Public Document Pack

JOHN WARD
Director of Corporate Services

Contact: Graham Thrussell on 01243 534653
Email: gthrussell@chichester.gov.uk

East Pallant House
1 East Pallant
Chichester
West Sussex
PO19 1TY
Tel: 01243 785166
www.chichester.gov.uk

A meeting of the **Cabinet** will be held in Committee Room 2 at East Pallant House East Pallant Chichester West Sussex on **Tuesday 4 December 2018** at **09:30**

MEMBERS: Mr A Dignum (Chairman), Mrs E Lintill (Vice-Chairman), Mr R Barrow, Mr J Connor, Mrs J Kilby, Mrs S Taylor and Mr P Wilding

AGENDA SUPPLEMENT

This agenda supplement contains the appendices for agenda items 5, 6, 7, 9 and 12

5 **Financial Strategy and Plan 2019-2020** (pages 1 to 19)

- Appendix 1: Financial Strategy and Medium Term Financial Plan for 2019-2020 to 2023-2024
- Appendix 2: Five-Year Financial Model
- Appendix 3: Statement of Resources

6 **Increasing the Provision of the Councils Temporary Accommodation at Freeland Close Chichester** (pages 21 to 43)

- Appendix: Project Initiation Document

7 **Chichester Enterprise Centre** (pages 45 to 55)

- Appendix 1: Post-Project Evaluation Document – Chichester Enterprise Centre
- Appendix 2: Guaranteed Income and Combined GI plus Profit Share

9 **Selsey Neighbourhood Plan 2014-2029** (pages 57 to 61)

- Appendix: Selsey Neighbourhood Plan Decision Statement

12 **Litter and Fly Tip Action Plan** (pages 63 to 71)

- Appendix 1: Revised Litter and Fly Tip Action Plan 2018
- Appendix 2: Litter Enforcement Options

This page is intentionally left blank

Financial Strategy

Introduction

The Council's updated Corporate Plan approved by Council on 23 January 2018 set out its priorities; these were largely unchanged from the previous plan, as they continue to represent the challenges and opportunities facing the District Council over the medium term.

The Priorities are to:

- Improve the provision of and access to suitable housing;
- Support our communities;
- Manage our built and natural environments to promote and maintain a positive sense of place;
- Improve and support the local economy to enable appropriate local growth;
- Manage the Council's finances prudently and effectively.

Each of these priorities is underpinned by several objectives, setting out what the Council aims to achieve, along with further specific objectives with more detailed actions to be undertaken by the Council to meet its key priorities, including specific measurable targets, where appropriate.

Manage the Council's Finances Prudently and Effectively

The overall Financial Strategy is linked to the specific priority within the corporate plan which is to **manage the Council's finances prudently and effectively**; this has three overarching objectives, which are:

1. **Ensure prudent use of the Council's resources**.

    - Ensure the revenue budget and capital programme remain balanced and sustainable over a rolling 5 year period.
    - Manage rigorously the Council's risks.
    - Have sound governance arrangements in place approved by the Council's external auditors.

2. **Provide value for money through efficient and effective service delivery**

    - Maintain a programme of improvement reviews for our services, to ensure that they are delivered effectively and efficiently. These reviews should challenge existing costs, service delivery mechanisms and consider using outside bodies where appropriate.
    - Ensure that where the Council has discretion over charging for services, service users should normally bear the full costs, except where there are important community considerations.
    - Implement an investment strategy to preserve and improve the financial and other resources available to the Council.

3. **Maintain low rate of council tax while protecting services.**

    - Provide services without the use of reserves.
    - Require compensating savings before any new revenue expenditure, including capital expenditure that has revenue consequences, is approved.
    - Continue to review the Council's costs in order to find further savings.
    - Continue to identify and develop income generating opportunities for the Council.

Approach and Approval Process

Linked to the main financial management objective:

1. The Council maintains a 5 year rolling medium term financial strategy model which is underpinned by the key financial principles.
2. The key financial principles, along with an annual position statement is reported to the Corporate Governance and Audit Committee, for their consideration in relation to managing the strategic risk of financial resilience, and considering the minimum level of general fund reserves that should be held. The Committee's recommendation are incorporated into the annual Financial Strategy report to be considered by both Cabinet and Council ahead of the budget report for the annual budget and council tax setting required prior to the start of the new financial year.
3. A statement of resources is maintained to identify the current level of reserves, the commitments against those reserves, and therefore the potential funds available for the Council to invest in new schemes.
4. In year quarterly revenue monitoring is undertaken to identify trends and cost pressures, which will inform the revenue budget for the forthcoming financial year and beyond.

Under the umbrella of the Financial Strategy are other linked policies and strategies which assist with ensuring the robust financial management of the Council. This includes a new Capital Strategy which will be required from 2019-20; this will be considered by both the Corporate Governance and Audit Committee and Cabinet at their meetings in January and February 2019 respectively. The Capital Strategy will give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local services and how the risks are managed by the Council.

The Council maintains a 5 year capital programme linking the available resources directly to corporate priorities and taking into account revenue implications within the 5 year Financial Strategy Model. There is also a 5 year planned programme to replace the assets used by the Council to deliver its services developed from the 25 year Asset Replacement Programme Model, which is updated annually as part of the budget cycle.

Medium Term Financial Plan

The aim of the plan is to ensure the financial stability and to support council services, by regularly reviewing the key financial influences and identifying the associated risks.

1. Current Financial Position

   The Council set a balance budget for 2018-19, and having accepted the Government's four year settlement offer had some degree of funding certainty; the final year of that agreed settlement is the 2019-20 budget, beyond which there are a lot of unknowns and uncertainties including the impact of Brexit.

   In response to the reduced funding settlement a Deficit Reduction Plan to achieve further savings of £3.8m was approved by Council in 2016, and to date £3.38m has been achieved against the targets set.

   Recent quarterly revenue monitoring has identified some major variances with current projections forecasting a potential overspend at the year-end of £0.364m. In the main, this is due to some major variances in relation to car parking and planning services income, and the impact of this reduction in income a £300,000 adjustment has been reflected in the 5 year Financial Model.

   The approach taken for each of the key financial principles, a position statement and any further actions required, is detailed in Annex A.

   The approved 5 year capital and asset renewal programmes currently remains fully funded without the need to borrow from external sources and there is a balance of £24.161m uncommitted resources available for new projects and investment in services. This includes anticipated capital receipts of £8.78m to be received over the next 5 years.

   Appendix 3 of the Strategy report shows the current level of resources and the current commitments. The Council's current approved programmes are available on its website at Annual budget: Chichester District Council.

2. 2019-20 Settlement

   The provisional Financial Settlement for 2019-20 and the outcome of the bids for participating in the pilot 75% Business Rates Retention Scheme (BRRS) for 2019-20 is expected to be announced by the Ministry of Housing, Communities and Local Government (MHCLG) on 6 December 2018.

   The Council joined with West Sussex County Council and the District and Borough Councils to submit a bid to participate in this new Business Rate pilot, a formal decision will be made at the time of the final local government settlement, taking into account the pros and cons of being a pilot area for 2019-20.

The Government's October 2018 Budget Statement suggested an "end to austerity", with the message that its aim is not to cut public spending just to balance the budget.
The main impacts from this statement for the council are:

- Business Rate Relief for high street revitalisation £490m in 2019-20 & similar amount in 2020-21. For the next two years up to a business rates valuation, for all companies with a rateable value of £51,000 or less, the business rates will be cut by one third, a saving of up to £8,000 for 90% of shops, restaurants and cafes. Local authorities will be fully compensated for the loss of income as a result of these business rates measures.
- There will also be mandatory business rates relief for public lavatories, whether they are privately or publicly-owned.
- 2019 Spending Review expected to increase funding. Next year's spending review is expected to see an annual 1.2% increase in public sector budgets, compared to a reduction of 1.3% in the 2015 review.
- £20m additional funding will be allocated to support more local authorities to meet their air quality obligations.
- The Government will provide £20m through a Plastics and Waste Innovation Fund to support measures to boost recycling and reduce litter.

The business retail rate relief has been confirmed from Government to apply from 2019-20 and 2020-21, and under the new burdens the Government recognises that there will be some additional costs to implement the new relief and will issue details of funding following the implementation of the relief.
The Government is going to bring forward primary legislation to allow for 100% relief on standalone public toilets. No further details are available at this time but the Red Book clearly stated that there will be s.31 funding for this new relief (£5m per year from 2020-21).

In announcing the provisional multiplier for 2019-20 of 50.4p (rateable values greater than £51,000) which used the September CPI (which was 2.4%) would suggest that the trigger for a council tax increase referendum is unlikely to be set at 2%. Last year this was set at 3% to take account of inflationary pressures or £5 whichever was the greater.
However, the Government has yet to confirm the referenda principles for excessive council tax increases for shire authorities for 2019-20.

Economic forecasts continue to be against a backdrop of uncertainty, especially in relation to Brexit negotiations, and the potential impact on the economy. It should be noted that the Council currently relies on £16.6m of income from its fees and charges to balance its budget, much of this is discretionary spend, or linked to the economy.

3. 5 year Financial Model

The 5 year financial model (appendix 2 of the Strategy report) has been updated to reflect the known changes for the forthcoming year, and forecasts for future years based on information currently available. This has been prepared with a prudent view in relation to service cost pressures and areas of financial risk. Both the Commercial and Business Improvement Boards have targets still to be achieved as part of the 2016 deficit reduction programme. This model is kept under review so that the Council has time to respond should the situation, and/or government funding be significantly different to that currently assumed.

The main assumptions in model are:

a. Uplifts for inflation and are given in table 1 below. September's CPI was 2.4 % and RPI 3.3%.

Table 1: Inflation Assumptions

	2019-20	2020-21	2021-22	2022-23	2023-24
Pay	2%	2%	2%	2%	2%
Pension	0.7%	1%	1%	1%	1%
General prices	3%	3%	3%	3%	3%
Income (Car Parks)	0	2%	2%	2%	2%

These assumptions are used for the strategic modelling, but where appropriate within the detailed annual budget, specific inflation assumptions are applied for utility and ICT support and maintenance agreements. Fees and charges income are also reviewed to identify those which could achieve an increase higher than the base inflation assumption.
The Bank of England Base Rate is currently 0.75% and some economists are expecting this to rise slightly next year dependent upon the outcome of the Brexit negotiations. Although the view is that the Base rate will rise slowly, it is anticipated that this will still be at a relatively low level i.e. around 1.25% by 2021.

b. Service Cost Pressures have been identified and possible growth proposals linked to the Council's corporate plan objectives. The bids proposed will be firmed up during the budget process and reported as part of the budget report to Cabinet in February 2019. The potential growth is set out in table 2.

Table 2: Potential Service Cost Pressure Proposals

Services Portfolio	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000
All services/Corporate items	256	196	196	196	196
Housing & Communities	13	13	13	13	13

Services Portfolio	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	2023-24 £'000
Corporate Services	40	40	40	40	40
Residents' Services	147	207	267	297	327
Growth & Place	415	415	380	380	380
Planning & Environment	0	0	5	5	5
Total	**871**	**871**	**901**	**931**	**961**

c. The Financial Model has an assumed level of Council Tax increases at £5 per annum, which as the Council is a low taxing authority; it has in the past used the greatest increase under the referenda principles. The final decision for the Council tax increase for 2019-20 will be for Council once the final settlement is known.

d. New Homes Bonus is currently not used to support the revenue budget, but as this grant is not ring fenced, it can be used in the short term if necessary, although this would be contrary to one of the Council's key financial principles.

Based on the assumptions contained in the model the Council is able to balance by the end of year 5, with a relatively small deficit in year 4, which will need to be monitored and addressed to set a balanced annual budget in that year. It should be noted that there are risks associated with the model, especially as Government funding beyond 2019-20 will have some major changes which are discussed in detail in section 4 below.

4. Beyond 2019-20, the Risks and Opportunities

From 2020-21 there are a number of major changes which can affect the assumptions in the 5 year Financial Model, especially in relation to the external environment, which pose potential financial risks and instability:

- The Government's 2019 Spending Review, including the Fair Funding Review will assess the needs for local authorities which will impact future Government funding for 2020-21 and beyond. The Business Rates Retention Scheme (BRRS) will also be part of these changes, to aid the mechanism for the reallocation of resources based on the needs assessment and will be the starting point for the new funding system under the proposed 75% BRRS. The 5 year Financial Model assumes that the Council will receive less government funding in the future as the funding changes are partly to aid higher tier authorities with social care responsibilities. It also anticipated that the New Homes Bonus grant will cease as part of these reforms, and only legacy payments will be made for the years up to 2019-20.
- New BRRS offers the opportunity to increase funding gained from the business rate growth in the longer term. However, in the short term there may be some concern about the resetting of the baseline and so growth

achieved to date and used to support services or one off projects under the pooling arrangement currently in place, is anticipated to be lost. This income stream is likely to be more volatile and so short term use of reserves as a safety net may be required and emphasises the need to ensure that the minimum level of reserves is sufficient.

