

Public Document Pack

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A meeting of the **Overview & Scrutiny Committee** will be held in the Committee Rooms on **Tuesday 20 September 2022 at 6.00 pm**

MEMBERS: Mrs C Apel (Chairman), Mrs T Bangert (Vice-Chairman), Mr G Barrett, Mrs N Graves, Mr T Johnson, Mrs S Lishman, Mr A Moss, Mr D Palmer, Mr C Page, Mr H Potter, Mrs C Purnell and Mrs S Sharp

AGENDA

1 **Chairman's Announcements**

Any apologies for absence will be noted at this point.

2 **Minutes** (Pages 1 - 9)

To approve the minutes of the Overview and Scrutiny Committee meeting held on 21 June 2022.

3 **Urgent Items**

The Chairman will announce any urgent items that due to special circumstances are to be dealt with under the agenda item below relating to late items.

4 **Declarations of Interests**

Members and officers are reminded to make any declarations of disclosable pecuniary, personal and/or prejudicial interests they may have in respect of matters on the agenda for this meeting.

5 **Public Question Time**

The procedure for submitting public questions in writing by no later than noon 2 working days before the meeting is available [here](#) or from the Democratic Services Officer (whose contact details appear on the front page of this agenda).

6 **Corporate Plan Review - Terms of Reference, Scoping of Work and Plan** (Pages 11 - 12)

The Committee is requested to:

1. Agree the Corporate Plan Review Terms of Reference
2. To appoint Members and a Chairman

7 **Report from the Affordable Housing Task and Finish Group** (Pages 13 - 55)

8 **Leisure Services Performance Review** (Pages 57 - 81)

The Committee is requested to:

1. Receive the Annual Report from Everyone Active (Sport and Leisure Management Ltd) Appendix 1 and note the performance for 1 April 2021 to 31 March 2022

9 **Late Items**

Consideration of any late items as follows:

- a) Items added to the agenda papers and made available for public inspection.
- b) Items which the Chairman has agreed should be taken as matters of urgency by reason of special circumstances reported at the meeting.

10 **Exclusion of the Press and Public**

The Committee is asked to consider in respect of the following item whether the public, including the press, should be excluded from the meeting on the grounds of exemption under Parts I to 7 of Schedule 12A of the Local Government Act 1972, as indicated against the item and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information. **The reports dealt with under this part of the agenda are attached for members of the Overview and Scrutiny Committee and senior officers only (salmon paper).**

11 **Efficiency Programme Progress Report** (Pages 83 - 91)

The Committee is requested to consider the report and make the recommendation as set out in section 3.1 of the report.

NOTES

1. The press and public may be excluded from the meeting during any item of business wherever it is likely that there would be disclosure of 'exempt information' as defined in section 100A of and Schedule 12A to the Local Government Act 1972.

2. The press and public may view the report appendices which are not included with their copy of the agenda on the Council's website at Chichester District Council - Minutes, agendas and reports unless they contain exempt information.

3. Subject to Covid-19 Risk Assessments members of the public are advised of the following;

- Where public meetings are being held at East Pallant House in order to best manage the space available members of the public are in the first instance asked to listen to the meeting online via the council's committee pages.
- Where a member of the public has registered a question they will be invited to attend the meeting and will be allocated a seat in the public gallery.
- You are advised not to attend any face to face meeting if you have symptoms of Covid.

4. Subject to the provisions allowing the exclusion of the press and public, the photographing, filming or recording of this meeting from the public seating area is permitted. To assist with the management of the meeting, anyone wishing to do this is asked to inform the chairman of the meeting of their intentions before the meeting starts. The use of mobile devices for access to social media is permitted, but these should be switched to silent for the duration of the meeting. Those undertaking such activities must do so discreetly and not disrupt the meeting, for example by oral commentary, excessive noise, distracting movement or flash photography. Filming of children, vulnerable adults or members of the audience who object should be avoided. [Standing Order 11.3 of Chichester District Council's Constitution]



Minutes of the meeting of the **Overview & Scrutiny Committee** held in Virtual on Tuesday 21 June 2022 at 2.00 pm

Members Present: Mrs C Apel (Chairman), Mrs T Bangert (Vice-Chairman), Mr G Barrett, Mr T Johnson, Mrs S Lishman, Mr A Moss, Mr D Palmer, Mr C Page, Mr H Potter, Mrs C Purnell and Mrs S Sharp

Members not present: Mrs N Graves

In attendance by invitation:

Officers present:

66 **Chairman's Announcements**

There were no apologies for absence received.

