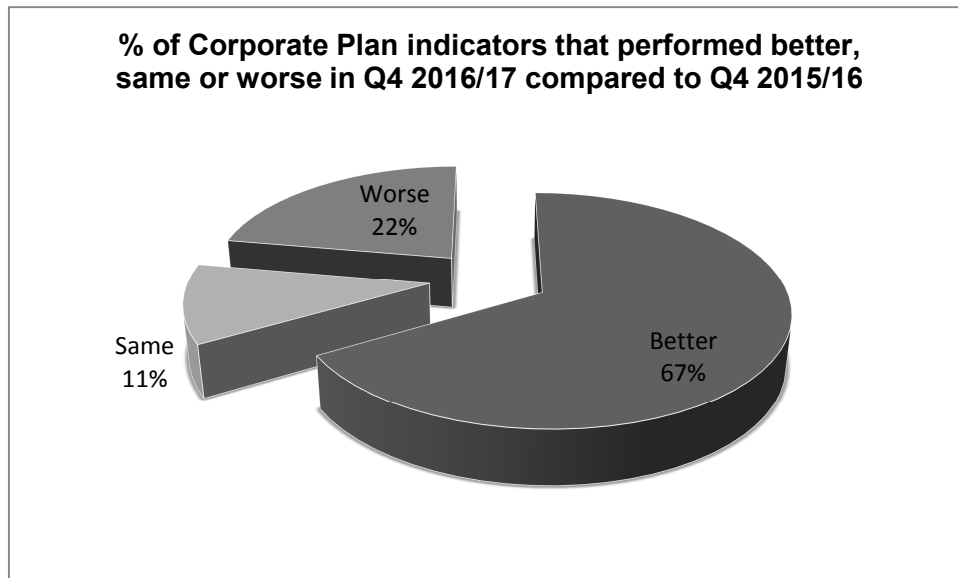
2.4 At the end of March 2016, 45% of Corporate Plan indicators had met or exceeded their target.



2.5 At the end of March 2017, 39% of Corporate Plan indicators had met or exceeded their target.



2.6 The Corporate Plan performance in Q4 for 2016/17 compared to the Q4 performance in 2015/16 is shown below which shows that 67% of the indicators performed better in Q4 2016/17 compared to Q4 2015/16. This data is also included in Appendix A attached.



2.7 Appendix A gives the full detail of each indicator, including outturn performance history for the past year and, as mentioned in 2.4 above, the performance at Q4 in 2015/2016 so you can see if the performance has improved. Details of performance for the end of 2014/15 has also been included for your information.

### 2.8 Summary of performance

The tables below show, for each indicator, the 2016/17 Q4 Outturn status, the 2016/17 target, the 2015/16 Q4 outturn and any action that I think CMT needs to take:

#### 2.8.1 Over achieved Target

There were **4** Corporate Plan indicators which were classed as Over Achieving their target. The detail for these is listed below.

| Performance Indicator   | Assess By       | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|---|-----------------|--------------------------------|------------------------|---|------------------------|
| CSB001 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events | Lower is better | 8 days                         | 5.60 day/s             | Better  | 5.50 day/s             |



| Performance Indicator  | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|--|------------------|--------------------------------|------------------------|---|------------------------|
| DCN007 % reoffenders following anti-social behaviour intervention              | Lower is better  | 5%                             | 2.30%                  | Better  | 2.70%                  |
| ESC020 The level of customer satisfaction with the cleanliness of the District | Higher is better | 69%                            | 72.00%                 | Better  | 69.00%                 |
| PER025 Total Rateable Value for the Arun District                              | Higher is better | £87,100,000.00                 | £90,993,675.00         | Better  | £88,557,058.00         |

### 2.8.2 Achieved Target

There were **3** Corporate Plan indicators which were classed as having achieved their target. The detail for these is listed below.

| Performance Indicator  | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|--|------------------|--------------------------------|------------------------|---|------------------------|
| ESL001 Achieve key milestones within the project plan for the Leisure and Culture Strategy 2013-2028 | Higher is better | Yes                            | Yes                    | Same  | Yes                    |
| PEP001 Achieve key milestones in the Local Plan 2013-2028 timetable                                  | Higher is better | Yes                            | Yes                    | Better  | No                     |
| PER004 % Occupied retail units in Bognor Regis   | Higher is better | 92%                            | 92%                    | Better  | 91.20%                 |

### 2.8.3 Behind Target

There were 7 Corporate Plan indicators which were classed as behind target. The reasons for these are listed below.

| Performance Indicator   | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|---|------------------|--------------------------------|------------------------|---|------------------------|
| CEP050 The level of customer satisfaction with the quality of the service that the Council provides | Higher is better | 76%                            | 73.00%                 | Worse   | 74.00%                 |

**Detail:** Measured by a sample survey of 1,500 Arun households. 473 responses were received, representing a response rate of 31.5%. This is subject to a maximum standard error of +/-4.0% at the 95% confidence level on an observed statistic of 73%. Thus we can be 95% confident that if the whole population had responded the actual figure would lie between 69.0% and 77.0%. Hence a fall from 74% last year is not statistically significant. This represents feedback across all Council Services. It is not specific to the Corporate Customer Services team performance

**Action?:** No - only just behind target

| Performance Indicator             | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|-----------------------------------|------------------|--------------------------------|------------------------|---|------------------------|
| CSR001 % of Council Tax collected | Higher is better | 98.40%                         | 98.25%                 | Better  | 98.16%                 |

**Detail:** Although under target this represents an improvement on last year's collection. The increase represents an extra £75,000 collected this year. Council Tax collection remains challenging, in light of the Council Tax reduction scheme and other central government changes. It is anticipated that the target will be rounded to 98% when the targets are reviewed in 2018.

**Action?:** No - only just behind target

| Performance Indicator  | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|--|------------------|--------------------------------|------------------------|---|------------------------|
| CSH006 % of homelessness approaches where homelessness prevented | Higher is better | 80%                            | 68.82%                 | Better  | 68.00%                 |

**Detail:** Measure is calculated by decisions /approaches 313/1004.  $313/1004 = 0.31175 \times 100 = 31.17529$   $100 - 31.17529 = 68.824\%$ . The Housing Services team continues to work with homeless applicants and with landlords and partners to sustain existing accommodation and to prevent homelessness where possible, with some notable successes. The two main reasons for homelessness in Arun remain: Section 21 Notices served by private landlords (automatic possession granted after 2 months' Notice); and parental or family eviction. The high level of homelessness demand and the targeted prevention work in Arun has been recognised in the award of 2 years' of new government funding from 2017/18 to help tackle the causes of homelessness by effective prevention methods. The Housing Services Manager is developing new initiatives and approaches in prevention work to make the best use of the new funding. Preparations are also being made to meet additional statutory duties for local authorities in the Homelessness Reduction Bill (likely to be enacted from April 2018).

**Action?:** No - explanation given as to why behind target and Housing Services Manager has an action plan

| Performance Indicator   | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|---|------------------|--------------------------------|------------------------|---|------------------------|
| ESC001 % household waste sent for reuse, recycling and composting | Higher is better | 40%                            | 38.93%                 | Better  | 38.34%                 |

**Detail:** This figure is subject to verification. This is composed of a dry recycling rate of 25.56% and Composting rate

**Action?:** No - only just behind target

| Performance Indicator                  | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|--|------------------|--------------------------------|------------------------|---|------------------------|
| PEP023 % of planning appeals dismissed | Higher is better | 70%                            | 56.76%                 | Better  | 55.00%                 |

**Detail:** 21 out of 37 appeals were dismissed. All appeal decisions are provided to all members and therefore members are able to understand the arguments put forward by an Inspector for allowing an appeal contrary to the Council's original decision. No particular trend has been established for why more appeals have been allowed.

**Action?:** No - only just behind target

| Performance Indicator                           | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|---|------------------|--------------------------------|------------------------|---|------------------------|
| PER005 % Occupied retail units in Littlehampton | Higher is better | 94%                            | 93.00%                 | Worse   | 94.00%                 |

**Detail:** The level of vacancies is currently static. One of the roles of the Town Centre Manager is to assist with maintaining as higher occupancy rate as possible.

**Action?:** No - only just behind target and an indicator which is not within the Council's control.

| Performance Indicator                        | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|--|------------------|--------------------------------|------------------------|---|------------------------|
| PER020 Overall Employment rate (working-age) | Higher is better | 85%                            | 75.5%%                 | Better  | 73.60%                 |

**Detail:** The corporate plan target of 85% has not been achieved and is currently some way off this. It should be noted however that it was a realistic target to set because as recently as 2015 the economic activity rate was recorded as 84.6%. The reason for the lower figure is not easily explained as the economy has been improving over the previous few years. Taking into consideration the small sample size and the

limitations of this to produce reliable data it would be wise to always read the figures alongside the regional and national data to identify wider trends. It can however be interpreted from the data that the trend is improving because the last quarter (75.5%) was higher than the previous quarter figures (72.6%).

**Action?:** No – This is an indicator which is not directly within the Council’s control.

#### 2.8.4 Not achieved target

There were **4** Corporate Plan indicators which were classed as Not Achieving the target. The detail for this is listed below.

| Performance Indicator                                 | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|---|------------------|--------------------------------|------------------------|---|------------------------|
| CSH030 Number of new Council homes built or purchased | Higher is better | 30                             | 0                      | Same  | 0                      |

**Detail:** The Council will be accepting 11 new properties in the next 2 quarters for 2017/18, as part of 33 that have been contracted. All works in connection with the new housing is underway. The Council additionally acquired 2 Ex right to Buy properties in the last quarter which is in addition to the 8 buy backs that have taken place over the last 2 years.

**Action?:** No as commentary is positive about the forthcoming year and completion timetables are difficult to predetermine.

| Performance Indicator  | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|--|------------------|--------------------------------|------------------------|---|------------------------|
| DCN041 Number of families successfully assisted through the Think Family Programme | Higher is better | 219 families per annum         | 158.00 Families        | Better  | 61.00 Families         |

**Detail:** 158 potential new claims (72% of target) NB: Report data only provided up to December 2016. Partnership working continuing with WSCC to maximise the benefits of the Think Family and Early Help Programme in Arun. Note that as the figures are only received 6 monthly, the 158 families does not include any families assisted from Jan-Mar - these figures will not be received until June.

**Action?:** No - commentary gives detail

| Performance Indicator                                  | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|--|------------------|--------------------------------|------------------------|---|------------------------|
| PES002 Number of affordable units for purchase or rent | Higher is better | 200                            | 50                     | Worse   | 90                     |

**Detail:** The figure quoted is an estimate only. The confirmed affordable housing completions will not be known until around July 2017 when available from the DCLG. It is known that there has been a significant decrease in the number of affordable homes completed in West Sussex over the past few years since the reduction in grant levels were introduced to registered partners. The total number of Affordable Rented homes completed in the West Sussex area have reduced from 830 in 2014/15 to 280 in 2015/16.