- The impact on the economy and the demand for services as a result of the Brexit negotiations not only locally but will also the impact the national public purse. This could impact the outcome of the 2019 Spending Review and the settlement for local authorities for 2020-21. The Council has a high reliant on its fees and charges to balance the budget, especially those that are more volatile in any economic downturn. The experience in the current financial year shows that some income streams such as car parking charges and planning fees can be volatile.
- Demand on the Council Tax Reduction scheme could increase if there is an economic downturn, as the localisation of this scheme means that any volatility may impact the provision available. Experience to date is that expenditure is falling but is a risk if demand increases significantly.
- Welfare reform and the rollout of the Universal Credit scheme commenced in Chichester in July 2018. There remain delays in implementing the full scheme for all claimants, but the impact of this scheme is seen as a potential strategic risk both to the Housing and Revenues and Benefits Services and is expected to impact the Housing Benefit Administration subsidy grant in future years.
- The outcome of the Government's consultation on the request for a statutory override for the accounting treatment for treasury management investments (financial instruments fair value) under IFRS 9 has recently been announced that an override will be given for 5 years. Lobbying for this to be a permanent adjustment continues.

5. Conclusion

The review of the Financial Strategy and the 5 year Financial Model has been undertaken with a prudent view to identify the cost pressures and the assumption that Government funding will reduce after 2019-20 due to the Fair Funding Review and the localisation of Business Rates.
The Council's reliance on fees and charges to help balance the revenue budget may come under pressure if there is an economic down turn as a result of Brexit, and the Council needs to take account of changes in people's behaviour in relation to home working and shopping in the high street, both of which are having an impact on trends for car park income, and continue to monitor the more volatile income streams.
The 5 year Financial Model anticipates that the Council is still able to set a balanced budget by the end of year 5, subject to the assumptions and risks identified in this strategy, and the delivery of any further savings or income generation expected within the 2016 deficit reduction plan. As the council is legally required to set a balanced annual budget, the current deficit forecast in year 4 will need to be considered and addressed in line with the key financial principles and its key corporate plan objective for prudent and effective financial management.

Key Financial Principles

Linked to the Corporate Plan objectives are the Key Financial Principles that underpin the Council's Financial Planning approach as set out in the table below.

Principle	Narrative	Actions
Key Financial Principles		
1. All key decisions of the Council should relate back to the Corporate Plan.	The Corporate Plan is the driver for our decision making, including the allocation of resources, and sets the Council's work plan. Each year the Corporate Plan is reviewed. The affordability role of finance in the corporate planning process has evolved into an assessment of what resources are required to deliver the emerging Corporate Plan projects, whilst maintaining high quality provision of services wherever possible. So far, major service reductions have been largely avoided. However, with finite resources that are predicted to continue to reduce in the immediate future, the Council may not be able to deliver all of its aspirations whilst maintaining existing services to the current level provided. Members may have to make difficult decisions in the future about service provision and competing priorities.	Regular monitoring and reporting against the deficit reduction plan approved by full Council September 2016 will be undertaken by officers & reported to members. New and emerging issues and service requirements will be considered by Strategic Leadership Team (SLT) and members during strategy planning events.
2. Ensure the revenue budget and capital programme remain balanced and sustainable over a rolling 5 year period.	There is a legal requirement to set a balanced revenue budget and ensure the capital programme is fully resourced. Over the last nine years 2010-11 to 2018-19 the Council took action to balance the revenue budget without drawing on general reserves. The Statement of Resource Allocation demonstrates that the capital programme remains affordable. In setting the 2018-19 budget, the £1.3m that was previously set aside to support the revenue budget should conditions dictate was added to the Council's General Fund reserve with the minimum level of reserves set at £6.3m during the 2018-19 budget process. Whilst the intention is to set a balanced budget over the medium term, this finite resource remains available to smooth the impact should there be any unanticipated adverse changes to our funding, or where service savings	The five year financial model will continue to be monitored and updated, and Cabinet is given regular briefings on this throughout the year. Senior managers will monitor delivery of the approved deficit reduction plan. Budget monitoring for revenue and capital schemes is completed quarterly by budget managers, and reported to all members on the Modern.gov website.

Principle	Narrative	Actions
	have been unavoidably delayed. The 5 year financial risk model will be updated and reported to Cabinet in December with the forecast of the budget for the next five years. The Corporate Governance and Audit Committee (CGAC) considered the appropriateness of the minimum level of reserves at their meeting in October 2018. Their recommendations will be made to the December 2018 Cabinet meeting.	The challenge is to consider future Government funding in light of the fair funding review which will impact settlements from 2020-21 and beyond; as 2019-20 is the final year of the four settlement agreement accepted by the Council.
3. Over the next five years maintain a position of non-dependency on reserves.	Appropriate funding needs to be built into the revenue and capital budget, taking into account the whole life cost of the assets. With reserves being largely committed, the revenue budget will need to make an appropriate contribution to reserves to fund any future capital commitments. Base budgets incorporate repairs and maintenance to council buildings, thereby removing dependency on reserves for what is a recurring revenue cost. Similarly, other recurring items still funded from reserves must be built into future revenue budgets. Building Services have undertaken a full review of the existing asset base of the council and identified with service managers the need to reinvest in our existing essential assets. This is updated annually to ensure the current asset base remains affordable over the long term. Following changes to the Council's Treasury Management Investment strategy in 2017 interest receipts arising from permitted long term investments to a property fund and other specific vehicles whose returns are less volatile are used to assist with the funding of the revenue budget, as part of the Council's deficit reduction strategy without creating volatility and risk. The Council currently has £10m invested in a Local Authority Property fund and a further £8m in mixed asset bonds generating returns of approximately 4.3% and 3% to 4% respectively. Other interest arising from the general investment of surplus funds	To build future demands for recurring expenditure into the five year Financial Model, and thereby into any potential savings target. To avoid funding recurring expenditure from reserves as a key financial principle. To determine annually as part of the budget process an amount of revenue income to set aside for future investment opportunities.

Principle	Narrative	Actions
	throughout the year for cash flow purposes is recycled into the funding the Council's capital programme; interest receipts on S106 balances are ring-fenced and added to those funds. Whilst any changes in interests rates will have an impact on the overall position of the Council, this approach will not affect the day to day activities of the Council. Recent investment decisions in the Council's own property portfolio will also generate further revenue receipts for the Council. The 5 year financial model takes into account income from historic investment decisions such as Barnfield Drive, Plot 21 Terminus Road and the Enterprise Hub as part of the Commercial Programme Board.	
4. In order to maintain a balanced budget in a climate of reduced funding, savings in the revenue budget or external funding will need to be identified before any new revenue expenditure, including capital expenditure that has revenue consequences, is approved.	The Council needs to have certainty about capital and revenue funding before entering into new commitments. This will require robust project management processes to ensure the full consequences of embarking on particular projects are known and understood from the outset for both revenue and capital. The whole life costs of the project must be considered. Where projects are dependent on match funding, the funding partner may impose certain conditions. The Council needs to clearly understand what those conditions are and their possible financial consequences. Projects should only proceed once all funding has been secured, and the conditions have been assessed and evaluated. The relevant service should also consider, in advance, any costs that may arise at the end of the project and prepare an exit strategy so that the full consequences are known in advance. Whole life costing should be used. Copies of all funding agreements should be copied to financial services to ensure all possible future liabilities are considered and documentation retained.	All Project Initiation Documents (PIDs) are to be based on whole life costs, and include an exit strategy.
5. Review costs in response to changes in service demands.	The call upon council services is fluctuating more during a period of economic and financial uncertainty. Whilst short-term variances in demand can be accommodated, any longer term trends, i.e. beyond one year, will require the Council to respond by redirecting its resources in line with changes in demand. This is a key principle as future changes in demand on	Essential services that experience an increase in demand will be recognised and supported. However, where there is an on-going reduction in demand beyond one

Principle	Narrative	Actions
	services are bound to occur. Prioritising the Council's services will enable scarce resources to be directed to areas of need and priority over the medium term.	year they should be reviewed in order to realign resource allocation.
6. Where the Council has discretion over charging for services, consideration needs to be given as to the extent to which service users should bear the costs, and the proportion, if any, that should be met by Council Tax.	The Council has limited discretion to set fees and charges for some services. Clearly, the setting of charges should have regard to community needs for those services as well as affordability. Traditionally, many fees and charges have increased in line with inflation. The Council has a Fees & Charges Policy. This requires services that have discretion to charge, to attempt to at least break even, unless there is a clear approved policy reason for not doing so. The underlying principle is that the service user should pay the full cost of the services received.	Service managers need to consider their fees & charges in advance of the start of each financial year. Any individual services operating at a deficit should aim to break even unless there is an approved policy to support their on-going subsidy. This should be based on the whole cost of delivering the service, including use of assets.
7. Continue to review the Council's costs in order to find further savings.	The Council has already achieved significant savings over recent years. However, the Council will continue to seek further efficiencies to help free up resources, ensure services are as efficient and effective as possible and support the community. The focus is to ensure services are delivered to an appropriate standard at a competitive unit cost. Members and the Senior Leadership Team (SLT) developed a strategy to eliminate the projected budget deficit up 2022-23. The "Deficit Reduction Strategy" was approved by full council September 2016 to achieve further savings of £3.8m. So far savings of £3.38m have been achieved. The challenge now is to see the remainder of that plan is delivered and to consider the future impact of any service delivery changes, budget pressures or funding reductions by the Government as a result of the fair funding review, or pressures arising due to other external agencies and partners, including West Susses County Council. Three programme boards (Infrastructure, Business Improvement and	In order to assist the budget process for future periods, further efficiencies should be identified. Officers will need to review service costs to determine whether unit costs are appropriate and report back to members where service reviews are deemed necessary to reduce unit costs to an acceptable level. Prior year variances in relation to underspends will be reviewed by Financial Services as to whether an opportunity exists to adjust future budget requirements, in consultation with the budget manager.

Principle	Narrative	Actions
	Commercialisation) have been set up to co-ordinate the various projects that the council is engaged in. This enables the council to direct resources to higher priority projects, and enables senior management to intervene to assist projects to remain on track to deliver their planned objectives. The programme boards also track efficiencies as part of their process which aids corporate financial planning. These boards are incorporated in the 5 year financial model. Future service reviews will consider the most efficient ways of working, including working with partners, channel shift, sharing assets, shared services and outsourcing to deliver the best and most effective solutions for services and the community. Aside from formal service reviews, service managers should normally be considering the best, most cost effective procurement methods in their service areas.	
8. Match Council Tax increases to a realistic and affordable base budget.	The objective is to limit increases in Council Tax to modest and affordable levels over the next 5 years, whilst accepting that such an objective may be impacted by national government policy. For 2018-19 the Government changed the threshold for triggering a requirement to hold a referendum for council tax increased from over 2% to over 3%. It also allowed again that councils could increase by the higher of a 3 % council tax rise or £5, depending on which was the higher. In effect this rule change has permitted this council, since it has one of the lowest Council Tax levels, to increase its Council Tax by £5. The Government have yet to confirm what rules will apply for 2019-20.	5 year financial strategy model to be updated as necessary, once Government criteria known for referendum thresholds for setting Council Tax increase.
9. Budgets should be pooled with other service providers to achieve more effective and cost efficient outcomes for the	It is likely that in future the Council will become more involved in new ways of working, including greater partnership working, devolved budgets and pooling resources with other agencies. It is important that the Local Strategic Partnership strategic objectives and community outcomes are agreed from the outset when partnerships are formed so that the	Where appropriate we should commission services with other service providers and pool our budgets to provide more effective and efficient outcomes for the

Principle	Narrative	Actions
community.	achievement of results can be measured and reported to members to ensure public funds are being used in the most efficient way to achieve greatest impact for the community.	customer.
10. New Homes Bonus (NHB) This should be allocated annually, and only committed once received.	The NHB is not new funding. This is paid from local government funding pot that would otherwise have been distributed to councils. The grant is not ring-fenced, and as such the Council can choose how it wants to use this source of funding, although the previous coalition Government pointed out that it expected it to be used to help "reward" communities that have taken housing growth. Further, the Government also stated that it expects councils to consult with their communities on its use, and in areas where there is a national park as the planning authority, to also consult with the park authority. The funding is paid as a grant in respect of each new domestic dwelling coming into the tax base (net of any long term empty properties) of the whole District, including the area within the National Park. The amount paid is based on the national average council tax, and is paid for the following four years from 2018-19, split 20% to the County Council and 80% to the Housing authority, i.e. CDC. The legacy payment term for developments is for 4 years from 2018-19 rewarding development that exceeds the baseline set at 0.4%. No changes to the NHB scheme was made in 2018-19 following a Government consultation but there is always a risk that NHB will be amended further, as the Government tries to increase the number of houses that are built. The view remains that NHB should not, therefore, be relied upon long term to resolve our budget position, and should only be committed after it is received, so the decision not to rely upon it to fund core services has proven to be prudent. In previous years the Council have not used the NHB to assist in balancing our revenue budget, and have instead used this source of funding to help reward communities by funding one off projects. The Fair Funding Review	The NHB to be reserved for community and other uses after it has been received. It remains important, however, to allocate this funding taking into account the legal requirement to set a balanced budget for the council. As such this will be reviewed annually. The grants and concessions panel review the use of NHB, along with other grant funding that the council makes available to individuals and groups.