67 **Minutes**

RESOLVED

That the minutes from the meeting held on 23 March 2022 were agreed as an accurate reflection of the meeting.

68 **Urgent Items**

There were no urgent items.

69 **Declarations of Interests**

Cllr Sharp declared a personal interest in relation to agenda item 7 as a member of West Sussex County Council.

70 **Public Question Time**

There were no public questions received.

71 **Member Questions to Sussex Police Chief Inspector Nick Bowman**

The Chairman welcomed Chief Inspector (CI) Nick Bowman of Sussex Police.

CI Bowman explained that he took over as District Commander a few months ago and his area of responsibility is for the Chichester District and Arun District as far as Littlehampton. In addition to this role, he is the lead Officer in charge of Police

Community Support Officers (PCSOs) for the whole of Sussex and takes a lead role in the response to Domestic Abuse in West Sussex.

The Chairman invited Members who had to pre-submitted written questions to ask those first.

Cllr Barrett:

Over the past few years the Police Precept has increased by over 30% to go towards providing a visible police presence, PCSO's, in and around the villages.

Referring to the attached documents the Witterings were allocated 55 hours of PCSO support a week. At a Parish meeting about a year ago the assigned PCSO was asked why he was not being seen in the area. The response was that he spent most of his time dealing with household issues which kept him tied up for many hours, some through mental problems which he is not trained to deal with. So, the local residents are still awaiting to see the local PCSO patrolling on foot in the area as was the case around ten years ago. Also, there appears to be a lack of communication between the Community Warden and the assigned PCSO's. Can you please address these matters of concern?

Response:

CI Bowman acknowledged he was aware that Parish Councillors did not seem satisfied with the visibility of the PCSO responsible for the Witterings. He also acknowledged the additional pressure in the area during the summer months. CI Bowman assured that the police would endeavour to work more closely with the Community Warden and explained that as a force they are working on improving their community engagement, which should reach further than social media.

Cllr Bangert:

Although Southbourne is a low crime area, recently we have had issues with a gang of youths (under 16) riding on one e-scooter, intimidating car drivers (and putting themselves in danger) and throwing stolen eggs at cars. I reported this to the police and met with Pam Bushby to determine the most appropriate response. Two things came from this – firstly, the operators on the switchboard in Lewes took some time to believe that Southbourne was in West Sussex rather than Hampshire. I have been told of a number of similar incidents happening. Surely as a prerequisite of the job, knowledge of the area is vital. In extreme cases this could lead to loss of life. Secondly, people reporting crime on social media, and not to the police. I would say that this is a serious problem in our area and no doubt in many others.

Response:

CI Bowman acknowledged that some difficulties arise as '999' and '101' calls are handled in Lewes, East Sussex, and staff swap desks shift by shift meaning that day to day a particular responder can be answering calls from different areas across West and East Sussex; it would be difficult to expect all call takers, which total around 300, to have specific knowledge of all areas. He reassured Members that with a quick search however, they should be able to ascertain whether a particular call required the response of Sussex or Hampshire Police.

Cllr Bangert highlighted however, that Southbourne postcodes show as Emsworth, Hampshire.

CI Bowman accepted that occasional confusion may occur but reinforced his confidence that in 99% of cases responders were accurate. He further explained that Sussex and Hampshire Police forces will often support one another in border areas. CI Bowman agreed to follow up with Cllr Bangert after the meeting to discuss further examples she has.

Regarding Cllr Bangert's second point, he explained the police do experience difficulties arising from the use of social media to report crime, reinforcing that the police do need to hear directly from the victims or witnesses of a crime.