**Action?:** No - commentary gives detail

| Performance Indicator  | Assess By        | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance |
|--|------------------|--------------------------------|------------------------|---|------------------------|
| ESE001 Achieve key milestones in WSCC and multi-agency project plan to reduce the risk of flooding in the district | Higher is better | Yes                            | No                     | Worse   | Yes                    |

**Detail:** After some considerable delay by other partners in the WSCC project, the list is now ready to be prioritised across the County. The milestones for Arun's part of the list can then be established. This is anticipated to be a key task for Qs 1 & 2 of 2017/18. It should be noted that works have been undertaken opportunistically (irrespective of the completeness of the list), so some work items will be taken off the prioritised list at a very early date. The list will appear on the WSCC website.

**Action?:** No as commentary is positive about the forthcoming year

## 2.1 Recommendations to Cabinet

Officers do not believe that any further action needs to be taken in relation to the performance of the Corporate Plan indicators at the end of 2016/17. 39% of indicators have achieved or over achieved their target and for those didn't achieve their target, a clear commentary has been given with an explanation of why this has happened. All indicators will be reviewed during the course of 2017 ready for a new set of indicators from 2018 so any indicators which carry over to the new period, which have had problems during this year, will be addressed during this review.

An outline timetable of the formulation of the new Council Priorities and Corporate Plan 2018-2021 is proposed as:

| Item   | When             |
|--|------------------|
| Councillor Briefing to consider proposed Council Priorities and Corporate Plan 2018-2021 from officers | October 2017     |
| New Council Priorities and Corporate Plan 2018-2021 to Cabinet   | 11 December 2017 |
| New Council Priorities and Corporate Plan 2018-2021 to OSC   | 23 January 2018  |
| New Council Priorities and Corporate Plan 2018-2021 to Full Council                                    | 7 March 2018     |
| New Council Priorities and Corporate Plan 2018-2021 to take effect                                     | 1 April 2018     |

## 2. PROPOSAL(S):

- a) Note the Council's overall performance against the targets set out in the Corporate Plan Report 1 April 2016 to 31 March 2017 as set out in Appendix A **attached**.

## 3. OPTIONS:

- i. To note the report and request any remedial actions for under achieving indicators, if appropriate and required.
- ii. To request further information before any remedial actions are undertaken.

## 4. CONSULTATION:

| Has consultation been undertaken with:                                       | YES | NO |
|--|-----|----|
| Relevant Town/Parish Council   |     | √  |
| Relevant District Ward Councillors   |     | √  |
| Other groups/persons (please specify)  |     | √  |
| 5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: | YES | NO |
| Financial  |     | √  |
| Legal  |     | √  |
| Human Rights/Equality Impact Assessment                                      |     | √  |
| Community Safety including Section 17 of Crime & Disorder Act                |     | √  |
| Sustainability   |     | √  |
| Asset Management/Property/Land   |     | √  |
| Technology   |     | √  |
| Other (please explain)   |     | √  |

**6. IMPLICATIONS:**

Where targets were not met, the Council may consider whether they wish to request that remedial actions be taken by the relevant service area.

**7. REASON FOR THE DECISION:**

In order for Cabinet to be updated with the Q4 Performance Outturn for the Corporate Plan (2013-2018) for the period 1 April 2016 to 31 March 2017.

**8. BACKGROUND PAPERS:**

Appendix A – summary of all Corporate Plan Indicators, Q4 Outturn.



| Performance Indicator  | Measure Interval | Council Priority Theme          | Current CMT Member during reporting period for Q4 2016-2017 | Assess By        | Corporate Plan 2013-2017 Target April 2015 - March 2018 | Q1 2016/17                 | Q2 2016/17              | Q3 2016/17                 | Q4 End of Year 2016/17 | Q4 Status 2016/17       | Q4 Commentary   | Any action to take?          | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance | 2014/15 Q4 Performance | 2013/14 Q4 Performance |
|--|------------------|---------------------------------|---|------------------|---|----------------------------|-------------------------|----------------------------|------------------------|-------------------------|---|------------------------------|---|------------------------|------------------------|------------------------|
| CSB001 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events        | Quarterly        | Your Council Services           | Paul Warters - Director of Transformation                   | Lower is better  | 8 days  | 4.75 day/s                 | 5.2 day/s               | 6 day/s                    | 5.60 day/s             | Over achieved target    | Total number of cases assessed in period 1/1/17 to 31/3/17 =21772 average time - 5.6 days consisting of Total number of new claims assessed in period 1/1/17 - 31/3/17 =1649 average time = 15.9 days<br>Total number of changes assessed in period 1/1/17 to 31/3/17 = 20123 average time = 4.8 days<br>This is a pleasing result, in view of staff shortages (mainly due to long term sickness). Arun compares favourably with other West Sussex authorities - currently we are 1st - as Crawley who usually lead are not reporting statistics                                | No - over achieving          | Better  | 5.50 day/s             | 5.40 day/s             | 8.00 day/s             |
| DCN007 % reoffenders following anti-social behaviour intervention                                    | Quarterly        | Supporting you if you need help | Philippa Dart - Director of Services                        | Lower is better  | 5%  | 1.9                        | 2.6                     | 1.7                        | 2.30%                  | Over achieved target    | Total no. of individuals 389 (Perpetrators) Breaches 9 (Perpetrators) No. of Breaches/Total no. of Individuals x 100 = % Breaches 9 Breach/389 Individuals x 100 = 2.3% re-offending rate<br>Target met: team successfully continue to reduce and stop anti-social behaviour by identifying and intervening with perpetrators in Arun local communities. This is a cumulative figure over the coming performance year and consequently, it is anticipated that the overall annual target will be met.   | No - over achieving          | Better  | 2.70%                  | 4.40%                  | 5.00%                  |
| ESC020 The level of customer satisfaction with the cleanliness of the District                       | Annually         | Your Council Services           | Philippa Dart - Director of Services                        | Higher is better | 69%   | No data - Annual figure    | No data - Annual figure | No data - Annual figure    | 72.00%                 | Over achieved target    | The figure is up from 69% the previous year. The main areas that showed increase in satisfaction in cleanliness levels were Beach/Promenades and Town Centres. This is a very pleasing result given the challenges faced by the Council and the pressure on our external contracts  | No - over achieving          | Better  | 69.00%                 | 68.00%                 | 69.00%                 |
| PER025 Total Rateable Value for the Arun District  | 6-monthly        | Your Future                     | Karl Roberts - Director of Place                            | Higher is better | £87,100,000.00  | No data - 6 monthly figure | £89,747,336             | No data - 6 monthly figure | £90,993,675.00         | Over achieved target    |   | No - over achieving          | Better  | £88,557,058.00         | £86,848,268.00         | £87,100,000.00         |
| ESL001 Achieve key milestones within the project plan for the Leisure and Culture Strategy 2013-2028 | 6-monthly        | Your Future                     | Philippa Dart - Director of Services                        | Higher is better | Yes   | No data - 6 monthly figure | Yes                     | No data - 6 monthly figure | Yes                    | Achieved target         | All milestones on track. Littlehampton Leisure Centre project progressing well and on target in accordance with the project plan.   | No - achieving               | Same  | Yes                    | Yes                    | No details available   |
| PEP001 Achieve key milestones in the Local Plan 2013-2028 timetable                                  | 6-monthly        | Your Future                     | Karl Roberts - Director of Place                            | Higher is better | Yes   | No data - 6 monthly figure | Yes                     | No data - 6 monthly figure | Yes                    | Achieved target         | The revised Local Plan timetable was agreed with the Inspector at the time the examination was suspended and the Council achieved approval and consultation in accordance with these timescales. The Plan was approved at Full Council on 22 March and will go out to consultation between 10 April - 30 May 2017. We await confirmation of examination dates but these are likely to be summer 2017. Everyone is working hard to maintain progress on the Local Plan. The revised timetable reflects the challenges involved in creating an evidential narrative for the Plan. | No - achieving               | Better  | No                     | Yes                    | No details available   |
| PER004 % Occupied retail units in Bognor Regis   | 6-monthly        | Your Future                     | Karl Roberts - Director of Place                            | Higher is better | 92%   | No data - 6 monthly figure | 92.00%                  | No data - 6 monthly figure | 92%                    | Achieved target         | As at March 2017. The wider town centre shows the number of empty shops at 21 out of 262 ground floor units at a vacancy rate of 8%. For the core town centre area the vacancy rate remained the same at 11 empty shops out 116 ground floor units at a vacancy rate of 9.4% of total). Full occupancy in Queensway and London Rd pedestrian area. This is considered acceptable in the current economic climate  | No - achieving               | Better  | 91.20%                 | 90.60%                 | 92.00%                 |
| CEP050 The level of customer satisfaction with the quality of the service that the Council provides  | Annually         | Your Council Services           | Nigel Lynn - Chief Executive                                | Higher is better | 76%   | No data - Annual figure    | No data - Annual figure | No data - Annual figure    | 73.00%                 | Behind achieving target | Measured by a sample survey of 1,500 Arun households. 473 responses were received, representing a response rate of 31.5%. This is subject to a maximum standard error of +/-4.0% at the 95% confidence level on an observed statistic of 73%. Thus we can be 95% confident that if the whole population had responded the actual figure would lie between 69.0% and 77.0%. Hence a fall from 74% last year is not statistically significant. This represents feedback across all Council Services. It is not specific to the Corporate Customer Services team performance.      | No - only just behind target | Worse   | 74.00%                 | 76.00%                 | 76.00%                 |