Principle	Narrative	Actions
	and the localisation of business rates, along with the introduction of CIL there remains uncertainty surrounding the future of NHB.	
11. Localisation of Business Rates. We should review the decision to pool our business rates annually after receipt of the government draft settlement to ensure that the Council is in the best possible financial position.	A business rates pool in West Sussex has been created, thereby enabling us to retain more of the NDR growth locally for investment jointly with other pool member authorities. Full localisation of business rates which was expected by the end of this parliament may in effect do away with the need to form pools to retain this growth. Until then it is recommended that we continue with pooling arrangements. West Sussex authorities have submitted a bid for 75% pilot status for 2019-20. No decision will be made until the draft settlement is received at which point the council can opt in or out of the pilot. If the Council does accept the pilot status, that would supersede the old pooling arrangement.	The existing pooling arrangement will continue into 2019-20 unless the council opts out of this arrangement or the 2019-20 75% pilot bid is accepted by the Ministry of Housing, Communities and Local Government (MHCLG). Once the draft settlement has been announced this will indicate which NDR arrangement the council will operate. The Council does have an option to withdraw from the existing pool, or the 75% bid, however, until NDR is fully localised it would remain beneficial to retain the current pooling arrangements.
Resources and Capital Programme Principles		
1. Capital receipts, reserves and interest on investments (other than property and multi bond investments) will primarily be available for new investment of a non-recurring nature, thereby minimising the overall financial risk. Income earned from property investments, both directly owned and managed property, and the Local Authority Property Fund,	This is a long-established principle whereby non-recurring resources are used to meet non-recurring expenditure. The revenue budget is no longer reliant on reserves. Interest receipts are, with the exception of property related income and mixed asset bonds, diverted to support the capital programme.	Temporary sources of funding should not be relied upon to fund recurring revenue costs. Budget managers embarking on new projects that involve temporary funding must design an exit strategy from the outset to ensure the council is not left with unfunded costs at the end of the funding stream.

Principle	Narrative	Actions
together with mixed asset bonds, can be used to support revenue as the income streams earned are much less volatile.		
2. Ensure that a sufficient level of reserves are maintained, as informed by the Financial Strategy, so that the Council can remain flexible and is able to respond to a changing local government environment.	The objective is to offer resilience against the unexpected and provide resources for new initiatives including one off costs to assist with reshaping the organisation. The Capital Programme is an estimate of the capital schemes' likely cost and the funding resources likely to be available to meet that need. This is always subject to amendment if, for example, a scheme cost is higher than anticipated or an anticipated capital receipt is less than expected. The capital programme is by its nature constantly changing and the resource position will be continuously monitored to ensure it remains affordable. The Resources Statement reflects the current level of reserves, anticipated receipts, and commitments, and this will be updated alongside the 5 year financial plan.	Routine monitoring of the capital schemes and the overall resources position will continue to ensure the capital programme remains affordable. All earmarked reserves will be reviewed annually with service managers to ensure that they remain relevant and essential, otherwise the funds should be returned to available balances.

This page is intentionally left blank

5 Year Financial Model

Cabinet - Dec 2018

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Budget (including NHB)	12,988	12,128	11,574	11,744	11,869	12,200
NHB	2,314	1,968	889	594	194	-
Budget (excluding NHB)	**10,674**	**10,160**	**10,685**	**11,150**	**11,675**	**12,200**
(expenditure less fees from income)						
Funding:						
Rural Grant	**(152)**	**(152)**	**-**	**-**	**-**	**-**
Retained Business Rates (National Non-Domestic Rates or NNDR)	**(2,264)**	**(2,250)**	**(1,907)**	**(1,941)**	**(1,974)**	**(2,009)**
NNDR tariff adjustment	**-**	**-**	**-**	**-**	**-**	**-**
Total Government Settlement (excluding NHB)	**(2,416)**	**(2,402)**	**(1,907)**	**(1,941)**	**(1,974)**	**(2,009)**
Council Tax	**(8,258)**	**(8,522)**	**(8,869)**	**(9,218)**	**(9,571)**	**(9,927)**
Council Tax Freeze Grant	**-**	**-**	**-**	**-**	**-**	**-**
Council Taxbase Growth (@ 1%)	-	(83)	(85)	(89)	(92)	(96)
Deficit after Gov. Funding & Council Tax	**-**	**(847)**	**(176)**	**(98)**	**38**	**169**
Policy Decisions						
Grants funding (putting grants into base after reserve exhausted)	-	-	175	175	175	175
Service cost pressures (Strategy Report Appendix 1)	-	871	871	901	931	961
Impact of IPPD's - On going costs only	-	14	14	14	14	14
Deficit after policy & cost pressures	**-**	**38**	**884**	**992**	**1,158**	**1,318**
Planned Savings						
Business Improvement Board (excluding Support Costs)		(116)	(126)	(136)	(146)	(156)
- Support costs (updated with R&B PID savings)		(68)	(137)	(137)	(137)	(137)
Commercial Board (excluding Leisure)		(213)	(372)	(482)	(485)	(485)
- Leisure Contract		(73)	(48)	(6)	22	(214)
Succession Planning		-	(122)	(122)	(122)	(122)
Withdrawal of Parish CTR grant		(42)	(76)	(76)	(76)	(76)
New Trade Waste Disposal contract		(102)	(102)	(102)	(102)	(102)
Service Transfer		(89)	(89)	(89)	(89)	(89)
Total Planned Savings	**-**	**(702)**	**(1,071)**	**(1,150)**	**(1,134)**	**(1,380)**
Projected surplus transferred to Investment Opportunities Reserve	**-**	**(664)**	**(188)**	**(158)**	**23**	**(62)**

This page is intentionally left blank

Appendix 3

Capital Programme Resource Statement
2018-19 to 2022-23

Resources Description	**Total 2018-19 to 2022-23**
(A)	(B)
	£m
Reserves at April 2018	39.089
New Resources	
Asset Sales (96%)	9.300
Interest on investments (excl. property fund)	0.987
NHBS 2018-19 ***(Please refer to Note 1)***	2.314
Revenue contribution to Asset Replacement Fund	6.448
Revenue contribution to Investment Opportunity Fund	0.861
External income due to support capital programme (incl CIL)	16.005
Interest on repayment of SLM advanceSLM advance repayment (incl interest)	0.935
Total Resources	75.937
Less commitments:	
Insurance Fund	-0.266
Provision for one off redundancies	-0.525
Housing Reserve	-0.765
Minimum level of reserves	-6.300
Other earmarked funding	
Reserve commitments - Revenue	-7.870
One-off Cabinet approval funding from revenue reserve	-0.146
One-off Cabinet approved funding for C2C advance funding	-0.500
Available Resources	59.565
Current Capital Projects	-26.304
Current Asset Replacements	-9.096
Uncommitted Resources	24.165

Note 1: The table only includes New Homes Bonus Grant upto & including 2018-19. Any grant received from 2019-20 will therefore increase the level of Uncommitted Resources.

	£m
NHBS Balance 1 April 2018	11.177
NHBS Grant 2018-19	2.314
NHBS Commitments 2018-19 to 2022-23	-1.392
Balance Uncommitted 31 March 23 Projected	12.099

This page is intentionally left blank

Project Documentation

PROJECT INITIATION DOCUMENT (PID)

Increasing the Provision of the Council's Temporary Accommodation at Freeland Close, Chichester

Release:	Version 3
Date:	21 November 2018
Author:	Holly Nicol
Approved by:	Cabinet – 4 December 2018

Document History

Revision Date	Version	Summary of Changes	Reviewer(s)
12/11/2018	1	First Draft	Holly Nicol John Bacon
13/11/2018	2	Second Draft	Linda Grange
21/11/2018	3	Amendments incorporated into the draft	Strategic Leadership Team
04/12/2018	4		Cabinet

Consideration by the Corporate Improvement Team

Date	Reviewing Officer	Comments for Consideration
16/11/2018	Jennifer Westbrook and Andy Buckley	Comments are reflected within the report.

Approvals
This document requires the following approvals:

Name of person, group or committee
Strategic Leadership Team
Cabinet
Full Council – *for the allocation of capital*

Distribution
A final copy of the approved document will be distributed to:

Name	Job Title
Cllr Tony Dignum	Leader of the Council, CDC
Cllr Eileen Lintill	Deputy Leader of the Council, CDC
Cllr Jane Kilby	Cabinet Member for Housing, CDC
Cllr Peter Wilding	Cabinet Member for Corporate Service, CDC
Louise Rudziak	Director of Housing and Communities, CDC
Jane Hotchkiss	Director of Growth and Place, CDC
John Ward	Director of Corporate Service, CDC
Linda Grange	Divisional Manager Housing, CDC
Victoria McKay	Divisional Manager Property and Growth, CDC
Helen Belenger	Divisional Manager Financial Services, CDC
Joe Mildred	Divisional Manager Business Support, CDC
John Bacon	Building Services Manager, CDC
Holly Nicol	Housing Delivery Manager, CDC
Marie Grele	Housing Options Manager, CDC
Phil Pickard	Procurement Manager, CDC
Mark Catlow	Group Accountant, CDC
Nat King-Smith	Director, MH Architects
Jon Moore	Associate, MH Architects
Katerina Prapa	Architectural Assistant, MH Architects

Glossary of Terms

CDC	Chichester District Council
IPPD	Initial Project Proposal Document
ITT	Invitation to Tender
LHA	Local Housing Allowance
LPA	Local Planning Authority
PID	Project Initiation Document
RP	Registered Provider
RIBA	Royal Institute of British Architects
SLT	Strategic Leadership Team
MHCLG	Ministry of Housing, Communities and Local Government

1. PURPOSE OF DOCUMENT

1.1. This Project Initiation Document (PID) defines the redevelopment of 22 Freeland Close project. It builds upon the Initial Project Proposal document and sets out the aims of the project, why the project should go ahead, who is involved and their responsibilities. This PID will provide the baseline for the project's management and for an assessment of its overall success.

2. PROJECT DESCRIPTION

2.1. The redevelopment of 22 Freeland Close (location plan Appendix 1) will provide additional short term accommodation for homeless families and single vulnerable persons. It is proposed to demolish and redevelop to viably maximise the effective use of the site. It will be designed to allow maximum flexibility to meet future changing demand, to minimise voids and to maximise income.

2.2. Once works have been completed, the property will be managed by the accommodation team based at Westward House. This will deliver a cost-effective service which complements the existing facility at the adjacent Westward House.

3. BACKGROUND

3.1. Local authorities owe a statutory duty under Part 7 of the Housing Act 1996 to secure suitable accommodation for unintentionally homeless households who are in a priority need category.

3.2. Over the last 12 months Westward House has been operating at full capacity, subject to turn around voids. The council has become increasingly reliant on bed and breakfast (primarily out of the district) for temporary accommodation. This is far from ideal for the households involved and incurs significant costs to the public purse. Furthermore it is considered unlawful by MHCLG, to accommodate families in bed and breakfast except in an emergency and for a maximum of 6 weeks.

3.3. Welfare reform has introduced a number of changes to benefit payments which makes it more difficult for the council to find housing for single people under 35 and for larger families. These include:

- Benefits, including Local Housing Allowances (LHA), for working age claimants have been frozen for four years, increasing the gap between LHA rates and market rents.

- The shared accommodation rate, limiting the housing benefit payable to the equivalent of a room in a shared house, has been extended from under 25's to under 35's.

- Reductions in the weekly household benefit cap were introduced in November 2016 which affects larger families in particular.

- The removal of direct rent payments to landlords under Universal Credit is also likely to contribute to increased levels of homelessness.

3.4. The council is already being presented with increasing levels of homelessness and is having particular problems finding temporary housing for larger families. From 16/17 to 17/18 homelessness applications to the council increased 13.25%, and in the past six months, there has been between 3 and 15 households placed in bed and breakfast at any one time, of which between 2 and 9 households were families.

3.5. In February 2017 Cabinet approved an Initial Project Proposal Document (IPPD) for the Council to invest in the purchase of 22 Freeland Close to provide additional temporary accommodation for homeless households. Council approved the purchase of this property in March 2017 and the property was acquired in December 2017. Since then the property has been bought back into use to provide four one bedroom flats as temporary accommodation, whilst a full options appraisal to evaluate the most effective use of the property was undertaken.

3.6. In March 2017 the Council also approved a supplementary budget of £15,000 to enable a full options appraisal to be undertaken. A further £10,000 was approved to progress the preferred option to planning stage.

3.7. Consequently, a lead consultant (HM Architects) was appointed to develop the design brief and prepare design options, leading to a preferred option appraisal for the building. The commission of MH Architects included a fee bid for works to RIBA Work Plan Stages 0, 1, 2 and 3 (from strategic definition to developed design) in two phases. The first phase includes Stages 0, 1 & 2, to enable a report to the Council's Cabinet with a preferred option. Once a preferred option is approved, the design team will progress to Stage 3, which will include the submission of a full planning application to the Local Planning Authority (LPA), followed by stage 4 (finalised design) once planning has been approved.