Cllr Potter:

I would like a response to the increase in the number of incidents of breaking into parked vehicles at rural car parks. Many victims are heeding the warning NOT to leave anything of value in a vehicle but are so often saddled with a bill for replacing broken glass.

An earlier request to Sussex Police when highlighting the 'Rural Crime Team' resulted in the advice that this team is not responsible for breaking into parked cars but that this was a matter for PCSO's who most people regard as ineffective.

I would suggest that irregular patrols of these burglary 'hotspots' by a clearly marked Police vehicle would be a huge deterrent.

Cllr Potter asked a supplementary question relating to an road traffic accident in his local area, questioning why the public hadn't heard a response from the police relating to the accident.

Response:

Taking the questions in reverse, CI Bowman explained that a member of the public can log their postcode on the Sussex Police website and view details of crimes occurring in their local area. Referencing the specific accident he asserted that the Police will only put out information that will aid the police in an investigation and would not share information purely to satisfy the interest of local people.

Cllr Lishman:

In Chichester East, we have a very mixed demographic of residents. As it is one of the most deprived areas of Chichester, residents often feel forgotten. We have anti-social behaviour, vandalism, garages being used for drug taking, and very little sign of a regular police presence, especially to reassure the older people.

I totally understand the constraints on personnel and budgets, but how are the police making it "fair" to all areas of the city?

What are the police doing to foster relationships within the more deprived communities of Chichester, so that they are trusted and not regarded with suspicion?

Response:

CI Bowman highlighted that in every area there are usually diverse and different communities and connecting with every group in society to the level expected and required is an impossible task for the Police. He explained that the police try to respond to incidents that cause the most harm. Any call is assessed through threat, harm and risk and the number and type of officers sent to respond is assessed accordingly. All areas of our community attract a police need of varying levels and he acknowledged that calls to the police are increased in the more densely populated areas. He explained that in crime 'hotspots' an attempt is made to establish a visible police presence but noted that this doesn't necessarily correspond to a reduction in crime. CI Bowman assured Members that he would continue to develop patrol plans and activity linked to threat, harm and risk. He noted, however, that communication with the public is an area that needs improvement.

Cllr Sharp

Raised questions relating to the recent and widespread spate of graffiti;, The new highway code and its focus on vulnerable road users;, Noisy vehicles, RAVEN (Residents against vehicle excessive noise) and what residents and Police can do to help one another in combating noise;, Community speed watch and the fear of abuse from motorists.

Response

CI Bowman acknowledged the recent increase in graffiti in the City and commended CDC for the speed at which they have it removed. He expressed his concerns at the sometimes racist nature of the graffiti and assured Members that it was something he and the Police intend to keep on top of, and whilst it cannot necessarily be solved, the Police will continue to use CCTV where possible to monitor the situation. He explained it is not taken lightly as it often represents the beginning of a poor community feel.

CI Bowman explained that there is insufficient data to quantify the potential benefits of the new highway code legislation, but that its impact would be monitored. He explained that the question of noisy vehicles is a difficult one to answer. If people live close to the A27, for example, unfortunately they will hear traffic noise which is often exacerbated by events such as the Goodwood festival of speed. He acknowledged the good work carried out by RAVEN but explained that with finite resources and a large brief to cover the Police cannot spend disproportionate time responding to excessive vehicle noise. He reassured Members however, that during events such as those held at Goodwood additional speed checks are put in place and the Police monitor behaviour linked to the events.

CI Bowman also expressed his support for Community Speedwatch groups which he feels are valuable, whilst it is difficult to respond to verbal abuse from motorists,

he explained the best way forward was to note registration numbers and report such incidents.

Mrs Bushby added that an initial meeting of the new Road Safety Action Group for Chichester and Arun has been scheduled which will consider the changes to the Highway Code and Community Speedwatch and noted that members of CI Bowman's team are part of this.

Cllr Purnell

Referenced street briefings between the public and PCSOs, where residents had the opportunity to raise issues. Cllr Purnell saw this as a good method of keeping communication open and asked whether these could be restarted and, if so, involve local councillors.

Reponse

CI Bowman explained that he did not know directly why street briefings had stopped and expressed doubt in how popular they were. However, he said he would investigate the issue further and consider stepping these up.