| Performance Indicator  | Measure Interval | Council Priority Theme          | Current CMT Member during reporting period for Q4 2016-2017 | Assess By        | Corporate Plan 2013-2017 Target April 2015 - March 2018 | Q1 2016/17                 | Q2 2016/17      | Q3 2016/17                 | Q4 End of Year 2016/17 | Q4 Status 2016/17       | Q4 Commentary   | Any action to take?  | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance | 2014/15 Q4 Performance | 2013/14 Q4 Performance |
|--|------------------|---------------------------------|---|------------------|---|----------------------------|-----------------|----------------------------|------------------------|-------------------------|---|--|---|------------------------|------------------------|------------------------|
| CSH006 % of homelessness approaches where homelessness prevented                   | Quarterly        | Supporting you if you need help | Philippa Dart - Director of Services                        | Higher is better | 80%   | 63.60%                     | 67.80%          | 68.50%                     | 68.82%                 | Behind achieving target | Measure is calculated by decisions /approaches 313/1004. $313/1004 = 0.31175 \times 100 = 31.17529$ 100-31.1752 = 68.824%<br>The Housing Services team continues to work with homeless applicants and with landlords and partners to sustain existing accommodation and to prevent homelessness where possible, with some notable successes. The two main reasons for homelessness in Arun remain: Section 21 Notices served by private landlords (automatic possession granted after 2 months' Notice); and parental or family eviction. The high level of homelessness demand and the targeted prevention work in Arun has been recognised in the award of 2 years' of new government funding from 2017/18 to help tackle the causes of homelessness by effective prevention methods. The Housing Services Manager is developing new initiatives and approaches in prevention work to make the best use of the new funding. Preparations are also being made to meet additional statutory duties for local authorities in the Homelessness Reduction Bill (likely to be enacted from April 2018). | No - explanation given as to why behind target and HSM has an action plan  | Better  | 68.00%                 | 76.00%                 | 80.00%                 |
| CSR001 % of Council Tax collected  | Quarterly        | Your Council Services           | Paul Warters - Director of Transformation                   | Higher is better | 98.40%  | 32.78%                     | 60.54%          | 88.75%                     | 98.25%                 | Behind achieving target | Although under target this represents an improvement on last year's collection. The increase represents an extra £75,000 collected this year. Council Tax collection remains challenging, in light of the Council Tax reduction scheme and other central government changes. It is anticipated that the target will be rounded to 98% when the targets are reviewed in 2018.  | No - only just behind target   | Better  | 98.16%                 | 98.01%                 | 98.40%                 |
| ESC001 % household waste sent for reuse, recycling and composting                  | Quarterly        | Your Council Services           | Philippa Dart - Director of Services                        | Higher is better | 40%   | 42%                        | 41.54%          | 40.12%                     | 38.93%                 | Behind achieving target | This figure is subject to verification. This is composed of a dry recycling rate of 25.56% and Composting rate of 13.38% up 0.5% on the previous year.  | No - only just behind target   | Better  | 38.34%                 | 37.45%                 | 40.00%                 |
| PEP023 % of planning appeals dismissed   | Quarterly        | Your Future                     | Karl Roberts - Director of Place                            | Higher is better | 70%   | 70.00%                     | 57.00%          | 58.62                      | 56.76%                 | Behind achieving target | 21 out of 37 appeals were dismissed. All appeal decisions are provided to all members and therefore members are able to understand the arguments put forward by an Inspector for allowing an appeal contrary to the Council's original decision. No particular trend has been established for why more appeals have been allowed.   | No - commentary gives detail   | Better  | 55.00%                 | 72.34%                 | 70.00%                 |
| PER005 % Occupied retail units in Littlehampton                                    | 6-monthly        | Your Future                     | Karl Roberts - Director of Place                            | Higher is better | 94%   | No data - 6 monthly figure | 93.00%          | No data - 6 monthly figure | 93.00%                 | Behind achieving target | The level of vacancies is currently static. One of the roles of the Town Centre Manager is to assist with maintaining as higher occupancy rate as possible.   | No - only just behind target   | Worse   | 94.00%                 | 93.00%                 | 94.00%                 |
| PER020 Overall Employment rate (working-age)                                       | 6-monthly        | Your Future                     | Karl Roberts - Director of Place                            | Higher is better | 85%   | No data - 6 monthly figure | 74.70%          | No data - 6 monthly figure | 75.5%                  | Behind achieving target | The corporate plan target of 85% has not been achieved and is currently some way off this. It should be noted however that it was a realistic target to set because as recently as 2015 the economic activity rate was recorded as 84.6%.<br>The reason for the lower figure is not easily explained as the economy has been improving over the previous few years. Taking into consideration the small sample size and the limitations of this to produce reliable data it would be wise to always read the figures alongside the regional and national data to identify wider trends. It can however be interpreted from the data that the trend is improving because the last quarter (75.5%) was higher than the previous quarter figures (72.6%).  | No - commentary gives detail and this is an indicator which is not directly within the Council's control.        | Better  | 73.60%                 | 82.70%                 | 85.00%                 |
| CSH030 Number of new Council homes built or purchased                              | 6-monthly        | Supporting you if you need help | Philippa Dart - Director of Services                        | Higher is better | 30  | No data - 6 monthly figure | 0               | No data - 6 monthly figure | 0                      | Didn't achieve target   | The Council will be accepting up to 7 new properties in the next 2 quarters for 2017/18, as part of 33 that have been contracted. All works in connection with the new housing is underway. The Council additionally acquired 2 properties - 1 Ex right to Buy and 1 shared ownership in last quarter.  | No as commentary is positive about the forthcoming year and completion timetables are difficult to predetermine. | Same  | 0                      | 0                      | 30                     |
| DCN041 Number of families successfully assisted through the Think Family Programme | 6-monthly        | Supporting you if you need help | Philippa Dart - Director of Services                        | Higher is better | 219 families per annum                                  | No data - 6 monthly figure | 133.00 Families | No data - 6 monthly figure | 158.00 Families        | Didn't achieve target   | 158 potential new claims (72% of target) NB: Report data only provided up to December 2016.<br>Partnership working continuing with WSCC to maximise the benefits of the Think Family and Early Help Programme in Arun. Note that as the figures are only received 6 monthly, the 158 families does not include any families assisted from Jan-Mar - these figures will not be received until June.  | No - commentary gives detail   | Better  | 61.00 Families         | 275.00 Families        | 219.00 Families        |

| Performance Indicator   | Measure Interval | Council Priority Theme          | Current CMT Member during reporting period for Q4 2016-2017 | Assess By        | Corporate Plan 2013-2017 Target April 2015 - March 2018 | Q1 2016/17                 | Q2 2016/17              | Q3 2016/17                 | Q4 End of Year 2016/17 | Q4 Status 2016/17     | Q4 Commentary  | Any action to take?                                     | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance | 2014/15 Q4 Performance | 2013/14 Q4 Performance |
|---|------------------|---------------------------------|---|------------------|---|----------------------------|-------------------------|----------------------------|------------------------|-----------------------|--|---|---|------------------------|------------------------|------------------------|
| PES002 Number of affordable units for purchase or rent              | 6-monthly        | Supporting you if you need help | Karl Roberts - Director of Place                            | Higher is better | 200   | No data - 6 monthly figure | 75                      | No data - 6 monthly figure | 50                     | Didn't achieve target | The figure quoted is an estimate only. The confirmed affordable housing completions will not be known until around July when available from the DCLG. It is known that there has been a significant decrease in the number of affordable homes completed in West Sussex over the past few years since the reduction in grant levels were introduced to registered partners. The total number of Affordable Rented homes completed in the West Sussex area have reduced from 830 in 2014/15 to 280 in 2015/16.    | No - commentary gives detail                            | Worse   | 90                     | 165                    | 200                    |
| ESE001 Achieve key milestones in WSCC and multi-agency project plan | Annually         | Your Future                     | Karl Roberts - Director of Place                            | Higher is better | Yes   | No data - Annual figure    | No data - Annual figure | No data - Annual figure    | No                     | Didn't achieve target | After some considerable delay by other partners in the WSCC project, the list is now ready to be prioritised across the County. The milestones for Arun's part of the list can then be established. This is anticipated to be a key task for Qs 1 & 2 of 2017/18. It should be noted that works have been undertaken opportunistically (irrespective of the completeness of the list), so some work items will be taken off the prioritised list at a very early date. The list will appear on the WSCC website. | No as commentary is positive about the forthcoming year | Worse   | Yes                    | Yes                    | No details available   |

**AGENDA ITEM NO. 8****ARUN DISTRICT COUNCIL**

**REPORT TO AND DECISION OF CABINET  
ON 19 JUNE 2017 AND  
OVERVIEW SELECT COMMITTEE  
25 JULY 2017**

**SUBJECT:** Service Delivery Plan (SDP) 2013-2018 – Performance Outturn year-end report for the period 1 April 2016 to 31 March 2017

**REPORT AUTHOR:** Gemma Stubbs  
**DATE:** 5 May 2017  
**EXTN:** 37707

**EXECUTIVE SUMMARY:**

This report sets out the year end performance outturn for the Service Delivery Plan (SDP) performance indicators for the period 1 April 2016 to 31 March 2017.

**RECOMMENDATIONS**

Cabinet is requested to:

- a) Note the Council's overall performance against the targets set out in the SDP Report 1 April 2016 to 31 March 2017 as set out in Appendix A **attached**.
- b) Give approval to the deletion of 3 SDP indicators, the amendment to 1 indicator and the addition of 2 new indicators.

**1. BACKGROUND:**

- 1.1 Cabinet approved the new Service Delivery Plan (SDP) Performance Indicators for 2013-2017 in March 2013.
- 1.2 The SDP level indicators reflect the themes of "Your Council" 2013 – 2017" and the Council's Corporate Plan. They have been formulated to measure progress on achieving targets within the Council's service areas with a view to increasing the overall performance of the Council.
- 1.3 It was agreed by Cabinet that performance of these indicators will be reported to the Corporate Management Team every quarter and to Cabinet every 6 months and at year end.
- 1.4 You will recall that at the Cabinet meeting on 27 June 2016, Cabinet recommended that the Overview Select Committee on 26 July 2016 recommend to Full Council on 14 September 2016 that:
  - i. The existing three Council Priorities be reconfirmed for the period 2017 to 2021 as:

- a. “Your Council services” – delivering you the best we can afford
- b. Supporting you if you need help
- c. Your future
- ii. With the exception of the changes referred to in recommendation(c) above, the performance indicators remain unchanged for 2016/17 for Corporate Plan
- iii. The performance indicators be subject to review in the Autumn of 2017 with the aim of any potential changes being implemented from April 2018.

1.5 Therefore, there is one more year of the existing Council Priorities to be reported on, from 1 April 2017 to 31 March 2018. At the end of that year (around July 2018), Cabinet will receive a report showing the performance of all SDP indicators for the 5 year period of 2013-2018.

1.6 During the autumn of 2017, a review will be undertaken, with the assistance of CMT and Members, to decide on a new set of Council Priorities for the period 2018-2021, together with a new suite of Corporate Plan and Service Delivery Plan (SDP) indicators.

1.7 Due to the recent management and Cabinet Portfolio changes which have recently taken place, all of the Corporate Plan and SDP indicators for 2017-2018 will be updated to ensure that they are assigned to the correct Director and Portfolio Holder (and measurer & validator) and that changes are made if necessary.

1.4 This report sets out the performance outturn for the SDP indicators for the period from 1 April 2016 to 31 March 2017 which are measured at quarterly, 6 monthly and annual intervals and comprises of 46 performance indicators.

## **1.5 Changes to SDP indicators**

### *1.5.1 Deletion of an indicator - CSR003 % Miscellaneous Sundry Debt Collected*

In our current SDP indicators, there is an indicator, CSR003 % Miscellaneous Sundry Debt Collected. This indicator included both Sundry debts collection and Housing Benefit overpayments collected by invoice. A recent restructure has resulted in Miscellaneous debts becoming the responsibility of the Finance team with Housing Benefit overpayment collection remaining in Revenues and Benefits. As CSR003 will no longer measure and report Housing Benefit Overpayment recovery it is recommended for deletion, and two new indicators set up to monitor both Accounts receivable collected and % of Housing Benefit overpayments collected.

### *1.5.2 New Indicator - % of Accounts Receivable collected 2017/18*

As per 1.5.1, this is a new indicator to replace part of CSR003. The new indicator will measure the Accounts Receivable collection rate (total collected expressed as a percentage of accounts collectable). The target has been set at 92% to reflect that the total Account Receivable collectable figure includes significantly older debt types. It is a challenging target due to the nature and age of some of the accounts raised. Annual measurement ensures consistency avoiding the volatility in results due to timing issues. The measurement and validation will fall under Finance.