3.8. Five preliminary options were appraised and presented to the Council's Strategic Leadership Team (SLT) in May 2018. SLT, following consultation with Cabinet members, agreed that detailed costings for Options 1 & 2 (set

out in Section 8) should be worked up for further analysis. In reviewing the scheme the consultants also provided costs for two new build alternatives (options 3 and 4). More details of this are set out in section 8.

4. PROJECT OBJECTIVES AND SUCCESS CRITERIA

4.1. Outputs

4.1.1. To maximise the full development potential of 22 Freeland Close. Ensuring the scheme is economically viable in terms of build cost and achievable rental income, whilst meeting the Councils priority homeless accommodation needs.

4.2. Outcomes

- Additional temporary accommodation effectively meeting the Council's statutory duty and the growing current and future needs of larger homeless families and vulnerable single people.
- Flexible property use, enabling the units to be used for larger families or subdivided for the use of smaller families and single occupants.
- The ability to provide temporary accommodation to a family requiring a wheelchair accessible unit.
- Reduction in the number of households placed in bed and breakfast accommodation.
- An income stream for the Council, exceeding the interest earned on capital reserves.
- On-site housing support for families and vulnerable single people.
- The accommodation meets the Council's Equality and Social Inclusion objectives.
- The proposed scheme is developed in line with the Council's environmental and sustainability strategies for Climate Change and Carbon Management in order to promote environmental awareness, sustainability and corporate social responsibility.

4.3. Outcome Measures

- Reduce the number of households placed in bed and breakfast accommodation by at least 50% from 2020/21.
- A minimum 2% return on investment, creating an annual revenue income of £46,333 from 2020/21.

4.4. Dis-benefits

- Disturbance during construction for local residents.

- A reduction in the current provision of temporary accommodation during the construction period (the existing 4 flats at 22 Freeland Close). The Council will be forgoing the income from the existing property (circa £16,900 per annum) whilst the re-development takes place. However, the provision of additional units will provide a greater revenue return in the longer term (circa £46,333 per annum).

- Loss of car park provision, though there is currently ample car parking space for residents.

4.5. Out of Scope

The project will not include:

- Use of the building as permanent affordable housing. The Council has no Housing Revenue Account and such accommodation would be subject to the Right to Buy.

- Amenity space or additional parking facilities.

- CCTV or office space facilities. Following internal health and safety advice, there is to be independent risk assessment of Westward House, which will take account of the preferred option. This will include a review of the CCTV, office accommodation and the need for an interview room. A report will be presented to Cabinet to undertake this work once the preferred option is finalised.

- Increased staffing officer resources. Additional staffing resources, including a Business Support Officer have already been approved. It is not anticipated that there will be a requirement for any further staffing resources.

5. PROJECT CONSTRAINTS

- Proximity to existing residents.

- Location of existing gas main.

- Proximity to the A27.

- Timing and expenditure constraints of certain funding streams.

- Planning constraints.

6. PROJECT ASSUMPTIONS

- A 400mm steel gas main runs adjacent to the existing property. An indicative figure for the costs of redirecting the gas main has been included. A firm figure and timescales for the work will be secured following further discussions with Southern Gas Network. Six weeks has been added to the build programme to allow for these works to be carried

out. Costs have also been included to conduct a survey to identify the exact location of the gas main.

- The construction costs are inclusive of a 10% contingency. This is greater than the usual assumptions of 3-5% on a new build due to the nature of the project. This high level contingency should cover any significant variation in development costs or any unforeseen additional requirements.

- The anticipated revenue has been calculated assuming:

  - That the properties are licenced at LHA rates at 82.5% occupancy (in-line with the current licence charges for Westward House). The licence fees are broadly in-line with the social rent criteria to access Homes England Grant.

  - Average licence fees chargeable, as the property is being designed to provide a range of flexible unit sizes to best suit demand at any one time.

  - A 5% bad debt (in-line with last year's figures at Westward House) and 10% general maintenance cost deduction.

  - A 2.5% per annum sinking fund deduction, to account for future planned maintenance.

- Currently, the staff costs are split evenly between the properties at Westward House, and are charged to licencees through a weekly service charge. Although the number of units will increase, if this PID is implemented, the staffing costs are expected to remain the same. This means that some of the service charges will decrease as they will be split between more units. For the purpose of this report the services charges have not been reduced since it is proposed to upgrade the office IT and the annual on-costs of which will partially off-set the reduction. An indicative cost has been included to cover any IT upgrades at the office.

- Grant from Homes England and the Councils S106 Affordable Homes Funds will be secured.

7. PROJECT COSTS

7.1. Project Delivery Costs

7.1.1. Staffing costs of the Project Team are included within the Council's existing base budget. Since the initial project appraisal, which informed the IPPD and estimated costs, it has become apparent that the development opportunity of the site is greater than originally anticipated. As a result, consultancy costs to bring a scheme to planning permission have increased to reflect the size and scope of the development. The cost to bring the preferred option to planning is now £40,000.

7.1.2. Based on the preferred option, Option 3 (See section 8 below for details), it is anticipated that the project delivery cost and funding streams will be:

Stage	Cost	Funding
Option Appraisal (RIBA stages 0-2) **COMPLETED**	£15,604	£15,000 *(Budget approved by Council 07.03.17)*
Develop design and submit planning application (RIBA stage 3)	£40,000 *(professional fees - inclusive of a 5% contingency)*	£10,000 *(Budget approved by Council 07.03.17)* £30,000 *(Housing Investment Reserve – to be approved by Cabinet 04.12.18 / Council 22.01.19)*
Finalise design and production information (RIBA stage 4)	£72,000 *(professional fees - inclusive of a 5% contingency)*	£72,000 *(Housing Investment Reserve – to be approved by Cabinet 04.12.18 / Council 22.01.19)*
Development – Completion (RIBA stages 5-7)	£1,739,000 *(est construction costs – inclusive of a 10% contingency)* £162,750 *(est cost of relocating the gas main and IT office upgrades - inclusive of a 5% contingency)* £62,500 *(est professional fees – inclusive of a 5% contingency)*	£510,000 - £765,000 *(Homes England Grant)* £510,000 *(CDC S106 Affordable Housing Grant)* £663,000 *(CDC's Housing Investment Reserve)* £290,000 - £35,000 *(New Homes Bonus reserves subject to Homes England grant)*
Totals	**£2,100,000**	**£2,100,000**

The property acquisition and ancillary costs (£208,815) are not included in this project proposal.

7.1.3. It is proposed that the firm costs for the RIBA stages 5-7 will be reported to Cabinet following receipt of work tenders.

7.1.4. On 6 November 2018, the scheme proposal was presented to Homes England. It was advised that grant of up to £45k per unit could be achieved (using the maximum net increase in the number of units that could be in use at any one time) from the Shared Ownership and Affordable Homes Programme 2016-2021. Homes England advised that CDC would need to become an Investment Partner to submit a bid for grant funding and that the easiest way to do this would be to enter into a 'Bid Agreement' with one of our Register Provider (RP) partners to manage the bid process. The Project Team has contacted our RP partners and Worthing Homes have advised they would be willing to carry out this work for a fee of no-more than £1,500. This has been accounted for within the appraisal. One of the funding requirements is that proposed licences are set in accordance with Homes England Rent

Standards Guidance. The scheme will also need to be completed before April 2021 in order to access the grant. It is estimated that practical completion of the scheme will take place in October 2020. Funding will be paid following practical completion of the building contract.

7.1.5. It is proposed that grant funding is also secured from the Council's Affordable Housing Section 106 Funds. On average, £30k per additional unit has been provided to enable other affordable housing schemes within the district. This will be subject to a further report to Cabinet and Council, as set out in the project plan in section 10.

7.1.6. It is proposed that the residual development cost is funded from the Housing Investment Reserve (£765,000) and the New Homes Bonus reserve.

7.2. On-going Costs Following Project Completion

7.2.1. Any ongoing costs to the Council will relate to the management and maintenance of the new property. These have been accounted for within the viability appraisal and will be covered by the licence income.

7.2.2. The project will not require any further public financial support in terms of ongoing operational revenue.

8. OPTIONS SUMMARY

8.1. Five preliminary options were considered. However, the terms of the consultant's engagement were to provide estimated detailed costs for only two options. The five preliminary options were appraised and presented to the Council's SLT in May 2018. SLT following consultation with cabinet members advised that detailed costings for Options 1 and 2, set out below, should be undertaken. However, the cost consultant, at no extra charge, provided costs for two new build options which covered the same development areas of Options 1 and 2 and maximised the use of the site. These two further options (3 and 4), have been appraised and are set out below.

8.2. Initial pre-application planning advice indicated that there were no major issues with the redevelopment of the site, but concerns were raised about the proposed height. Advice received indicates that 2.5 storeys is likely to be the maximum acceptable height. Consequently, the options appraised as part of this PID do not exceed 2.5 storeys.

8.3. Appendix 2 sets out the options appraisal summary of the four options below. A sensitivity analysis has also been undertaken to reflect reduced Homes England grant levels of £30k per unit. The sensitivity analysis also tests a 5% increase and a 5% decrease in occupancy levels.

Option	Description	Flexibility of unit sizes	Max net increase in unit numbers	Est Total Project Cost
Option 1 (Appendix 3)	Vertical and horizontal extension to the existing building 887m2. 2.5 Storeys Build Programme (42 weeks + 6 weeks gas main) Sleeps 36 people.	Max 18 x 1bed (2 person) shared units Min 2 x 3 bed (6 person) flats 3 x 4 bed (8 person) flats A combination of 8 different property sizes / totals can be achieved within this layout.	14	£1,900,000 *(£105,556 per unit - Based on 18 units)* *(£308,000 per unit - Based on 5 units)*
Option 2 (Appendix 4)	Vertical and horizontal extension to the existing building 680m2. 2 Storeys Build Programme (38 weeks + 6 weeks gas main) Sleeps 28 people.	Max 14 x 1 bed (2 person) shared units Min 2 x 3 bed (6 person) flats 2 x 4 bed (8 person) flats A combination of 6 different property sizes / totals can be achieved within this layout.	10	£1,525,000 *(£108,929 per unit - Based on 14 units)* *(£381,250 per unit - Based on 4 units)*
Option 3 (Appendix 5)	Demolish existing building and rebuild over 886m2. 2.5 Storeys Build Programme (42 weeks + 6 weeks gas main) Sleeps 42 people.	Max 18 x 1 bed (2 person) shared units 3 x 1 bed flat (2 person) Min 1 x 1 bed flat (2 persons) 1 x 2 bed flat (4 person), 2 x 3 bed flat (6 person) 3 x 4 bed flat A combination of 14 different property sizes / totals can be achieved within this layout.	17	£2,100,000 *(£100,000 per unit - Based on 21 units)* *(£300,000 per unit - Based on 7 units)*
Option 4 (Appendix 6)	Demolish existing building and rebuild over 700m2. 2.5 Storeys Build Programme (42 weeks + 6 weeks gas main) Sleeps 36 people.	Max 18 x 1bed (2 person) shared units Min 2 x 3 bed (6 person) flats 3 x 4 bed (8 person) flats A combination of 8 different property sizes / totals can be achieved within this layout.	14	£1,750,000 *(£97,222 per unit - Based on 18 units)* *(£350,000 per unit - Based on 5 units)*

N.B The form of the development will be agreed through the detailed design phase and the plans of each option are for illustrative purposes only.

8.4. The options appraisal illustrates that a new build development will be more cost effective to the Council. MH Architects advised that the adaption of and addition to existing structures and services often carries with it more unknowns than new builds, therefore increasing the possibility of claims for both costs and time. It would also incur increased consultancy support and costs.

8.5. With regards to noise and the living environment, the refurbishment and extension of the existing building footprint could impose greater restrictions on the design of the internal layout of the residential accommodation due to constraints such as footprint size, orientation, room layout etc. A new build will allow the design of the internal layouts to be tailored to their environment and therefore mitigate acoustic issues by way of good design from the start.

8.6. With regards to VAT, the Project Team have sought advice from the finance department and have been advised that the inclusion of VAT will not be a material consideration in appraising retention of existing building verses new build.

8.7. A new build scheme would also enable the scheme to be designed to minimise the impact to existing residents and will meet higher energy efficiency standards, thereby reducing energy costs of residents

8.8. Option 3 maximises the development potential, provides the greatest number of units and offers flexibility in accommodating the varying client needs. Based on this, it is proposed that Option 3 is the preferred option and is progressed to the detailed design stage.

9. PROJECT APPROACH

9.1. The implementation of this project will involve a mix of in-house, partnership and external consultancy resources. It will be managed by the Project Team with input from the external design team. The appointed lead contractor will be responsible for the delivery of the development and ensure the scheme is delivered on time.

9.2 The estimated occupation date falls within the time-frame of major planned maintenance works at Westward House, including upgrading of electrical circuits. It is anticipated that the new units will be completed in time for licencees at Westward House to be decanted to enable these works to be undertaken.