### *1.5.3 New indicator - % of HB overpayments collected*

As per 1.5.1, this is a new indicator to replace part of CSR003. The new indicator will measure all Housing Benefit overpayment recovery including recovery by deductions from benefits. The indicator will have an annual target of 96% currently for the “pilot” year. Rolling progress will be reported each quarter as opposed to each quarter separately.

**1.5.4 Deletion of existing indicator - CSE001 Reach the achieving level of the new Equality Framework 16/17**

Paul Warters has recommended that this indicator be deleted. It is felt that this is an out dated measure and needs to be removed. The authority need to consider how we move forward with equalities work and how best to measure our effectiveness as a service provider and employer. Consideration will be given as to whether a new indicator could be formed as part of the new Priorities to be set in 2018/19.

**1.5.5 Deletion of existing indicator - ESG042 Complete relevant elements of Restoration Management Plan for Hotham Park in accordance with Project Programme**

Philippa Dart has recommended that this indicator be deleted as the Hotham Park restoration project is complete.

**1.5.6 Amendment to indicator - ESC081 Maintain 26 Safer Parking Awards from ParkMark**

Two Car Parks in Rustington are no longer the responsibility of Arun and therefore were not put forward for ParkMark awards. Therefore, as the Council is no longer responsible for the 2 car parks in Rustington, it is recommended to reduce the target for 2017/18 from 26 to 24.

1.6 This is an ‘exception report; in that it will focus on the indicators which have ‘Over Achieved their Target’ or which have ‘Not Achieved their Target’. All information for all indicators is contained within the Appendix for information.

1.7 The performance outturn report for the period 1 April 2016 to 31 March 2017 has been prepared and is **attached** in Appendix A.

**2. SDP PERFORMANCE 2016/17:**

2.1 46 SDP Performance Indicators were measured at Q4/year end. 28 out of the 46 performance indicators have either achieved or over achieved the target set for them. This means that 61% of the SDP 2016/17 targets have been met.

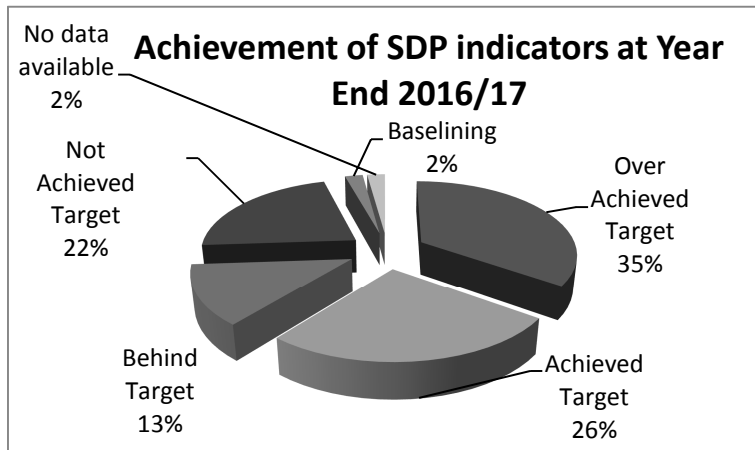
2.2 The SDP indicators have been divided into their Directorates, and have then been sub-divided to show which indicators were:

|                |  |
|----------------|--|
| Over Achieving | Achieved at least 10% more than target               |
| On Target      | Achieved 100% of target or up to 9% more than target |
| Behind Target  | 80-99% of target achieved                            |
| Not Achieving  | 79% or less of target achieved                       |

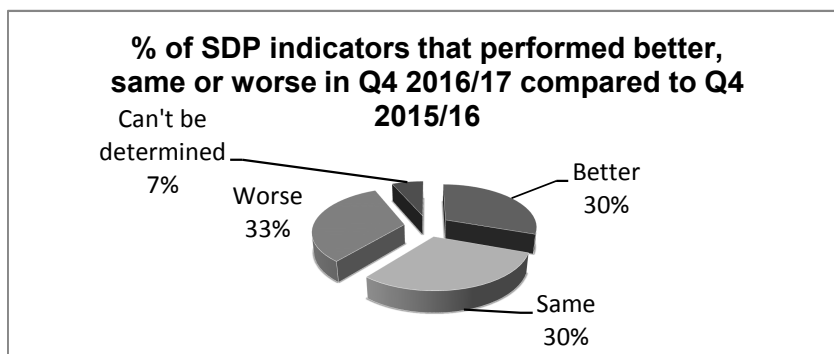
2.3 The following gives a summary of the status of the 46 Corporate Plan indicators, showing the number in each category:

| Status               | Number of SDP indicators in this category 2016-17 |
|----------------------|---|
| Over Achieved Target | 16  |
| Achieved Target      | 12  |
| Behind Target        | 6   |
| Not Achieved Target  | 10  |
| Baselining           | 1   |
| No data available    | 1   |
| <b>TOTAL</b>         | <b>46</b>   |

2.4 At the end of March 2017, 61% of SDP indicators had met or exceeded their target:



2.5 For the 46 indicators measured at Q4 2016/17, 33% were worse than 2015/16 at the end of 2016/17 but 30% were better and 30% were the same. 3 of the indicators (7%) were not measured (reason in Appendix commentary) hence the 7% 'Can't be determined':



2.6 Appendix A gives the full detail of each indicator, including outturn performance history for the past year and the performance at Q4 in 2015/2016 so you can see if the performance has improved. Details of performance for the end of 2014/15 has also been included for your information.

## 2.7 Summary of performance

As per 1.6 above, this is an 'exception report; in that it will focus on the indicators which have 'Over Achieved their Target' or which have 'Not Achieved their Target'. All information for all indicators is contained within the Appendix for information.

### 2.7.1 Over achieved Target

There were **16** SDP indicators which were classed as 'Over Achieving' their target:

| <b>Performance Indicator</b>  | <b>Target April 2015<br/>- March 2018</b> | <b>Q4 End of Year<br/>2016/17</b> | <b>2015/16 Q4<br/>Performance</b> |
|---|---|-----------------------------------|-----------------------------------|
| ESC002 Residual household waste per household   | 466kg                                     | 448.66kg                          | 450.00kg                          |
| CSC101 % telephone enquiries resolved at first point of contact in Arun Direct                          | 83%                                       | 86.80%                            | 85.50%                            |
| CSH041 % Repairs appointments made and kept   | 95%                                       | 97.60%                            | 97.70%                            |
| CSH042 Average void turnaround time (excludes long term voids)  | 20 day/s                                  | 12.00 day/s                       | 11.00 day/s                       |
| CSH121 Vacant private sector dwellings returned to occupation   | 17  | 40                                | 20                                |
| CSH123 % of customers satisfied with service (private sector housing)                                   | 95%                                       | 98.00%                            | 95.12%                            |
| CSH124 % complaints responded to in time: private sector housing  | 95%                                       | 96.00%                            | 96.00%                            |
| CST011 Undertake IT customer satisfaction survey, draw up action plan, report progress to ICM           | 90%                                       | 99%%                              | 97.00%                            |
| DCL011 % of complaints reported to the LGO that are upheld  | 11%                                       | 0.00%                             | 10.00%                            |
| ESC031 No. of enforcement actions taken in relation to persistent non-compliance with waste removal     | 100                                       | 138                               | 177                               |
| ESC105 90% of all legal action followed through to satisfactory compliance or penalty                   | 90%                                       | 100.00%                           | 100.00%                           |
| ESC106 Sustain or improve customer satisfaction levels with Env. Health                                 | 95%                                       | 98.86%                            | 100.00%                           |
| ESG051 No. of trees planted   | 200                                       | 1698                              | 711                               |
| PEB003 % of building regulation submissions assessed within 21 days of date of deposit with the Council | 40%                                       | 45.40%                            | 43.00%                            |
| ESC109 Completion of Risk based inspection programme - food   | 100%                                      | 104%                              | 97.30%                            |



|  |    |    |                               |
|--|----|----|-------------------------------|
| CSH025 No. of council properties to be brought back into use by legitimate tenants | 10 | 13 | No data – wasn't an indicator |
|--|----|----|-------------------------------|

### 2.7.2 Didn't achieve target

There were **10** SDP indicators which were classed as Not Achieving the target. The detail for this is listed below.

| Performance Indicator                                       | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | Q4 Commentary  | Any action for Cabinet to take?  |
|---|--------------------------------|------------------------|--|--|
| CEP001 % of Corporate Plan Items achieving their objectives | 85%                            | 38%                    | This is a disappointing outcome for 2016/17 and efforts will be made during 2017/18 to increase this figure for the final year of this set of Corporate Plan indicators  | <b>Cabinet – No action</b><br>Explanation given in commentary<br><br>Action for CMT - to be fully involved in increasing this figure |
| CSH001 Reduce cost of emergency accommodation (B and B) net | £272,000                       | £343,622.01            | Gross expenditure £457,579.16 - income to date £113,957.15 = Net expenditure £343,622.01. The expenditure on B&B in 2016/17 exceeded the budget by £15K net (after income from Housing Benefit and client contributions).. The use of B&B as emergency accommodation has increased as a result of this demand, and also because of a lack of affordable accommodation across every tenure. The turnover of Council housing and Temporary Accommodation is insufficient to meet homelessness demand on its own, without available accommodation in these other tenure. Report to Cabinet in June 2017 | <b>Cabinet – No action</b><br>Explanation given in commentary  |
| ESC061 Number of missed refuse collections per 100,000      | 15                             | 30.88                  | Whilst not achieving the SDP target this figure far exceeds the contractual target of 80 missed collections per 100,000 which is very positive. The overall figure is down significantly from the previous year. This is an impressive achievement and is testament to good management and procedures. Moving forward this target figure needs to be amended in the revised SDP's  | <b>Cabinet – No action</b><br>Explanation given in commentary  |

| Performance Indicator                                     | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | Q4 Commentary   | Any action for Cabinet to take?  |
|---|--------------------------------|------------------------|---|--|
| CSR003 % Miscellaneous Sundry Debt Collected              | 96%                            | N/A                    | to reflect contractual performance targets required of the Council's waste contractor.<br><br>The indicator cannot be calculated for the second half of 2016/17 as it was a combined indicator for Housing Benefit overpayment recoveries (First Debtors) and Sundry Debts (TASK Debtors). A recent restructure has resulted in Miscellaneous debts becoming the responsibility of the Finance team with Housing Benefit overpayment collection remaining in Revenues and Benefits. As CSR003 will no longer measure and report Housing Benefit Overpayment recovery it is recommended for deletion, and two new indicators set up to monitor both Accounts receivable collected and % of Housing Benefit overpayments collected. | <b>Cabinet – Yes to approve deletion of this indicator</b><br><br>Officer action - Indicator to be deleted and two new indicators set up for 2017/18 |
| ESC062 Number of missed recycling collections per 100,000 | 15                             | 24.91                  | Whilst not achieving the SDP target this figure far exceeds the contractual target of 80 missed collections per 100,000 which is very positive. Whilst the figure is a little higher than last year, it represents an impressive achievement and is testament to good management and procedures. Moving forward this target figure needs to be amended in the revised SDP's for 2018-2021 to reflect contractual performance targets required of the Council's waste contractor.  | <b>Cabinet – No action</b><br>Explanation given in commentary<br><br>Action for Philippa Dart : Look to amend SDP target for 2018 onwards            |
| PER032 No. of Business Start Ups                          | 1100                           | 879                    | In the year to end of February 2017 879 businesses have started in the Arun District. The highest rate of start up appears in the River ward with Arundel and Walberton second, closely followed by Marine.   | <b>Cabinet – No action</b><br>Explanation given in commentary  |