10. PROJECT PLAN

Task No.	Task / milestone	Completion Date	Responsible Owner	Dependency
Stage 1- Secure Planning Permission				
1a	Consultation with the Cabinet Member for Housing Services	27.11.18	Holly Nicol	-

1b	Cabinet approval of PID and report, setting out preferred option, associated costs, authority to progress scheme to RIBA stage 4 and delegate authority to invite tenders for works.	04.12.18	Holly Nicol	
1c	Appoint design team	18.12.18	John Bacon	Stages 1b & 2a
1d	Develop design and submit planning application	13.02.19	MH Architects	Stages 1b, 1c, 1d & 2a
1e	Secure planning permission	13.05.19	MH Architects	Stages 1c, 1c & 1d
Stage 2 – Secure Funding				
2a	Secure funding for consultants and design team to undertake an options appraisal.	07.03.17	Linda Grange	Completed
2b	Council approval of capital funds to enable a planning application submission and finalise design for tender process.	22.01.19	Holly Nicol	Stage 1b
2c	Secure funding allocation from Homes England Affordable Homes Programme	03.04.19	Holly Nicol / RP Support	Stage 1b, 2b
2d	Cabinet and Council approval for the allocation of affordable housing commuted sums grant.	Cabinet 03.09.19 Council 24.09.19	Holly Nicol	Stage 2c
2e	Cabinet and Council approval of capital funds to cover construction – completion costs. (RIBA stages 5-7)	Cabinet 03.09.19 Council 24.09.19	Holly Nicol	Stage 3b
2f	Draw down of Homes England Grant	05.11.20	Holly Nicol / RP Support	Stage 4
2g	Draw Down of CDC Section 106 Grant	05.11.20	Holly Nicol	Stage 4
Stage 3 – Pre-development Work				
3a	Final design and production information	11.06.19	MH Architects	Stages 1 & 2a
3b	Procurement – prepare ITT and tender action	23.07.19	John Bacon	Stages 1 & 3a
3c	Evaluation and award development contract	Cabinet 03.09.19 Council 24.09.19	Project Team / Cabinet	Stages 1, 3b & 2a
3d	Lead in period and site set up	06.11.19	Principal Contractor	Stages 1, 2 & 3c
Stage 4 – Construction Works to Practical Completion				
4a	Start on site	07.11.19	Principal Contractor	Stages 1, 2 & 3
4b	Practical completion	08.10.20	Principal Contractor	Stages 1, 2 & 3
Stage 5 – Post Practical Completion				
5a	Occupation	31.10.20	Housing Interventions Team	Stages 1, 2, 3 & 4
5b	Rectification period ends	08.10.21	Principal Contractor / Project Team	Stages 1, 2, 3 & 4
5c	Post project evaluation	15.10.21	Holly Nicol	Stages 1, 2, 3 & 4

5d	Completion of project	15.10.21	-	Stages 1, 2, 3 & 4

11.1. PROJECT TEAM

Name	Role
Linda Grange, CDC	Senior Responsible Officer
Holly Nicol, CDC	Project Manager
John Bacon, CDC	Project Co-ordinator / Technical Support
Mark Hughes, CDC	Accommodation Manager
Mark Catlow, CDC	Finance
Phil Packard, CDC	Procurement (as required)
Clare Hawkins, CDC	Public Relations (as required)
Registered Provider Partner - TBC	Homes England Grant Application and Monitoring Support

11.2. EXTERNAL DESIGN TEAM

Name	Role
MH Architects	Lead consultant and architect
TBC	Principle Designer – CDM Requirement
TBC	Cost Consultant
TBC	Mechanical Engineer
TBC	Structural Engineer
TBC	Planning Consultant
TBC	Transport Consultant
TBC	Topographical Consultant

12. COMMUNICATION

12.1. There will be regular Project Group meeting with the minutes published on the X drive, where all relevant and updated documents will be stored including a copy of this PID. All members of the Project Group will be kept informed at all times.

12.2. Elected CDC members will be kept informed through the monthly Members' Bulletin. CDC officers will be kept informed through reports to the Strategic Leadership Team (SLT).

12.3. The normal regulatory communication and consultation process will be followed during the planning application stage when key stakeholders, such as the City Council and local residents will be consulted.

13. RISK LOG

13.1. The following risks have been identified together with an assessment of their severity and actions that can be taken to mitigate/reduce the risk. Details of all project risks will be recorded as and when they are identified.

Risk No	Risk Description	Likelihood Unlikely (1) Possible (2) Probable (3) Certain (4)	Impact Minor (1) Significant (2) Serious (3) Major (4)	Planned Actions to Reduce Risk	Responsible Officer
1	Brexit – impact on the construction sector	3	2	To continually review the market and the timings linked to procurement. A high level contingency has been included to account for any significant cost increases.	Holly Nicol / John Bacon / MH Architects
2	Planning permission refusal	1	4	The Project Team have sought pre-planning advice and in principle the development is acceptable. Additional feedback received will be factored in at the detailed design stage. Further consultation with development management will take place before a planning application submission.	Holly Nicol / MH Architects
3	Availability of consultant advice	1	2	Use tried and tested framework agreement to source expertise; test knowledge via tendering process	John Bacon
4	Inability to find a principal contractor	2	4	Pre-marketing advice; soft market test	John Bacon
5	Unforeseen abnormal costs	2	3	A high level contingency has been included to account for any significant cost increases. The Project Team has under taken significant due diligence to identify and account for all foreseen costs.	Holly Nicol / John Bacon / MH Architects
6	Unable to attract Homes England Grant Funding	1	3	Homes England has advised this scheme will be eligible for funding and have provided realistic grant levels to work to. To ensure the bid process is managed properly, the funding criteria are met and to ensure effective draw down of funds, it is	Holly Nicol / RP Partner

				proposed that CDC employ one of its RP Partners to manage the bid process. In the event that the level of grant secured is reduced an increased amount of grant could be sought from the Councils affordable Housing S106 funds.	
7	Cabinet and Council refuse S106 affordable housing grant funding	1	3	The proposed grant allocation meets the terms of the grant requirements and is in line with previous grant levels approved. Cabinet members consulted on a regular basis regarding scope and cost of project.	Holly Nicol
8	Council refusal to cover development costs	1	4	The proposal meets many corporate objectives and the IPID was supported by Cabinet. The proposed capital funding is available to deliver such projects. Cabinet members consulted on a regular basis regarding scope and cost of project	Holly Nicol
9	Loss of key personnel	2	1	Appointment of consultants and shadowing of project co-ordinator role by Holly Nicol	Holly Nicol
10	Build programme extends beyond the estimates	2	3	If the development period extends past April 2021 the scheme will not be able to draw down the Homes England Grant. A build programme contingency has been included in the appraisal. The lead contractor will be responsible for ensuring delivery is on time in accordance with the contract.	Holly Nicol / Lead Contractor / Legal
11	Tenders received in excess of budget	2	2	A high level contingency has been included to account for any significant cost increases.	John Bacon / External Design Team
12	Health and Safety	2	3	As part of the	Legal / Lead

	– Westward Licencees entering site. Prevention of accidents (lighting, fencing, signage)			development contract there will be a provision to ensure site safety and security. Licencee will also be made aware that at no point should they enter the site	Contractor / Accommodati on Team
13	Consultants fail to deliver to deadline	2	2	Contract to ensure delivery.	Legal
14	Disputes with professional advisors and/or contractors	1	3	Appointment of experienced and vetted advisors / contractors only. Clear briefs and thoroughly checked contracts.	Project Team

14. APPENDICIES

Appendix 1 – 22 Freeland Close Location Plan

Appendix 2 – Option Appraisal Summary

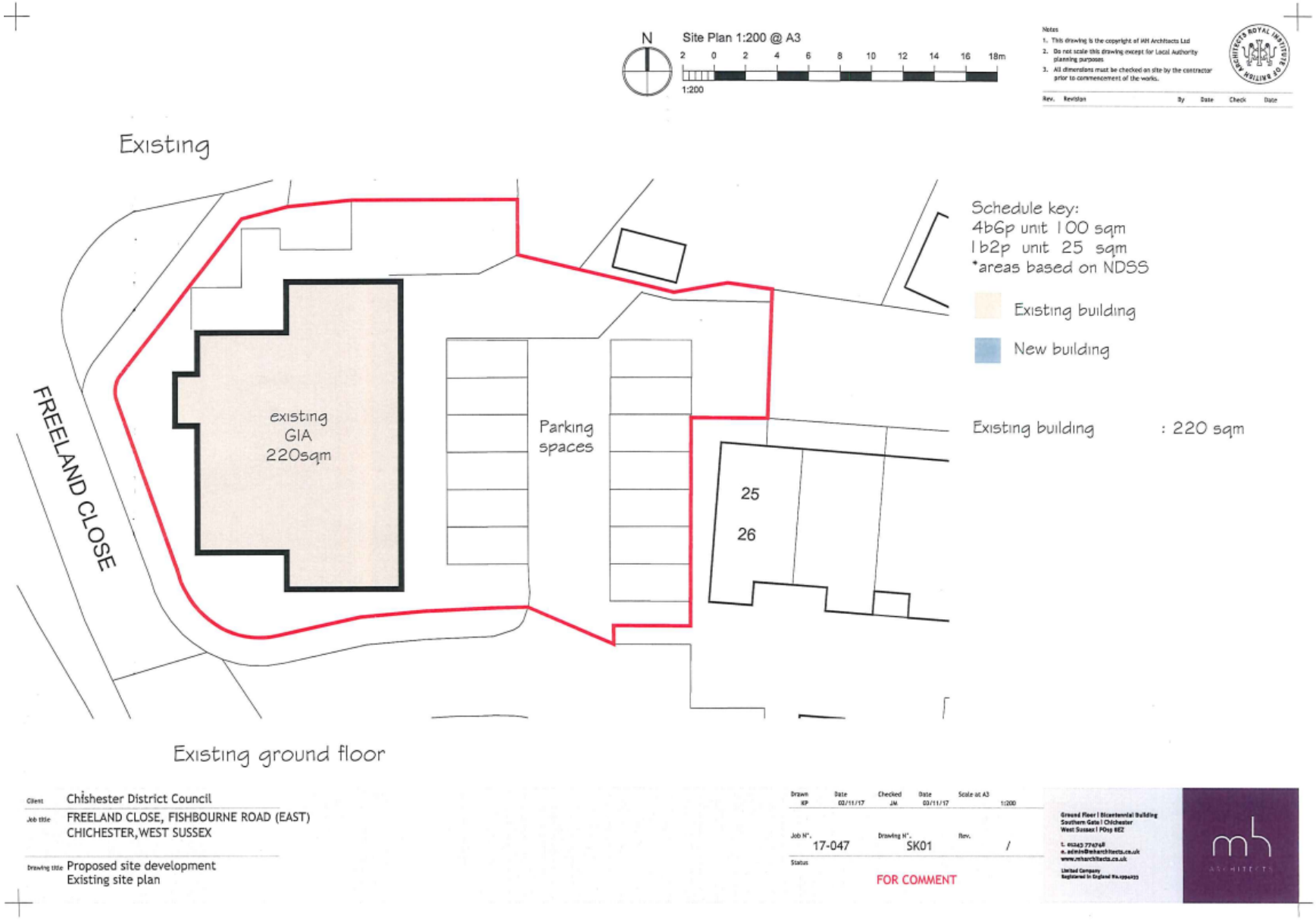
Appendix 3 – Option 1 Indicative concept floor plan design

Appendix 4 – Option 2 Indicative concept floor plan design

Appendix 5 – Option 3 Indicative concept floor plan design

Appendix 6 – Option 4 Indicative concept floor plan design

Appendix 1 – 22 Freeland Close Location Plan (not to scale)



Appendix 2 – Option Appraisal Summary

Options Appraisal

Section 1 : Project Details

Project Name	22 Freeland Close	
Project Description	Increasing the Provision of the Council's Temporary Accommodation	
Senior Responsible Owner	Linda Grange - Divisional Manager for Housing Services	
Project Manager	Holly Nicol - Housing Delivery Manager	
Total Periods	25	**Years**

Section 2 : Options

	Short Title	Preferred Option	Description
Option 1	Option 1	☐	Vertical and horizontal extension to the existing building 887m2 (2.5 storeys). Build Programme 42 weeks
Option 2	Option 2	☐	Vertical and horizontal extension to the existing building 680m2 (2 storeys). Build Programme 38 weeks
	Option 3		Demolish and complete rebuild 886m2 (2.5 storeys). Build Programme 42 weeks
			stroeys). Build Programme 42 weeks

Section 3 : Cost/Benefit Summary

	Option 1	Option 2	Option 3	Option 4
Benefit Score	24	21	30	24
Risk Score	289	294	248	248
Total Capital Required	850,000	775,000	825,000	700,000
Net Average Revenue Costs	(42,928)	(33,309)	(46,333)	(42,928)
Effect on Band D Council Tax	(0.82)	(0.64)	(0.89)	(0.82)
Cost NPV (Net Present Value)	151,342	226,878	78,691	6,415