| Performance Indicator   | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | Q4 Commentary  | Any action for Cabinet to take?  |
|---|--------------------------------|------------------------|--|--|
| ESC110<br>Deliver Annual Health & Safety Action Plan              | Yes                            | No                     | A review of the strategy, work plan and health and safety policy has been undertaken to reflect the changes to the accommodation and corporate re-organisation. Not all aspects of the corporate health and safety work plan have been delivered owing to staff sickness. High priority activities were maintained. The corporate H&S strategy and work plan are under review and it is proposed that a revised strategy is adopted by the end of 2017 | <b>Cabinet – No action</b><br>Explanation given in commentary<br><br>Action for Karl Roberts: Ensure H&S Action Plan is adopted by end of 2017 |
| PEP009<br>Average number of days to determine application - Major | 100 day/s                      | 163.00 day/s           | 36 Major applications were determined and the average number of days to determine was 163 days. The average number of days taken to determine major applications continues to fluctuate significantly because whilst it is possible to identify reasonably easily which Committee a particular application may be determined, the final issue of a decision notice is often delayed significantly by the need to complete Section 106 Agreements.      | <b>Cabinet – No action</b><br>Explanation given in commentary  |
| PEP010<br>Average number of days to determine application - Minor | 54 day/s                       | 75.00 day/s            | 280 Minor applications were determined and the average number of days to determine was 75 days. The average number of days taken to determine minor applications continues to be significantly above target as the service continues to struggle to match outputs with inputs having regard to the resources available (vacancies still exist). However, because extension of time agreements with applicants have been secured for the                | <b>Cabinet – No action</b><br>Explanation given in commentary  |

|   |                                |                        | majority of applications, the figures that we report to the Government are above the required targets.   |   |
|---|--------------------------------|------------------------|--|---|
| Performance Indicator   | Target April 2015 - March 2018 | Q4 End of Year 2016/17 | Q4 Commentary  | Any action for Cabinet to take?                               |
| PEP011<br>Average number of days to determine application - Householder | 40 day/s                       | 53.00 day/s            | 691 Householder applications were determined and the average number of days to determine was 53 days. The average number of days taken to determine householder applications continues to be significantly above target as the service continues to struggle to match outputs with inputs having regard to the resources available (vacancies still exist). However, because extension of time agreements with applicants have been secured for the majority of applications, the figures that we report to the Government are above the required targets. Importantly the average whilst above our target is still below the nominal 8 week target date of 56 days. | <b>Cabinet – No action</b><br>Explanation given in commentary |

## 2.8 Recommendations to Cabinet

2.8.1 Officers do not believe that any further action needs to be taken in relation to the performance of the SDP indicators at the end of 2016/17. 61% of indicators have achieved or over achieved their target and for those didn't achieve their target, a clear commentary has been given with an explanation of why this has happened. All indicators will be reviewed during the course of 2017 ready for a new set of indicators from 2018 so any indicators which carry over to the new period, which have had problems during this year, will be addressed during this review.

## 2. PROPOSAL(S):

- a) Note the Council's overall performance against the targets set out in the SDP Report 1 April 2016 to 31 March 2017 as set out in Appendix A **attached**.

## 3. OPTIONS:

- i. To note the report and request any remedial actions for under achieving indicators, if

appropriate and required.

- ii. To request further information before any remedial actions are undertaken.

**4. CONSULTATION:**

| Has consultation been undertaken with: | YES | NO |
|--|-----|----|
| Relevant Town/Parish Council           |     | √  |
| Relevant District Ward Councillors     |     | √  |
| Other groups/persons (please specify)  |     | √  |

**5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES:**

|   | YES | NO |
|---|-----|----|
| Financial   |     | √  |
| Legal   |     | √  |
| Human Rights/Equality Impact Assessment                       |     | √  |
| Community Safety including Section 17 of Crime & Disorder Act |     | √  |
| Sustainability  |     | √  |
| Asset Management/Property/Land                                |     | √  |
| Technology  |     | √  |
| Other (please explain)  |     | √  |

**6. IMPLICATIONS:**

Where targets were not met, the Council may consider whether they wish to request that remedial actions be taken by the relevant service area.

**7. REASON FOR THE DECISION:**

In order for Cabinet to be updated with the Q4 Performance Outturn for the SDP (2013-2018) for the period 1 April 2016 to 31 March 2017.

**8. BACKGROUND PAPERS:**

Appendix A – summary of all SDP Indicators, Q4 Outturn.

| Performance Indicator   | Measure Interval | Current CMT Member during reporting period for Q4 2016-2017 | Assess By        | Target April 2015 - March 2018 | Q1 2016/17                     | Q2 2016/17                    | Q3 2016/17                     | Q4 End of Year 2016/17 | Q4 Status 2016/17    | Q4 Commentary  | Any action to take? | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance | 2014/15 Q4 Performance | 2013/14 Q4 Performance |
|---|------------------|---|------------------|--------------------------------|--------------------------------|-------------------------------|--------------------------------|------------------------|----------------------|--|---------------------|---|------------------------|------------------------|------------------------|
| ESC002 Residual household waste per household   | Annually         | Philippa Dart - Director of Services                        | Lower is better  | 466kg                          | No figure - measured annually  | No figure - measured annually | No figure - measured annually  | 448.66kg               | Over achieved target | This figure is subject to verification, however it is good to note that the amount of waste generated per household has reduced on the previous year.  | No - overachieving  | Better  | 450.00kg               | 457.00kg               | 466.00kg               |
| CSC101 % telephone enquiries resolved at first point of contact in Arun Direct (excl switchboard)   | Quarterly        | Paul Warters - Director of Transformation                   | Higher is better | 83%                            | 88.80%                         | 87.20%                        | 87.20%                         | 86.80%                 | Over achieved target | Customer services continue to strive to deliver an end to end process for the customer. Certain services within the contact centre currently have a lower resolution rate than 86.8%, however, these tend to be the more complex services such as Planning and Environmental Health where advice and decisions are not straight forward. For other services the processes are a lot more defined and entirely dealt with in the contact centre. We are looking at more ways of ensuring that processes are dealt with in their entirety. This will always be an area for continuous improvement. In particular some work needs to be done in the future on the definition of 'first point of | No - overachieving  | Worse   | 85.50%                 | 86.60%                 |                        |
| CSH041 % Repairs appointments made and kept   | Quarterly        | Philippa Dart - Director of Services                        | Higher is better | 95%                            | 98.89%                         | 98%                           | 97.50%                         | 97.60%                 | Over achieved target | 2360 appointments were made over the period. Of these, 2304 were kept. Performance continues to exceed target  | No - overachieving  | Worse   | 97.70%                 | No data                | 95.00%                 |
| CSH042 Average void turnaround time (excludes long term voids)                                      | Quarterly        | Philippa Dart - Director of Services                        | Lower is better  | 20 day/s                       | 11.2 day/s                     | 12.5 day/s                    | 10 day/s                       | 12.00 day/s            | Over achieved target | This metric remains reasonably stable. Volumes of voids have reduced significantly year on year. 8 of the 54 Voids were handed back after the target date. This will continue to be monitored. There were no impact on tenant sign ups as the target hand back date is always a Wednesday and tenants usually sign up on the following Friday or Monday.   | No - overachieving  | Worse   | 11.00 day/s            | No data                | 20.00 day/s            |
| CSH121 Vacant private sector dwellings returned to occupation                                       | Quarterly        | Karl Roberts - Director of Place                            | Higher is better | 17                             | 8                              | 32                            | 37                             | 40                     | Over achieved target | Exceeded target achieved through encouragement, engagement and a range of enforcement measures. This initiative continues to make a positive contribution towards making housing available within the District.  | No - overachieving  | Better  | 20                     | 30                     | 17                     |
| CSH123 % of customers satisfied with service (private sector housing)                               | Quarterly        | Karl Roberts - Director of Place                            | Higher is better | 95%                            | 100%                           | 98.20%                        | 98.30%                         | 98.00%                 | Over achieved target | Above target customer satisfaction and positive comments received regarding the service.   | No - overachieving  | Better  | 95.12%                 | 86.00%                 | 95.00%                 |
| CSH124 % complaints responded to in time: private sector housing                                    | Quarterly        | Karl Roberts - Director of Place                            | Higher is better | 95%                            | 96%                            | 96%                           | 96%                            | 96.00%                 | Over achieved target | Above target response rate achieved by the team.   | No - overachieving  | Same  | 96.00%                 | 96.00%                 | 95.00%                 |
| CST011 Undertake IT customer satisfaction survey, draw up action plan, report progress to ICM       | 6-monthly        | Paul Warters - Director of Transformation                   | Higher is better | 90%                            | No figure - measured 6 monthly | 98%                           | No figure - measured 6 monthly | 99%                    | Over achieved target | Survey sent to all staff, 8 questions regarding IT Performance. We had 98 users respond. Excellent 76.8% Good 22.2% Fair 1% Poor 0% Very Poor 0%. All staff were able to access the survey and complete a response to the 8 questions posed regarding IT performance over the preceding 6 months. 98 Users responded to the satisfaction survey, the result being a 99% Excellent or Good rating .   | No - overachieving  | Better  | 97.00%                 | 100.00%                | 90.00%                 |
| DCL011 % of complaints reported to the Local Government Ombudsman that are upheld                   | Annually         | Nigel Lynn - Chief Executive                                | Lower is better  | 11%                            | No figure - measured annually  | No figure - measured annually | No figure - measured annually  | 0.00%                  | Over achieved target | No complaints determined by the Local Government Ombudsman during the period 01.04.16 - 31.03.17 have been upheld  | No - overachieving  | Better  | 10.00%                 | 0.00%                  | 11.00%                 |
| ESC031 No. of enforcement actions taken in relation to persistent non-compliance with waste removal | Quarterly        | Philippa Dart - Director of Services                        | Higher is better | 100                            | 20                             | 89                            | 115                            | 138                    | Over achieved target | Whilst achieving our target, the number of enforcement actions is slightly lower than hoped for due to staff resources dictated by maternity leave. Cleansing's Full Time specialist enforcement officer has now returned and they will work in partnership this year with WSCC enforcement officers to tackle fly-tipping and also those undertaking the zero tolerance enforcement around littering and dog fouling. This will make a real difference to the local area over the next year. The measure provided is a cumulative total quarter on quarter for the year.  | No - overachieving  | Worse   | 177                    | 323                    | 100                    |
| ESC105 90% of all legal action followed through to satisfactory compliance or penalty               | Quarterly        | Karl Roberts - Director of Place                            | Higher is better | 90%                            | 100%                           | 100%                          | 100%                           | 100.00%                | Over achieved target | 100% of legal action followed through to satisfactory compliance. All authorised prosecutions being progressed: two food safety cases and a caravan site licensing case.   | No - overachieving  | Same  | 100.00%                | 100.00%                | 90.00%                 |
| ESC106 Sustain or improve customer satisfaction levels with Env. Health service                     | Quarterly        | Karl Roberts - Director of Place                            | Higher is better | 95%                            | 100%                           | 99.50%                        | 98.51%                         | 98.86%                 | Over achieved target | Only 13 unhappy customers out of 947. Reflects an embedded customer focussed culture.  | No - overachieving  | Worse   | 100.00%                | 98.58%                 | 95.00%                 |

| Performance Indicator   | Measure Interval | Current CMT Member during reporting period for Q4 2016-2017 | Assess By        | Target April 2015 - March 2018 | Q1 2016/17                    | Q2 2016/17                    | Q3 2016/17                    | Q4 End of Year 2016/17 | Q4 Status 2016/17    | Q4 Commentary  | Any action to take?  | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance   | 2014/15 Q4 Performance   | 2013/14 Q4 Performance |
|---|------------------|---|------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------|----------------------|--|--|---|--------------------------|--------------------------|------------------------|
| ESG051 No. of trees planted   | Annually         | Philippa Dart - Director of Services                        | Higher is better | 200                            | No figure - measured annually | No figure - measured annually | No figure - measured annually | 1698                   | Over achieved target | Greenspace team continues to plan an annual programme of tree planting which spans a wide range of open spaces across the Arun district. Notable tree planting initiatives in 2016/17 include the following; King George V playing fields 600, Hotham Park 320, Mewsbrook Park 300, Bersted Brooks/Park 150, Langmeads 150, Bluebell Woods 100, Glebelands 24 fruit trees for community orchard. 30 black poplars across the district and 24 standard trees across the district. | No - overachieving   | Better  | 711                      | 447                      | 200                    |
| PEB003 % of building regulation submissions assessed within 21 days of date of deposit with the Council                             | Quarterly        | Karl Roberts - Director of Place                            | Higher is better | 40%                            | 19.75%                        | 51.27%                        | 49.80%                        | 45.40%                 | Over achieved target | Annual target has been achieved. This has been achieved against a backdrop of significantly increased local fee-earning work load ( as a comparison 10% above 2015/16) and also the development of a new income stream activity.   | No - overachieving   | Better  | 43.00%                   | 100.00%                  | 40.00%                 |
| ESC109 Completion of Risk based inspection programme - food   | Quarterly        | Karl Roberts - Director of Place                            | Higher is better | 100%                           | 26.85%                        | 47%                           | 72%                           | 104%                   | Over achieved target | 547 food inspection carried out, out of a planned 525 for the year. More than the planned/programmed inspections were undertaken as there were more food businesses opening than closing. This is represents an enormous effort by the EH team.  | No - overachieving   | Better  | 97.30%                   | 100.00%                  | 74.79%                 |
| CSH025 No. of council properties to be brought back into use by legitimate tenants  | Quarterly        | Philippa Dart - Director of Services                        | Higher is better | 10                             | 9                             | 11                            | 12                            | 13                     | Over achieved target | Stats Jan to Dec. 1 property back and 3 pending court action. 1 pending Prosecution. We continue to receive referrals of potential cases for investigation - from members of the public, from frontline Housing staff, from contractors and from other Arun departments. Housing Fraud work includes investigating possible Right to Buy Fraud, applications to join the Housing Register as well as cases which relate to claims for Housing Benefit and Council Tax relief.    | No - overachieving   | Not known   | Wasn't an indicator then | Wasn't an indicator then |                        |
| DCN030 Deliver projects through the Arun Wellbeing Team under the agreed priorities which support the West Sussex Health Plan 16/17 | Quarterly        | Philippa Dart - Director of Services                        | Yes is better    | Yes                            | Yes                           | Yes                           | Yes                           | Yes                    | Achieved target      | All internally and externally delivered wellbeing projects are delivering successfully to target and to the satisfaction of our commissioners, West Sussex County Council Public Health team and to the public which is validated by their positive feedback. The programme continues to be delivered successfully to the approval of WSCC Public Health who are the commissioners and to the public which is validated by their positive feedback.                              | No - achieved target set   | Same  | Yes                      | Yes                      |                        |
| ESC108 Section 18 and FSA plans produced 15/16  | Annually         | Karl Roberts - Director of Place                            | Yes is better    | Yes                            | No figure - measured annually | No figure - measured annually | No figure - measured annually | Yes                    | Achieved target      | Yes plans produced. Both statutory plans completed.  | No - achieved target set   | Same  | Yes                      | Yes                      | Yes                    |
| ESC111 Completion of risk based inspection programme - pollution  | Annually         | Karl Roberts - Director of Place                            | Higher is better | 100%                           | No figure - measured annually | No figure - measured annually | No figure - measured annually | 100.00%                | Achieved target      | All risk-based inspections were completed.   | No - achieved target set   | Same  | 100.00%                  | 100.00%                  | 100.00%                |
| ESC112 Completion of Licensing Inspection programme   | Quarterly        | Karl Roberts - Director of Place                            | Higher is better | 100%                           | 46%                           | 74%                           | 100%                          | 100.00%                | Achieved target      | The need for officers to visit premises has increased significantly as a result of less resource for compliance. This has resulted in complaints/intel/officer observations requiring visits and investigations. Police Licensing reorganisation and resourcing has impacted on demand on ADC Licensing increasing the need for compliance check visits.   | No - achieved target set   | Same  | 100.00%                  | 100.00%                  | 100.00%                |
| ESG031 Progress Memorial Safety inspection at Littlehampton and Bognor Regis  | Annually         | Philippa Dart - Director of Services                        | Higher is better | 100%                           | No figure - measured annually | No figure - measured annually | No figure - measured annually | 100.00%                | Achieved target      | Memorial safety inspections have been fully completed for 2016/17 in line with the council's adopted memorial safety policy and carried out in accordance with best practice. Five year rota of safety inspections has now been completed and a new five year cycle will begin in 2017/18.   | No - achieved target set   | Same  | 100.00%                  | 100%                     | 100%                   |
| ESG041 Performance of grounds maintenance contracts per package of work - nil default notices and damages                           | Annually         | Philippa Dart - Director of Services                        | Lower is better  | 0                              | No figure - measured annually | No figure - measured annually | No figure - measured annually | 0                      | Achieved target      | Grounds maintenance contract performance continues to be proactively managed by parks team. Performance levels over the course of 2016/17 have been consistent and in line with contractual requirements. New Green space management contract let in January 2017 contains specific performance indicators which will form part of measured SDP's from 2017/18.  | No - achieved target set   | Same  | 0                        | 0                        | 0                      |
| ESG042 Complete relevant elements of Restoration Management Plan for Hotham Park in accordance with Project Programme               | Annually         | Philippa Dart - Director of Services                        | Higher is better | 100%                           | No figure - measured annually | No figure - measured annually | No figure - measured annually | 100.00%                | Achieved target      | Project all complete - Park continues to achieve Green Flag.   | <b>Yes - Recommend to Cabinet that this indicator is removed for 2017/18</b> | Same  | 100.00%                  | 100%                     | 100%                   |

| Performance Indicator  | Measure Interval | Current CMT Member during reporting period for Q4 2016-2017 | Assess By        | Target April 2015 - March 2018 | Q1 2016/17                    | Q2 2016/17                    | Q3 2016/17                    | Q4 End of Year 2016/17 | Q4 Status 2016/17       | Q4 Commentary   | Any action to take?  | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance | 2014/15 Q4 Performance | 2013/14 Q4 Performance |
|--|------------------|---|------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------|-------------------------|---|--|---|------------------------|------------------------|------------------------|
| ESG043 Achieve Green Flag awards for Hotham and Mewsbrook Parks and Marine Park Gardens    | Annually         | Philippa Dart - Director of Services                        | Higher is better | 3                              | No figure - measured annually | No figure - measured annually | No figure - measured annually | 3                      | Achieved target         | All three Green Flag awards for council's parks retained once more in 2016/17. All three parks demonstrate best practice in parks management and are therefore worthy of their Green Flag status'. Greenspace service is considering additional Green Flag award applications in future years.  | No - achieved target set   | Same  | 3                      | 3                      | 3                      |
| PEL002 Land Charges: % of standard searches carried out in 7 working days                  | Quarterly        | Karl Roberts - Director of Place                            | Higher is better | 100%                           | 100%                          | 100%                          | 100%                          | 100.00%                | Achieved target         | All searches are being returned within the 7 working day period   | No - achieved target set   | Same  | 100.00%                | 100.00%                | 100.00%                |
| CSE001 Reach the achieving level of the new Equality Framework                             | Quarterly        | Paul Warters - Director of Transformation                   | Higher is better | Yes                            | Yes                           | Yes                           | Yes                           | Yes                    | Achieved target         | This is an out dated measure and needs to be removed. The authority need to consider how we move forward with equalities work and how best to measure our effectiveness as a service provider and employer  | <b>Yes - Recommend to Cabinet that this indicator is removed for 2017/18</b> | Same  | Yes                    | Yes                    | Yes                    |
| CSH043 % of council properties with a valid gas safety certificate                         | Quarterly        | Philippa Dart - Director of Services                        | Higher is better | 100%                           | 100%                          | 100%                          | 100%                          | 100.00%                | Achieved target         |   | No - achieved target set   | Same  | 100.00%                | No data                | 100.00%                |
| DCL010 Number of stage 2 corporate complaints found to be justified or partially justified | Quarterly        | Nigel Lynn - Chief Executive                                | Lower is better  | 5                              | 3                             | 3                             | 4                             | 5                      | Achieved target         | Of the 18 complaints that were determined in the period 01.04.16 - 31.03.17, 2 complaints were found to be Justified and 3 Partially Justified. The two justified complaints were in respect of Housing issues, two of the Partially Justified complaints were in respect of Planning and the remaining Partially Justified complaint was in respect of a Legal matter. The findings relating to these matters have been noted and appropriate actions adopted to avoid a re-occurrence   | No - achieved target set   | Better  | 10                     | 5                      | 5                      |
| DCN003 Overall crime per 1,000 population  | Quarterly        | Philippa Dart - Director of Services                        | Lower is better  | baseline                       | 14.67                         | 29.78                         | 44.07                         | 59.7                   | Baselining              | Apr 2015 - March 2016 8452 Apr 2016 - March 2017 9231 Up 779 (9%) 8452/154,415 x 1000 = 55.7 crimes per 1000 population 9231/154,415 x 1000 = 59.7 crimes per 1000 population. This equates to an increase of nearly three offences per thousand population and therefore is not considered a risk.   | No - achieved target set   | Worse   | 54.83                  | 52.4                   | 0                      |
| PEP030 % of customers satisfied with Planning Service                                      | Annually         | Karl Roberts - Director of Place                            | Higher is better | 80%                            | No figure - measured annually | No figure - measured annually | No figure - measured annually | 70%                    | Behind achieving Target | 74 out of 95 customers were very or fairly satisfied with the service provided in processing their planning application. We will look at these responses to see if there are any trends for dis-satisfied customers and if there is anything that can be done to make improvements  | No - work to be done to make improvements where necessary                    | Worse   | 91.57%                 | 70.21%                 | 80.00%                 |
| CSC001 Working days lost due to sickness absence   | Quarterly        | Paul Warters - Director of Transformation                   | Lower is better  | 7 day/s                        | 9.6 day/s                     | 9.34 day/s                    | 8.39 day/s                    | 8.35 day/s             | Behind achieving Target | Seven of the service areas are currently below the target figure with 8 areas being above. The sickness figures for the 12 month rolling period have gone up for 9 service areas and down for 6 service areas. The overall figure has gone down slightly from the previous review period. During the last 12 months we have had a number of serious long term sickness cases. Long term sickness absence accounted for 4.85 average FTE days and short term sickness absence accounted for 3.50 average FTE days during this 12 month period. This period included the Christmas closure so that may account for the slightly lower figure. | No - explanation given in commentary   | Better  | 9.66 day/s             | 9.15 day/s             | 7.00 day/s             |
| CSH021 % of rent collected   | Quarterly        | Philippa Dart - Director of Services                        | Higher is better | 99%                            | 98.10%                        | 97.85%                        | 97.55%                        | 97.86%                 | Behind achieving Target | Rent Collection is below target, but has improved over the last quarter. Benefit changes including the Benefit cap and the roll out of Universal Credit in April 2018, are likely to see an impact on rent collection rates in the longer term  | No - only just behind target   | Worse   | 98.75%                 | 98.85%                 | 99.00%                 |
| CSR002 % of non-domestic rates collected   | Quarterly        | Paul Warters - Director of Transformation                   | Higher is better | 99%                            | 29.10%                        | 58.53%                        | 83.84%                        | 98.35%                 | Behind achieving Target | Although under target and lower than the previous year (which was an exceptional collection rate). This rate compares well with that for Council Tax. Based on figures available for quarter 3 we were 3rd in the district  | No - only just behind target   | Worse   | 99.36%                 | 98.48%                 | 99.00%                 |
| ESC107 EH response to complaints in timescale  | Quarterly        | Karl Roberts - Director of Place                            | Higher is better | 98%                            | 95%                           | 96.18%                        | 96.80%                        | 96.42%                 | Behind achieving Target | 3996 complaints responded to in 7 days out of 4144. breakdown below; Team Total Number of Complaints Pollution 1116 Licensing 60 Dog Wardens 452 Food 507 Health & Safety 220 Housing 610 Pest Control 1179. Close to target despite two officers having been on long term sick leave throughout almost the year and subsequent vacancies.  | No - only just behind target   | Better  | 95.46%                 | 97.22%                 | 98.00%                 |
| ESC081 Maintain 26 Safer Parking Awards from ParkMark                                      | Annually         | Philippa Dart - Director of Services                        | Higher is better | 26                             | No figure - measured annually | No figure - measured annually | No figure - measured annually | 24                     | Behind Target           | Two Car Parks in Rustington are no longer the responsibility of Arun and therefore were not put forward for ParkMark awards hence the reduction of awards from 26 to 24. The target has to be amended as the Council is no longer responsible for the 2 car parks in Rustington. Every Car Park where the Council applied for an award did receive an award.  | <b>Yes - recommendation to Cabinet to lower target to 24</b>                 | Same  | 26                     | 26                     | 26                     |