Section 4: Sensitivity Analysis Summary

Lowest Cost

	Option 1	Option 2	Option 3	Option 4
Total Capital Required	850,000	775,000	825,000	700,000
Net Average Revenue Costs	(45,540)	(35,353)	(52,815)	(45,540)
Effect on Band D Council Tax	(0.87)	(0.68)	(1.01)	(0.87)
Cost NPV (Net Present Value)	108,498	193,350	(27,645)	(36,430)

Highest Cost

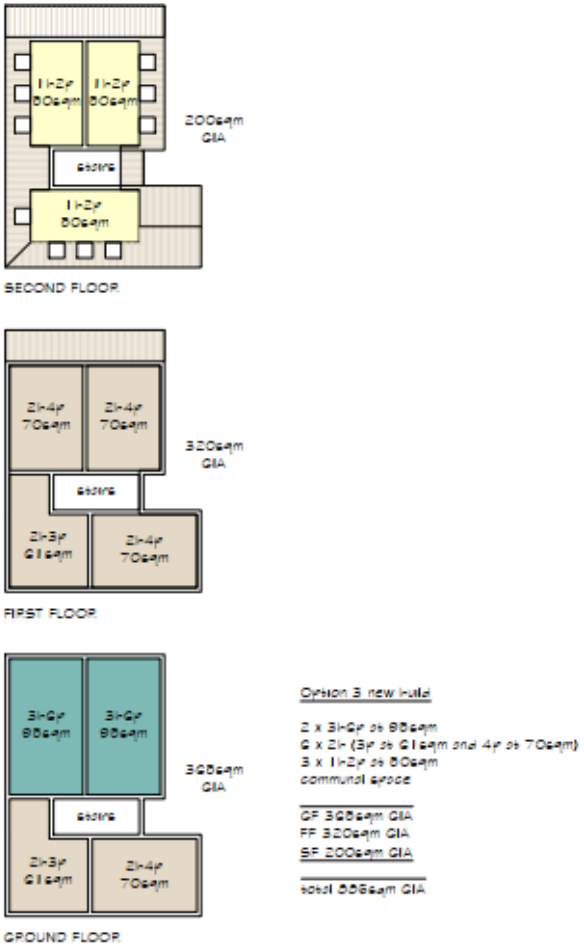
Total Capital Required	1,060,000	925,000	1,080,000	910,000
Net Average Revenue Costs	(40,317)	(31,436)	(42,641)	(40,317)
Effect on Band D Council Tax	(0.77)	(0.60)	(0.82)	(0.77)
Cost NPV (Net Present Value)	390,224	397,630	377,298	245,296

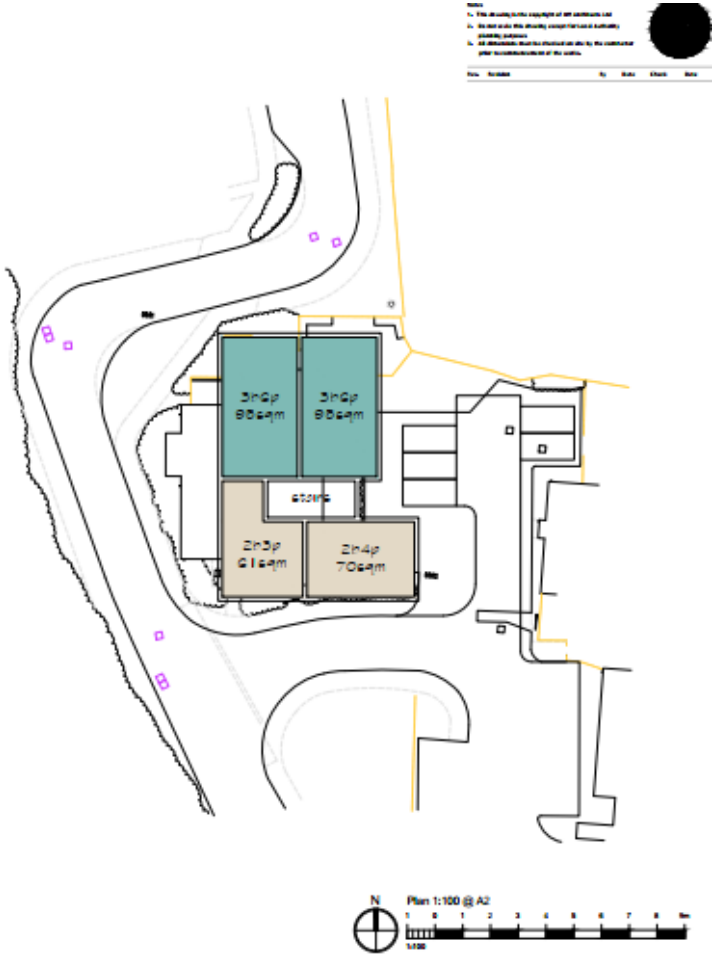
Appendix 3 – Option 1 Indicative concept floor plan design

Appendix 4 – Option 2

Indicative concept floor plan design

Appendix 5 – Option 3 Indicative concept floor plan design

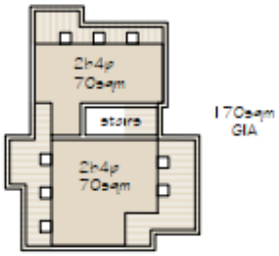




Client: Chishester District Council
Job Title: FREELAND CLOSE, FISHBOURNE ROAD (EAST)
CHICHESTER, WEST SUSSEX

Floor plans
Site plan
Option 3 new build 885sqm GIA
17-047 SK013 A

Appendix 6 – Option 4 Indicative concept floor plan design



170sqm GIA

SECOND FLOOR

265sqm GIA

FIRST FLOOR

265sqm GIA

GROUND FLOOR

Option 4 new build

2 x 3b6p at 95sqm
6 x 2b4p at 70sqm
communal space

GF 265sqm GIA
FF 265sqm GIA
SF 170sqm GIA

total 700sqm GIA

Client: Chishester District Council
Job Title: FREELAND CLOSE, FISHBOURNE ROAD (EAST)
CHICHESTER, WEST SUSSEX
/11/18

Floor plans
Site plan
Option 4 new build 700sqm GIA
17-047
SK013
FOR COMMENT

This page is intentionally left blank

Project Documentation

POST PROJECT EVALUATION DOCUMENT (PPE)

CHICHESTER ENTERPRISE CENTRE

Release:	Final Draft following Overview & Scrutiny Committee Approval
Date:	November 2018
Author:	Alan Gregory – Capital Project Delivery Mark Regan – Return on Investment/Operational Financials
Approved by:	Jane Hotchkiss

.

Document History

Revision Date	Version	Summary of Changes	Reviewer(s)
4th Sept 18	1	Update on the ROI figures based on construction costs	Mark Regan
6th Sept 18	2	Incorporating corporate policy comments	Alan Gregory
7th Nov 18	3	Incorporating updated occupancy figures following consideration of the previous version by the Overview & Scrutiny Committee in September.	Alan Gregory

Consideration by the Corporate Improvement Team

Date	Reviewing Officer	Comments for Consideration
4th September 2018	Jenny Westbrook	That a further review be scheduled following 1-3 years of operation against the specific targets that were included in the project documentation or the Corporate Plan, namely: • Creating between 250 and 275 new jobs every 3 years. • The survival rate of businesses going through the gateway will be over 70% at year 3. • Contribute to an improvement in business survival rates after one year to at least the national level. • Delivering 250 new jobs every 3 years.

Approvals
This document requires the following approvals:

Name of person, group or committee
Jane Hotchkiss – Director Growth and Place
Overview and Scrutiny Committee – received 18th September 2018 Resolved Enterprise Centre PPE to be noted
Cabinet - December 2018

Distribution
A final copy of the approved document will be distributed to:

Name	Role/Job Title
Tony Dignum	Leader of the Council
Jane Hotchkiss	Director Growth and Place
Helen Belenger	Divisional Manager – Financial Services

Victoria McKay	Divisional Manager – Property and growth
Sherrie Golds	Commercial Property & Contracts Solicitor
Phil Pickard	Procurement Manager
Mark Regan	Senior Estates Surveyor

1. PURPOSE OF DOCUMENT

This document provides a review of how the Chichester Enterprise Centre project performed against the original intentions set out in the Project Initiation Document (PID).

It allows lessons learned to be passed on to other projects and ensures that provisions have been made to address all open issues and risks alongside follow on actions and recommendations where appropriate.
It also provides the opportunity to assess any expected outcomes that have already been achieved and/or provide a review plan for those outcomes yet to be realised.

2. ORIGINAL PROJECT DESCRIPTION

The original project PID identified a need for an “Enterprise Gateway” in Chichester with easy move in/on business space accommodation and Plot 12, Terminus Road was considered a potentially suitable site.

The requirement to consider Plot 12 for such redevelopment came about as a result of the inability of the previously preferred site at Barnfield Drive to support the anticipated cost of construction due to abnormal ground conditions.

Redevelopment of the site for an “Enterprise Gateway” was seen to help meet objectives in the Council’s then Economic Development Strategy 2013-2019, Chichester In Partnership’s “Sustainable Community Strategy” and the Council’s Corporate Plan.

The original PID considered the potential for Plot 12 to be redeveloped to help deliver the Council’s Economic Development objective and create, support and grow start-up and young businesses and to generate employment, through the provision of an “Enterprise Gateway”. In addition, the project was seen to have the potential to provide capital or enhanced regular income to support the Council’s budget.

3. PROJECT OBJECTIVES

The original project objectives included:

- Helping to meet some of the objectives set out in the Sustainable Community Strategy including those related to regeneration, business improvement, enhanced business development advice and the attraction and retention of new business with well-paid and secure jobs.

- Meeting Priorities 1 and 2 of the Council’s Economic Development Strategy 2013 – 2019 through a redevelopment of the site for an “Enterprise Gateway”.

- As a core project in the Council's Corporate Plan 2013-2016, meeting the core action under the Economic Development Services' Service Plan 2014-15 'Support the delivery of a Chichester Enterprise Gateway in Terminus Road'

- Helping to meet objective MP080902 of the Estates Service Action Plan – delivering 'Chichester Enterprise Gateway'.

- Bringing a Brownfield site into commercial use.

- Helping to grow the local economy.

The project outcomes were identified in the PID as being:

- Seeking to achieve the delivery of an "Enterprise Gateway" as envisaged by the Project Initiation Document (PID) approved by the Executive Board in November 2010.

- A key driver behind building the Gateway was to encourage growth in innovation leading to more new businesses being established. This was seen not only to help create additional employment but also increase business survival rates and enhance the salaries associated with related jobs.

- It was considered such a centre would provide the support necessary to businesses in terms of flexible accommodation and assist in controlling their expenditure as they grow. Based on an analysis of similar schemes it was estimated that between 250 and 275 new jobs would be created every three years.

- Once occupied, the "Gateway" would generate revenue income for the Council. In this regard it was seen as essential that the project achieves an acceptable level of return on the investment (ROI). The ROI both on the guaranteed income and projected profit share based on the operators business plan were reported to Cabinet on the 7th July 2015.

In terms of outcome measures, the construction of Chichester Enterprise Centre has been delivered as envisaged in the PID in terms of providing flexible business accommodation on the Plot 12 site and a brownfield site been brought into a more productive commercial use.

The centre has now been open and operational for some 8 months and although work is ongoing in terms of attracting businesses to the centre, those businesses that have taken space are a cross section of professional services, web based outfits, management consultants, architects and technicians.

Out of the 82 units available the number currently occupied is 35 with an additional further 3 companies using the centre as a virtual office with mailbox only services. The number of people employed on site is 72 with 6 of these jobs created since moving to the centre. Two businesses that moved to the centre in the early days of opening have taken on additional accommodation to support their growing needs so there are early indications that the centre is indeed helping to grow the local economy. An additional 2 workshops and 6 office units are currently under discussion with prospective licensees for letting. Basepoint, the Council's chosen

operator, say the flexibility of the accommodation on offer is cited by licensees as one of the major attractions in locating at the centre.

In terms of the envisaged Return on Investment it was reported to Cabinet in March 2016 that:

> *"Basepoint offer a guaranteed income for each year totalling £2,819,155 over ten years. This income will be backed by a parent company guarantee.*
>
> *The current ROI based on Basepoint's guaranteed income and profit share and the budget approved by Cabinet in July 2015 of £6,245,860 is 7.8% at year five and 8.5% at year 10. The worst case scenario based on the council receiving the guaranteed income alone will provide a ROI in year five of 4.95% and in year ten of 5.2%.*
>
> *If the project cost were to reduce to £5,848,215 including Contractor A's tendered indicative price and Basepoint's guaranteed income and profit share the ROI would be 8.36% in year five and 9.11% in year 10. If only the guaranteed income were received then this provides a ROI of 5.28% in year five and 5.69% at year 10."*

Today, with the Enterprise Centre complete and now operational Basepoint have a 5 year Operation Agreement with the provision to renew this for a further 5 years. The tabulated guaranteed income and the combined Basepoint tender estimate of profit share plus guaranteed income to the Council within financial accounting years can be seen in Appendix 2.