| Performance Indicator  | Measure Interval | Current CMT Member during reporting period for Q4 2016-2017 | Assess By        | Target April 2015 - March 2018 | Q1 2016/17                    | Q2 2016/17                    | Q3 2016/17                    | Q4 End of Year 2016/17 | Q4 Status 2016/17     | Q4 Commentary   | Any action to take?  | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance | 2014/15 Q4 Performance | 2013/14 Q4 Performance |
|--|------------------|---|------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------|-----------------------|---|--|---|------------------------|------------------------|------------------------|
| CEP001 % of Corporate Plan Items achieving their objectives    | Annually         | Nigel Lynn - Chief Executive                                | Higher is better | 85%                            | No figure - measured annually | No figure - measured annually | No figure - measured annually | 38%                    | Didn't achieve target | This is a disappointing outcome for 2016/17 and efforts will be made during 2017/18 to increase this figure for the final year of this set of Corporate Plan indicators   | No - explanation given in commentary   | Worse   | 45.00%                 | 63.00%                 | 85.00%                 |
| CSH001 Reduce cost of emergency accommodation (B and B) net    | Quarterly        | Philippa Dart - Director of Services                        | Lower is better  | £272,000                       | £91,104.88                    | £163,907.15                   | £229,484.74                   | £343,622.01            | Didn't achieve target | Gross expenditure £457,579.16 - income to date £113,957.15 = Net expenditure £343,622.01. The expenditure on B&B in 2016/17 exceeded the budget by £15K net (after income from Housing Benefit and client contributions). The use of B&B as emergency accommodation has increased as a result of this demand, and also because of a lack of affordable accommodation across every tenure. The turn-over of Council housing and Temporary Accommodation is insufficient to meet homelessness demand on its own, without available accommodation in these other tenure. Report to Cabinet in June 2017                                | No - explanation given in commentary   | Worse   | £223,408.00            | £254,377.00            | £272,000.00            |
| CSR003 % Miscellaneous Sundry Debt Collected                   | Quarterly        | Paul Warters - Director of Transformation                   | Higher is better | 96%                            | 14.33%                        | 19.56%                        | No figure entered             | N/A                    | Didn't achieve target | The indicator cannot be calculated for the second half of 2016/17 as it was a combined indicator for Housing Benefit overpayment recoveries (First Debtors) and Sundry Debts (TASK Debtors). A recent restructure has resulted in Miscellaneous debts becoming the responsibility of the Finance team with Housing Benefit overpayment collection remaining in Revenues and Benefits. As CSR003 will no longer measure and report Housing Benefit Overpayment recovery it is recommended for deletion, and two new indicators set up to monitor both Accounts receivable collected and % of Housing Benefit overpayments collected. | <b>Yes - Recommend to Cabinet that this indicator is removed for 2017/18</b> | Not known   | 86.04%                 | 96.30%                 | 96.00%                 |
| ESC061 Number of missed refuse collections per 100,000         | Quarterly        | Philippa Dart - Director of Services                        | Lower is better  | 15                             | 26.27                         | 33                            | 32.16                         | 30.88                  | Didn't achieve target | Whilst not achieving the SDP target this figure far exceeds the contractual target of 80 missed collections per 100,000 which is very positive. The overall figure is down significantly from the previous year. This is an impressive achievement and is testament to good management and procedures. Moving forward this target figure needs to be amended in the revised SDP's to reflect contractual performance targets required of the Council's waste contractor.  | No - explanation given in commentary   | Better  | 33.22                  | 28.37                  | 15                     |
| ESC062 Number of missed recycling collections per 100,000      | Quarterly        | Philippa Dart - Director of Services                        | Lower is better  | 15                             | 16.81                         | 22.83                         | 24.04                         | 24.91                  | Didn't achieve target | Whilst not achieving the SDP target this figure far exceeds the contractual target of 80 missed collections per 100,000 which is very positive. Whilst the figure is a little higher than last year, it represents an impressive achievement and is testament to good management and procedures. Moving forward this target figure needs to be amended in the revised SDP's to reflect contractual performance targets required of the Council's waste contractor.  | No - explanation given in commentary   | Worse   | 23.99                  | 27.7                   | 15                     |
| ESC110 Deliver Annual Health & Safety Action Plan              | Annually         | Karl Roberts - Director of Place                            | Yes is better    | Yes                            | No figure - measured annually | No figure - measured annually | No figure - measured annually | No                     | Didn't achieve target | A review of the strategy, work plan and health and safety policy has been undertaken to reflect the changes to the accommodation and corporate re-organisation. Not all aspects of the corporate health and safety work plan have been delivered owing to staff sickness. High priority activities were maintained. The corporate H&S strategy and work plan are under review and it is proposed that a revised strategy is created by the end of 2017.   | No - explanation given in commentary   | Worse   | Yes                    | Yes                    |                        |
| PEP009 Average number of days to determine application - Major | Quarterly        | Karl Roberts - Director of Place                            | Lower is better  | 100 day/s                      | 213 day/s                     | 202 day/s                     | 180 day/s                     | 163.00 day/s           | Didn't achieve target | 36 Major applications were determined and the average number of days to determine was 163 days. The average number of days taken to determine major applications continues to fluctuate significantly because whilst it is possible to identify reasonably easily which Committee a particular application may be determined, the final issue of a decision notice is often delayed significantly by the need to complete Section 106 Assessments.  | No - explanation given in commentary   | Worse   | 138.00 day/s           | 145.00 day/s           | 100.00 day/s           |
| PEP010 Average number of days to determine application - Minor | Quarterly        | Karl Roberts - Director of Place                            | Lower is better  | 54 day/s                       | 76 day/s                      | 71 day/s                      | 74 day/s                      | 75.00 day/s            | Didn't achieve target | 280 Minor applications were determined and the average number of days to determine was 75 days. The average number of days taken to determine minor applications continues to be significantly above target as the service continues to struggle to match outputs with inputs having regard to the resources available (vacancies still exist). However, because extension of time agreements with applicants have been secured for the majority of applications, the figures that we report to the Government are above the required targets.  | No - explanation given in commentary   | Worse   | 70.00 day/s            | 64.00 day/s            | 54.00 day/s            |

| Performance Indicator  | Measure Interval | Current CMT Member during reporting period for Q4 2016-2017 | Assess By        | Target April 2015 - March 2018 | Q1 2016/17                    | Q2 2016/17                    | Q3 2016/17                    | Q4 End of Year 2016/17 | Q4 Status 2016/17     | Q4 Commentary  | Any action to take?                            | 2016/17 Q4 Performance compared to 2015/16 Q4 (Better or Worse) | 2015/16 Q4 Performance | 2014/15 Q4 Performance | 2013/14 Q4 Performance |
|--|------------------|---|------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------|-----------------------|--|--|---|------------------------|------------------------|------------------------|
| PEP011 Average number of days to determine application Householder | Quarterly        | Karl Roberts - Director of Place                            | Lower is better  | 40 day/s                       | 56 day/s                      | 54 day/s                      | 53 day/s                      | 53.00 day/s            | Didn't achieve target | 691 Householder applications were determined and the average number of days to determine was 53 days. The average number of days taken to determine householder applications continues to be significantly above target as the service continues to struggle to match outputs with inputs having regard to the resources available (vacancies still exist). However, because extension of time agreements with applicants have been secured for the majority of applications, the figures that we report to the Government are above the required targets. Importantly the average whilst above our target is still below the nominal 8 week target date of 56 days. | No - explanation given in commentary           | Better  | 57.00 day/s            | 50.00 day/s            | 40.00 day/s            |
| PER032 No. of Business Start Ups                                   | Quarterly        | Karl Roberts - Director of Place                            | Higher is better | 1100                           | 888                           | 856                           | 847                           | 879                    | Didn't achieve target | In the year to end of February 2017 879 businesses have started in the Arun District. The highest rate of start up appears in the River ward with Arundel and Walberton second, closely followed by Marine.  | No - explanation given in commentary           | Better  | 870                    | 978                    | 1100                   |
| PES001 Net additional homes provided                               | Annually         | Karl Roberts - Director of Place                            | Higher is better | 565                            | No figure - measured annually | No figure - measured annually | No figure - measured annually | No measure available   | No measure available  | Data is available in September 2017 and it is therefore not possible to provide a figure at this time. This indicator has therefore not been measured rather than not achieving its target figure  | No as no figure available until September 2017 | Not known   |                        |                        | 552.62                 |