The Centre opened on the 1 March 2018 so the financial years projections have had to be inter-tabulated (from the tender submission). The year to year ROI based on the capital cost of building the Enterprise Centre is also reported in this table.

The return on investment over a ten year period based on the guaranteed income and tender projected profit share and the ROI over the 10 years based on the Basepoint tender projected profit share plus guaranteed income is reported in appendix 2.The year 5 return based on guaranteed income is 5.15% and 8.43% based on the tender projected guaranteed income and profit share. At year 10 even based on 11 months projected guaranteed income the return is 5.08% and with projected profit share 8.73%, the 11 month projection is due to the tender being based from start date and not financial year.

4. PROJECT COSTS

A total budget of £6,245,860 was allocated from capital reserves to fund this project.

The capital project cost to date is £6,011,014 including a retained amount of £84,062.57 for the main contractor, Neilcott Construction Limited that will be paid upon expiry of the defects period in January 2019. This represents a project underspend of £234,133.

5. PROJECT PLAN

The PID was originally drafted in September 2008 and approved in November 2010. It had 14 subsequent iterations up until July 2014. The project plan attached comes from the latest version and informs the "scheduled completion dates" in the table that follows below.

The original PID was drafted in the context that the envisaged Enterprise "Gateway" would be developed and run by a suitably qualified service provider. As the project progressed it became clear that the most likely route to its successful delivery would be through a partnership whereby the centre would be developed by the Council and managed by an experienced operator of such centres. The reasons for the change from the original project plan are covered in detail in the report to Cabinet of 3rd September 2013.

Development of the revised concept and the time required to commission a suitably experienced team to progress it resulted in additional time being added to the original project plan.

Allied to this was a reconsideration of the suggested procurement route to secure its development with Cabinet ultimately recommending that a two stage procurement route rather than single stage one be followed. Again this resulted in additional time being added to the original project plan.

Project Stage	Scheduled Completion Date in original PID	Actual Completion Date	Comments
Executive Board meeting to put forward options for consideration and decide which option to Pursue	November 2010	November 2010	As per programme
Full Council Approval to proceed	May 2014	May 2014	As per programme
Instruct architect to advise on the optimum location for the "Gateway" development on Plot 12 Terminus Road	August 2014	August 2014	As per programme
Undertake procurement advice and publish OJEU tender for operational management services	August 2014	February 2015	Approach changed from seeking a developer/operator partner to one whereby CDC became developer and the selected service provider became the Operator. The OJEU timetable and overall process was consequently more onerous than

			envisaged in the initial PID. The operator was subsequently appointed in July 2015.
Undertake pre-tender interview with three likely operational contractors	August 2014	April 2015	Later completion date influenced by extended period for initial procurement exercise.
Start procurement process for appointment of project management resources.	September 2014	March 2015	Consideration of the revised approach to delivering the development necessitated a review of the support required.
Appoint Project Management resources and assemble Development Team.	November 2014	March 2015	Later date than envisaged in initial PID but earlier in the overall revised chronology given the need for technical advice on development issues.
Submit Planning Application	January 2015	October 2015	Additional detailed work on the capital cost of the development and return on investment warranted a review of the initial proposals and a later date for submission of the planning application. Revised Cabinet approval was required. Planning consent was secured in February 2016.
Publish OJEU Construction Tender	April 2015	October 2015	A two stage tendering procedure was adopted rather than the single stage envisaged in the initial PID. Associated considerations resulted in a longer timeframe for publication.
Report to Cabinet/Full Council for the authority to award the winning tender for the main construction contract	June 2015	March 2016	Later Cabinet date follows on from the later date for publication of the OJEU construction tender.
Award the building contract	June 2015	Pre-construction Agreement:	Following lengthy discussions with the selected contractor

		May 2016 Main Contract: February 2017	CDC entered into a pre-construction agreement to develop the scheme design prior to commencement of the main construction contract.
Construction Starts	July 2015	February 2017	Later start date reflects the extended project plan timeline.
Practical Completion	May 2016	January 2018	Completion date follows from the revised start on site. The contract was a 43 week contract , completion was delayed by 4 weeks due to the xmas period and resolution of defects
Occupation and Income cash flow starts	July 2016	March 2018	Occupation date reflects the fit out period post practical completion.

6. PROJECT MANAGEMENT PROCESS

Given the size of the Council's investment and the partnership approach to delivering the Enterprise Centre, Employers Agents were appointed early in the process to provide professional support and guidance, including general project management support. They helped steer the project from initial concept through to the approved scheme and helped draw the development team together.

Once the exact nature of the project had been confirmed, planning consent had been secured and the operational and construction related services procured, a dedicated internal project manager was appointed by the Council to support project delivery. This post sits within the Estates Service and provides similar support to other key Council projects.

Regular client, project and Officer Working Group meetings worked well in terms of keeping the overall project objectives in sight. This was further supported by the Council's corporate performance and project monitoring system and reporting to Members and the Senior Leadership Team by exception.

Once the development was on site and during its delivery there were occasions when the external project support was found wanting both in terms of knowledge displayed and accuracy in the supporting documentation. This issue largely came about by a subsequent change in personnel within the development team that was outside the Council's control.

When commissioning project support, confirmation should be sought that the personnel allocated to a project have the required knowledge and experience to

undertake the role. Indeed, if interviewed prior to appointment that the candidates presented will actually be working on the project, particularly if such considerations played a large part in confirming the appointment. Obviously personnel do move on from time to time, for personal development reasons if nothing else but an entry should be included in the project risk register to address such eventualities as was the case with the PID for this project.

Basepoint, the selected operator of the centre, had their own project management resource too. Their role was to help support delivery of the project such that the operational outcomes met the agreed specification. Partnership working of this type can bring its own pressures but the relationship generally worked well, principally due the Council's internal resource managing external expectations.

7. FURTHER ACTION

With the 12 month defect period underway the focus for subsequent action, other than the ongoing operational issues, centres on resolving the outstanding defects notified to the main contractor. Much progress has been made of late in addressing the work necessary to conclude their resolution but issues naturally arise during the early life of a building. The intention will be to have a clear schedule showing all defects completed by 22 January 2019.

In addition, a number of other issues are currently being monitored including closing mechanisms on internal corridor doors, the operation of the ground floor boiler in the office block and the establishment of external landscaping, particularly the wild flower grass seeding to the front of the main building.

8. REVIEW PLAN

The Operational Management Agreement (OMA) for the centre sets out Basepoint's contractual obligations in terms of the supply of services, their liabilities and mechanisms for the resolution of any disputes arising.

Schedule 7 to the OMA lists a series of service level specifications that must be met including financial management, income levels, centre operation and health and safety. With the current approach to operational matters bedding in, a series of monthly review meetings are currently being held. Going forward the OMA requires that quarterly management and financial reports be issued for the duration of the contract. The Estates Service manages the relationship with Basepoint and the ongoing operational issues.

The project documentation supporting the delivery of the development set a number of targets that will need to be reviewed to ensure the objectives have been met. These include:

- 'Creating between 250 and 275 new jobs every 3 years' (*Source: July 2015 report to Cabinet*)
- 'The survival rate of businesses going through the gateway will be over 70% at year 3' *(Source: The original PID*)
- 'Contribute to an improvement in business survival rates after one year to at least the national level' (*Source: April 2014 report to Cabinet*)
- '(Delivering) 250 new jobs every 3 years' (*Source: Current Corporate Plan*)

In conjunction with the ongoing review of the performance of the OMA an additional associated review following years 1-3 of the centre's operation will take place to evaluate the extent to which the above objectives have been met.

With the merger of Basepoint with IWG plc, the operating management company requested the contract be novated to IWG in July 2108. The Council has declined this request on the grounds it potentially reduced the contractual protection offered. No further requests have been received.

Appendix 2 – Guaranteed Income and Combined GI plus profit share (forecasted in Basepoints tender) and the Internal Rates of Return associated with these.

(£)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Guaranteed Income	70,833	270,696	300,375	304,881	309,454	314,096	318,807	323,589	328,443	305,207
ROI (GI)	1.18%	4.51%	5.00%	5.08%	5.15%	5.23%	5.31%	5.39%	5.47%	5.08%
Basepoint tender estimate of profit share to CDC	15,406	63,237	190.890	193,958	197,070	194,642	205,692	210,250	214,920	219,000
Estimated Profit share plus GI	86,239	333,933	491,265	498,839	506,524	508,738	524,499	533,839	543,363	524,207
ROI (GI & projected Profit share)	1.44%	5.56%	8.18%	8.31%	8.43%	8.47%	8.73%	8.89%	9.05%	8.73%

Note: year 10 is based on the forecast which due to running from 1st March does not cover the whole of the financial year and therefore an additional un-forecasted months income/profit share will be added to this.

The average internal rate of return for the guaranteed income over 10 years is 4.74% with the Basepoint combined profit share forecast combined with the guaranteed income being 7.58%.

Calculations based on reported capital cost of £6,011,014

This page is intentionally left blank

Chichester District Council

Chichester District Council Local Planning Authority

Selsey Neighbourhood Plan 2014 - 2029

DECISION STATEMENT

1. Introduction

1.1 Under the Town and Country Planning Act 1990 (as amended), the Council has a statutory duty to assist communities in the preparation of Neighbourhood Plans and Orders and to take plans through a process of examination, referendum and adoption. The Localism Act 2011 (Part 6 Chapter 3) sets out the local planning authority's responsibilities for Neighbourhood Planning.

1.2 This report confirms that the modifications proposed in the examiner's report have been accepted, the draft Selsey Neighbourhood Plan has been altered as a result of it and that this plan may now proceed to referendum.

2. Background

2.1 The Selsey Neighbourhood Development Plan relates to the area that was designated by Chichester District Council as a neighbourhood area on 4 December 2012. This area is coterminous with the Selsey Town Council boundary that lies within the Chichester District Council local planning authority area.

2.2 Following the submission of the Selsey Neighbourhood Plan to the Council, the plan was publicised and representations were invited. The publicity period ended on 23 March 2018.

2.3 Mr John Slater was appointed by Chichester District Council, with the consent of Selsey Town Council, to undertake the examination of the Selsey Neighbourhood Development Plan and to prepare a report of the independent examination.

2.4 The examiner's report concludes that, subject to making modifications recommended by the examiner, the Plan meets the basic conditions set out in the legislation and should proceed to a Neighbourhood Plan referendum.

2.5 Having considered each of the recommendations made in the examiner's report, and the reasons for them, the Parish Council has decided to make the

modifications to the draft plan referred to in Section 3 below, to ensure that the draft plan meets the basic conditions as set out in the legislation.

3. Decision

3.1 The Neighbourhood Planning (General) Regulations 2012 require the local planning authority to outline what action to take in response to the recommendations of an examiner made in a report under paragraph 10 of Schedule 4A to the 1990 Act (as applied by Section 38A of the 2004 Act) in relation to a neighbourhood development plan.

3.2 Having considered each of the recommendations made in the examiner's report, and the reasons for them, Chichester District Council in consent with Selsey Town Council, has decided to accept the recommended modifications to the draft plan. Table 1 below outlines the alterations made to the draft plan under paragraph 12(6) of Schedule 4B to the 1990 Act (as applied by Section 38 A of the Act) in response to each of the examiner's recommendations and the justification for them.

Table 1: Recommendations by the Examiner agreed by Chichester District Council in consent with Selsey Town Council

POLICY	MODIFICATION RECOMMENDED	JUSTIFICATION
All text	**Modification to the text throughout the Plan, where necessary, to reflect consequent changes required to the text as a result of the examiner's recommendations and the current development plan situation.**	For precision and to meet the Basic Conditions.
Policy 001	Retitle the section heading **"Design**" rather than **"Design and Heritage"** In the first bullet point replace **"dwellings"** with **"buildings".** Insert a new bullet point **"Contemporary and innovative materials and design will be supported."** At the end of the second bullet point, delete all the text after **"vernacular"** and insert **"by being in keeping with the materials used in the immediate area".** In the third bullet point replace **"careful account of height and roof elevations"** and replace with **"account of the height and scale of building elevations"**	For clarity and to meet the Basic Conditions.