**OVERVIEW SELECT COMMITTEE  
WORK PROGRAMME – 2017/2018**

| <b>Date of Meeting: 25 JULY 2017</b>               |  |   |  |
|--|--|---|--|
| <b>Policy/Strategy Reviews</b>                     |  |   |  |
| <b>Agenda Items</b>                                | <b>Subject</b>   | <b>Lead Officer/Member</b>  | <b>Comments</b>  |
| 1  | Local Housing Company  | Andy Elder<br>[Housing Strategy & Delivery Manager] and Karl Roberts<br>[Director of Place] | <b>Brought forward from 26 September 2017 meeting – agreed by Cllr Dingemans</b>                 |
| 2  | Data Protection Policies   | Liz Futchter<br>[Group Head of Council Advice & Monitoring Officer]                         | <b>Request by the Chairman to cancel Special Meeting on 22 June and consider at this meeting</b> |
| <b>Performance Reviews</b>                         |  |   |  |
| 3  | Corporate Plan 2013-2017<br>Performance outturn for 1 April 2016 to 31 March 2017  | Gemma Smith<br>[Executive Assistant to CEO]   | <b>Review of end of year performance</b>   |
| 4  | Service Delivery Plan 2013-2017<br>Performance outturn for 1 April 2016 to 31 March 2017   | Gemma Smith<br>[Executive Assistant to CEO]   | <b>Review of end of year performance</b>   |
| <b>Contractor/Partner Performance Reviews</b>      |  |   |  |
|  | There are no items for this meeting  |   |  |
| <b>Partner Reviews</b>                             |  |   |  |
|  | There are no items for this meeting.   |   |  |
| <b>Feedback from Joint Scrutiny in West Sussex</b> |  |   |  |
| 5  | Feedback from Police and Crime Panel Meeting – 30 June 2017  | Cllr Clayden/Cllr A Cooper  |  |
| 6  | Feedback from Meeting of HASC held on 7 July 2017  | Cllr Blampied   |  |
| <b>Holding Cabinet to account</b>                  |  |   |  |
| 7  | Cabinet Member Questions and Updates – focus for this meeting on reviewing performance against the Corporate Plan and Service Delivery Plans | All Cabinet   |  |
| <b>Work Programme</b>                              |  |   |  |
| 8  | Work Programme – 2016/17 – Update  | Jane Fulton<br>[Committee Manager]  |  |

**OVERVIEW SELECT COMMITTEE  
WORK PROGRAMME – 2017/2018**

| <b>Date of Meeting: 26 SEPTEMBER 2016</b>          |  |  |  |
|--|--|--|--|
| <b>Policy/Strategy Reviews</b>                     |  |  |  |
| <b>Agenda Items</b>                                | <b>Subject</b>   | <b>Lead Officer/Member</b>   | <b>Comments</b>  |
| 1  | Service Reviews - Update   | Paul Waters<br>[Director of Transformation]  | <b>Deferred from 25 July to 26 September 2017</b>                          |
| 2  | Data Protection Rules – Homeworking Policy                           | Liz Fatcher –<br>Group Head of<br>Council Advice &<br>Monitoring<br>Officer<br>April Heasman<br>[Trainee<br>Solicitor] | <b>Stage Two submitting various Policies to the Committee for approval</b> |
| <b>Performance Reviews</b>                         |  |  |  |
| 3  | Feedback from the Council Tax Support Working Party [10 August 2017] | Sue Priest<br>[Benefits Manager]   | <b>Annual Review</b>   |
| <b>Contractor/Partner Performance Reviews</b>      |  |  |  |
|  | There are no items for this meeting                                  |  |  |
| <b>Partner Reviews</b>                             |  |  |  |
|  | There are no items for this meeting.                                 |  |  |
| <b>Feedback from Joint Scrutiny in West Sussex</b> |  |  |  |
| 4  | There are no items for this meeting                                  |  |  |
| 5  | There are no items for this meeting                                  |  |  |
| <b>Holding Cabinet to account</b>                  |  |  |  |
| 6  | Cabinet Member Questions and Updates                                 | All Cabinet  |  |
| <b>Work Programme</b>                              |  |  |  |
| 7  | Work Programme 2016/17 – Update                                      | Jackie Follis<br>[Group Head of<br>Policy] and Jane<br>Fulton<br>[Committee<br>Manager]                                |  |

**OVERVIEW SELECT COMMITTEE  
WORK PROGRAMME – 2017/2018**

| <b>Date of Meeting: 21 NOVEMBER 2017</b>           |   |  |   |
|--|---|--|---|
| <b>Policy/Strategy Reviews</b>                     |   |  |   |
| <b>Agenda Items</b>                                | <b>Subject</b>  | <b>Lead Officer/Member</b>   | <b>Comments</b>   |
| 1  | Leisure Strategy Update - TBC   | Robin Wickham<br>[Group Head of Community Wellbeing]                           | <b>Agreed when setting 2016/17 programme</b>  |
| 2  | The Council's Filming/Photographic Policy   | Jackie Follis –<br>[Group Head of Policy]                                      | Deferred from 30 May 2017 due to Parliamentary Election   |
| 3  | HRA Business Plan – Update - TBC  | Philippa Dart –<br>Director of Services  | To identify how various projects are progressing within the Plan following approval by Full Council in September 2017 |
| <b>Performance Reviews</b>                         |   |  |   |
|  | There are no items for this meeting   |  |   |
| <b>Contractor/Partner Performance Reviews</b>      |   |  |   |
|  | There are no items for this meeting   |  |   |
| <b>Partner Reviews</b>                             |   |  |   |
|  | There are no items for this meeting.  |  |   |
| <b>Feedback from Joint Scrutiny in West Sussex</b> |   |  |   |
| 4  | Feedback from Meetings of HASC held on 29 September and 9 November 2017               | Cllr G Blampied  |   |
| 5  | Feedback from the Meeting of the Sussex Police and Crime Panel held on 6 October 2017 | Cllr M Clayden/Cllr A Cooper   |   |
| <b>Holding Cabinet to account</b>                  |   |  |   |
| 7  | Cabinet Member Questions and Updates  | All Cabinet  |   |
| <b>Work Programme</b>                              |   |  |   |
| 8  | Work Programme 2016/17 – Update   | Jackie Follis<br>[Group Head of Policy] and Jane Fulton<br>[Committee Manager] |   |

**OVERVIEW SELECT COMMITTEE  
WORK PROGRAMME – 2017/2018**

| <b>Date of Meeting: 23 JANUARY 2018</b>            |   |   |   |
|--|---|---|---|
| <b>Policy/Strategy Reviews</b>                     |   |   |   |
| <b>Agenda Items</b>                                | <b>Subject</b>  | <b>Lead Officer/Member</b>                      | <b>Comments</b>                         |
| 1  | Council Budget – 2018/2019  | Alan Peach<br>[Group Head of Corporate Support] |   |
| <b>Performance Reviews</b>                         |   |   |   |
| 2  | Corporate Plan 2013-2017<br>Performance update for April to September 2017  | Gemma Stubbs<br>[Executive Assistant to CEO]    |   |
| 3  | Service Delivery Plans – Quarter 2<br>Performance Out-turn Report for April to September 2017   | Gemma Stubbs<br>[Executive Assistant to CEO]    |   |
| 4  | New Council Performance Priorities 2018-2021 and proposed set of accompanying Corporate Plan and Service Delivery Plan (SDP) indicators | Gemma Stubbs<br>[Executive Assistant to CEO]    | Added to the Forward Plan on 2 May 2017 |
| <b>Contractor/Partner Performance Reviews</b>      |   |   |   |
|  | There are no items for this meeting   |   |   |
| <b>Partner Reviews</b>                             |   |   |   |
|  | There are no items for this meeting.  |   |   |
| <b>Feedback from Joint Scrutiny in West Sussex</b> |   |   |   |
| 5  | Feedback from Meetings of HASC held on 17 January 2018  | Cllr G Blampied                                 |   |
| 6  | Feedback from Sussex Police and Crime Panel Meeting held on 19 January 2018   | Cllr M Clayden/Cllr A Cooper                    |   |
| <b>Holding Cabinet to account</b>                  |   |   |   |
| 7  | Cabinet Member Questions and Updates – focus for this meeting on reviewing performance against the Corporate Plan                       | All Cabinet                                     |   |
| <b>Work Programme</b>                              |   |   |   |
| 8  | Work Programme 2015/16 – Update   | Jane Fulton<br>[Committee Manager]              |   |

**OVERVIEW SELECT COMMITTEE  
WORK PROGRAMME – 2017/2018**

| <b>Date of Meeting: 20 MARCH 2018</b>              |  |   |   |
|--|--|---|---|
| <b>Policy/Strategy Reviews</b>                     |  |   |   |
| <b>Agenda Items</b>                                | <b>Subject</b>   | <b>Lead Officer/Member</b>                      | <b>Comments</b>   |
| 1  | Engineering Services Annual Review - tbc                             | Roger Spencer<br>[Engineering Services Manager] | Scrutinising performance over the winter months on coastal and drainage matters |
| 2  | Concessions Review   | Paul Broggi<br>[Property & Estates Manager]     | <b>Requested by the Vice-Chairman [January 2017]</b>                            |
| 3  | Section 106 Funding  | Karl Roberts<br>[Director of Place]             | <b>Requested by the Committee on 30 May 2017</b>                                |
| <b>Performance Reviews</b>                         |  |   |   |
|  | There are not items for this meeting                                 |   |   |
| <b>Contractor/Partner Performance Reviews</b>      |  |   |   |
|  | There are no items for this meeting                                  |   |   |
| <b>Partner Reviews</b>                             |  |   |   |
|  | There are no items for this meeting.                                 |   |   |
| <b>Feedback from Joint Scrutiny in West Sussex</b> |  |   |   |
| 4  | Feedback from Meetings of HASC held on 8 March 2018                  | Cllr G Blampied                                 |   |
| <b>Holding Cabinet to account</b>                  |  |   |   |
| 5  | Cabinet Member Questions and Updates                                 | All Cabinet                                     |   |
| <b>Work Programme</b>                              |  |   |   |
| 6  | Work Programme 2017/18 – Update and Ideas for Work Programme 2018/19 | Jackie Follis<br>[Group Head of Policy]         |   |