	In the fourth bullet point insert **"where appropriate"** after **"landscaping"**	
Policy 002	Reword the policy as follows: **"Any new development that will affect either directly, or the setting of any listed buildings or a conservation area, will be expected to recognise, respect, conserve or enhance and seek to better reveal the significance of that building or area. The effect of development on the significance of locally listed buildings and other non-designated historical assets will be judged having regard to the scale or harm of any loss and the significance of the heritage asset"**	To meet the Basic Conditions.
Policy 003	In the first bullet point replace **"sustainable"** with **"residential, employment, leisure and community"**	In the interests of clarity, to meet the Basic Conditions.
Policy 004	In the first bullet point delete **"look to"**	To meet the Basic Conditions.
Policy 006	Delete the final bullet point.	To meet the Basic Conditions.
Policy 007	Insert the paragraph currently in the supporting text into the policy after the last paragraph of the policy: **"Proposals for essential infrastructure (where essential relates to major utilities, coast protection schemes or security projects) will be supported in special circumstances, where the benefit outweighs any harm or it can be demonstrated there are no reasonable alternative sites available."**	For clarity.
Policy 008	That the policy be deleted and be replaced as a Community Aspiration.	To meet the Basic Conditions. This could be included in a section on Community Aspirations.
Policy 009	That the policy be deleted and be replaced as a Community Aspiration.	To meet the Basic Conditions. This could be included in a section on

		Community Aspirations.
Policy 010	Move the first sentence of the policy to the supporting text. Insert a new first sentence as follows **"The employment site shown on the map in Appendix 2 is allocated for employment uses."** In the second paragraph of the policy replace **"with a commercial usage classification"** with **"within Use Classes A1- A5, B1, B2 and C1"** and replace all text after **"retained"** with **"or redeveloped for that use or similar commercial uses, unless it can be shown that there is no demand for the continued use and the site has been marketed continually and effectively for a period of 12 months."**	For precision and to meet the Basic Conditions.
Policy 011	Replace **"refurbishment, upgrading or modernisation"** with **"extension or alteration"**	For clarity
Policy 012	In the first sentence after **"centres"** insert **"as shown on the Policies Map shown in Appendix 2".** Delete all of the text in the first sentence of the second paragraph after "**supported where**" and also delete the first and third bullet points.	To meet the Basic Conditions.
Policy 013	At the end of the first paragraph replace **"where"** with **"provided it is demonstrated that it complies with all the relevant policies contained in the Neighbourhood Plan, Policies 26 and 29 of the Chichester Local Plan and where".** In the first bullet point replace **"provision"** with **"development"** and insert at the end **"and/ or".** Replace all of the second and third criteria with: **• "The development enhances the tourist offering and/ or** **• The development delivers enhanced**	For clarity and to meet the Basic Conditions.

	community facilities"	
Annex A and Annex B	Insert the following text on the front cover of both documents: **The contents of this annex do not form part of the development plan and its contents should not be used for the determination of planning applications"**	For clarity

4. Conclusion

4.1 The Authority (Chichester District Council) confirms that the Selsey Parish Neighbourhood Development Plan 2014-2029, as revised, meets the basic conditions mentioned in paragraph 8(2) of Schedule 4B to the Town and Country Planning Act 1990 (as amended) and complies with the provisions made by or under Sections 38A and 38B of the Planning and Compulsory Purchase Act 2004. The Selsey Parish Neighbourhood Plan can now proceed to referendum.

4.2 It is recommended that the Selsey Neighbourhood Development Plan 2014-2029 should proceed to referendum based on the neighbourhood area defined by Chichester District Council on 4 December 2012.

4.3 This decision has been made according to the recommendations of the examiner made in a report under paragraph 10 of Schedule 4B to the 1990 Act (as applied by Section 38A of the 2004 Act) in relation to the Neighbourhood Development Plan.

This page is intentionally left blank

Against Litter

A Litter and Fly Tip Action Plan for Chichester District - 2017 – 2020

Year 2 - Revised September 2018

The Action Plan

The responsibility to monitor the delivery of the action plan lies jointly with the Service Manager at Chichester Contract Services, the Divisional Manager for Environmental Protection and the PR Manager.

Projects that are shaded are completed or now part of normal working practice.

1. Sending a clear message

	Original Action Plan	Progress to date and Options 2019/20	When	Resources
Awareness and Community Involvement				
1	Continue and expand the current Communication Strategy including; Keep it Clean, Keep it Green campaign in Initiatives and other CDC literature covering - cost and impact of littering, cigarette litter, dog fouling, duty of care towards waste, fly tipping	Developed into the Against Litter brand. Maintaining existing publicity campaigns; Litter Enforcement, Adopt an Area and Green Dog Walker Scheme.	On-going	Staffing from existing Resource Materials £2,000
2	Deliver a Tradesman Project (strategic fly tip campaign) in partnership with retailers of trade tools and hardware including campaigns on properly sheeted commercial vehicles, duty of care towards waste	Outstanding Action	January 2019	Project Officer (PR) £13,300 Materials £5,500
3	Introduce an “Adopt an Area” Initiative which incorporates themes appropriate to local needs such as community clean up days, “Paws and Pick Up” events,	Completed – continuation into year 2 detailed in action 1 above.	March 2018	-

	citizen awards, community pledges for particular problems e.g. dog fouling			
4	Deliver a Clean Street Pledge in Chichester, Midhurst, Selsey, Petworth towns	Completed as part of action 3 – continuation into year 2 detailed in action 1 above.	April 2018	-
5	Support and compliment the WSCC Highways and Highways England initiative to keep roads and verges clear of litter through social media campaigns.	Completed	November 2017	-
6	Run WSCC Waste Buster in 5 local schools each year	Delay in launch. This action will progress if WSSC launch initiative in 2019.	Determined by launch by WSCC	From existing resources

2. Cleaning up the District

	What	Progress to date and Options 2019/20	When	Resources
Infrastructure and Collaboration				
7	Review of Infrastructure including; 1) Litter bin & dog bin audit (right place/frequency/right messages) 2) 'Recycle on the go' provision 3) Shops / pubs to have cigarette bins 4) Improve clean up resources and use of external contractors 5) Co-ordinate highway work (grass cutting / routine maintenance)	1 – 6 completed in 2018. 2019 - Phase 2 7) Continue infrastructure review by undertaking a pilot to review bin usage to evidence infrastructure need. 8) Review and improve signage on bins to send clear and consistent messages as to what	On-going,	Funding secured from Cabinet Sept 17 (£10k for sensors, £7k for signage and replacement bins)

	6) Review of existing street cleaning schedules	can go in bins.		
8	Improve and expand on collaboration between internal teams and services - waste management, street cleaning, environmental protection, community wardens, legal services, including clear roles and responsibilities and efficient procedures	Completed	April 18	-
9	Hold quarterly Member Officer Litter Working Group meetings/workshops, including annual reporting of costs related to littering and fly tipping and enforcement action	Part of normal working practice	On-going	-
10	Attend county-wide strategic Member waste group	Part of normal working practice	On-going	-
11	Attend county-wide officer waste group	Part of normal working practice	On-going	-
12	Improved stakeholder collaboration including parish councils, Chichester City Council, Chichester BID, WSCC, SDNP, Waste Partnership.	Part of normal working practice	On-going	-
13	Attend land owners fly tip liaison meeting	This group disbanded, will attend if and when it is resurrected.	On-going	-

3. Improving enforcement

	What	Progress to date and Options 2019/20	When	Resources
Enforcement				
14	Participate in the Litter Enforcement Trial with East Hants District Council, targeting enforcement to towns, car parks, parks/recreation grounds, other open space, and beaches.	Completed. Option to engage East Hants District Council for continuation of Litter Enforcement on a 3 year legal	January 2018	(£16,100) - £7,500

		agreement.		
15	Continued use of the Corporate Fraud Officer for fly tip investigations	Replaced by 0.5 FTE Environmental Protection Officer. Completed	On-going	Funding secured from Cabinet Sept 17
16	Plain cloth operations at problem dog fouling areas	Part of normal working practice	On-going	From existing resources
17	Participate in multi-agency Countywide remote cameras trial for fly tipping	WSCC led project. On-going	August 2017	Staffing from existing resources

This page is intentionally left blank

Litter Enforcement Options

1) **New business model with East Hants District Council**

East Hants District Council (EHDC) has prepared a revised business model, enabling the Local Authorities to tailor the service they purchase, to include enforcement, coverage in low litter areas and litter education initiatives. There is a potential for an increased financial cost to the Council in choosing coverage of low litter areas or community litter education work. The following factors and risks need to be considered in relation to this option.

Factors

1. Daily charge for enforcement officer offset by fee revenue from the first 4 FPN's issued. If additional FPN's are issued, an agreed proportion of the fine is paid to EHDC. When fines are paid, revenue is affected by the proportion of full fines and early redemption fines paid. Revenue may also not arise where offender fails to pay FPN as prosecution fines are retained by the Court.
2. Number of tickets issued per day/officer – notwithstanding back office costs, more than 5 FPNs must be issued/officer/day to avoid deficit. Trial – CDC average = 6, however EHDC Trial Review = 3 FPN, "sustainable level". Flexibility clause in the agreement will enable patrol days to be reduced if the number of FPN's issued reduces significantly. Coverage across the district - patrols in low littering areas, dog fouling or education, will result in fewer FPNs being issued.
3. EHDC are proposing a 3 year contract.

Risks

4. Payment rate of FPNs could decrease. During the trial, the payment rate was 80% and this percentage has been used to produce the figures below. If payment rates reduce, a deficit could result.
5. It would be possible to increase the FPN fee to the maximum permitted in the legislation (up to £150) which could result in more income. However, payment rates could also reduce which would affect surplus/(deficit).

In addition, to continue with processing the litter fines, the cost to the Council's Contact Centre would be £11,900/year (based on 1200 FPN payments/year) which needs to be factored into the operation of the scheme.

Options for Level of Service

Various scenarios have been illustrated below to demonstrate the financial risk. Figures assume an 80% payment rate and similar proportion of early redemption/full fines as the trial.

Scenario 1 1 officer per day 1 day per week	Patrol days/month 4-5	FPNs Issued / day			
		3	4	5	6
Weekly surplus/(deficit)		(£73)	(£10)	£28	£66
Annual surplus/(deficit)		(£3796)	(£520)	£1,456	£3,432
Less CDC direct costs (£3,000)		(£6,796)	(£3,520)	(£1,544)	£432
Contact centre processing		-*	-	-	-

*FPN numbers low so likely to be able to use existing resources

Scenario 2 2 officers per day 2 days per week	Patrol days/month 16-20	FPNs Issued / day			
		3	4	5	6
Weekly surplus/(deficit)		(£268)	(£16)	£136	£288
Annual surplus/(deficit)		(£13,936)	(£832)	£7,072	£14,976
Less CDC direct costs (£3,000)		(£16,936)	(£3,832)	£4,072	£11,976
Contact centre processing (£11,900)		(£28,800)	(£15,700)	(£15,900)	£70

Scenario 3 2 officers per day 3 days per week	Patrol days/month 24-30	FPNs Issued / day			
		3	4	5	6
Weekly surplus/(deficit)		(£402)	(£24)	£204	£432
Annual surplus/(deficit)		(£20,904)	(£1,248)	£10,608	£22,464
Less CDC direct costs (£3,000)		(£23,904)	(£4,248)	£7,608	£19,464
Contact centre processing (£11,900)		(£35,800)	(£16,100)	(£4,300)	£7,500

CDC direct costs: (£3,000) - (car park season ticket and mileage)

As an example, during the trial the average number of patrol days/month was 17 with 2 officers patrolling for health and safety reasons. Closest scenario to compare with this would be 2 officers for 2 days per week (scenario 2 above).

After consideration of the risks and factors outlined previously, the working group have recommended 2 officers for 3 days per week (scenario 3) with the inclusion of a flexibility clause to reduce to 2 days if FPNs numbers drop. On this basis, the potential cost of a litter enforcement service is reduced, with a small potential to breakeven or create a surplus. The contract with EHDC will also include termination clauses should demand drop significantly.

Additional services could be purchased, such as education days or coverage in low litter areas. It is proposed that 1 day/month is purchased for additional coverage in low littering areas at a cost of £2,400 per annum.

2) In-House Options

Option 1 – new dedicated unit

An in-house option of 2 enforcement officers, 1 supervisor and 1 admin staff has been considered. Under this option initial set up costs are calculated to be over £53,000 and

it is estimated that the service would run at an annual deficit of (£75,500). Whilst this option may provide greater service flexibility than the EHDC option it is not supported on financial grounds.

Option 2 – use existing staff

An alternative in-house option was considered using existing staff. The model is based on a dedicated litter patrol 1.5 days a week, although some dual enforcement with existing enforcement work could be possible. A move to dual role officers will require renegotiation of existing agreement and contracts. Set up costs for Option 2 would only be reduced slightly to £42,500 and the estimated annual income would be (£2,100). This option has been rejected at this stage due to the high set up costs and because the trial has shown that dedicated officers are more effective. However, this option could be given further consideration and fully scoped at a later stage, particularly when the new offence of litter from vehicles is considered.

3) No litter enforcement function

In light of the Council's corporate priorities, public expectation and the success of the trial, this is not considered appropriate. There would also be a reputational risk to the Council of stopping litter enforcement and littering behaviour would be likely to revert to pre-campaign levels.

4) Delivery through commercial operator

Delivery through a commercial supplier has currently been discounted as a commercial profit driven ethos is not appropriate.

Recommendation of Working Group

1. That the FPN fine is retained at its current level of £75/£100.
2. That the EHDC option is agreed at a service level of 2 officers for 3 days per week with the inclusion of a flexibility clause to reduce to 2 days if FPNs numbers drop significantly on a 3 year contract.
3. Retain the ability to purchase additional days for low litter areas, i.e. 1 day/month at a cost of approximately £2,400 per annum.

This page is intentionally left blank