Mrs Bushby added that the success of street briefings had varied area to area, noting that some residents were nervous about potential repercussions if seen engaging with the authorities; but agreed with CI Bowman that they could be considered as an option moving forward.

Cllr Page

Can the Police use speed traps on Sunday mornings to catch motorcyclists flouting the law?

A subsidiary question was asked, on behalf of a constituent, relating to the apparent high volume of stationary vehicles at Chichester Police Station.

Response

CI Bowman recognised the irritation caused to residents by noisy road vehicles. He noted however, that acceleration doesn't mean they are breaking the law. The Police do not have the resources to install regular speed traps but does look to target specific days. He further stated that the crash data doesn't point to this as a key area to direct resources.

Regarding the number of cars at the Police Station, CI Bowman explained that as the main station in the area, several different departments work from here. He noted that more police to fill the cars would be ideal, but that a stationary car does not correlate to police sat at the station.

Cllr Oakley

Mrs Bushby asked, on behalf of Cllr Oakley, whether it was still the intention to have two PCSOs for each electoral division in the District.

Response

CI Bowman said that he did not have the specific details needed to answer but explained that Sussex Police are constantly recruiting PCSOs and Officers especially linked to the National Government's 20,000 Officer uplift programme. He asserted that recruitment is at the top of his to do list.

Cllr Apel

How much can we depend on the Police helping with unauthorised encampments the District often sees in the summer months?

Noting the loss of the City Angels group through COVID and asked whether this has had an impact on the night life in the City.

Response

CI Bowman acknowledged the disruption that unauthorised encampments can cause local people and the perception that nothing is done by the Police. He explained that the Police do have powers under section 61 and 62 to direct people to a transient site, though these sites can only accommodate a certain number. The recent encampment in the Northgate carpark was too large for the Police to require movement to the transient site. He acknowledged that there can be a small delay in clearing sites, explaining that in order to enforce this the Police must have evidence of antisocial behaviour and/or criminal damage; acknowledging that a large number of complaints have been received relating to associated anti-social behaviour in the City. He further explained that this is a national problem, and the legislation is changing regarding Police powers over unauthorised encampments.

Regarding the city nightlife, CI Bowman noted that the night-time economy had returned to 'pre-COVID' levels and explained that on the whole Chichester has a good feel in the evenings. Incidents of serious assault and violence are few and far between and occur less frequently than in other comparable towns and cities.

The Chairman extended her sincere thanks to CI Bowman for his time and wished him well in his role.

CI Bowman extended his thanks and expressed his desire to keep an open dialogue with Councillors.

Members held a brief discussion after CI Bowman had left the meeting to reflect on his contributions.

72 Statement from the Leader of the Council - Cllr Eileen Lintill

The Chairman invited the Leader, Eileen Lintill, to update the Committee on the Levelling Up Fund and the Future Services Framework.

Levelling Up Fund

Cllr Lintill briefly outlined the background to the Levelling Up Fund (LUF), explaining that it is £4.8 billion fund from National Government to invest in infrastructure that improves everyday life in the UK. It is distributed through a competitive bidding process and all local authorities are assigned a priority category. Before phase 2 of the Fund was rolled out, Chichester was moved from category 3 to category 2 and therefore Full Council agreed to submit a bid. She noted the short time scale for this bid and explained that authority was given to her as Leader, the Leader of the Opposition, the Chief Executive and the Director for Growth and Place. The options have been reviewed in weekly meetings before a final sign off later this week to meet the 6th July deadline, after which Members will receive an email with details of the bid.

Cllr Lintill also referenced the UK Shared Prosperity Fund which sits alongside the LUF. It differs to the LUF in that it is a finite amount of money; CDC has been awarded £1 million spread over three years. Officers have been working on an investment plan which must be submitted. The Shared Prosperity Fund requires the Council to work with partners, from whom the Council have received a number of bids exceeding the allotted amount of money. Once Officers have concluded assessments, Cllrs Lintill and Moss will agree what is to be included in the plan. As the LUF will benefit Chichester City only, it has been agreed that monies from the Shared Prosperity Fund will be weighted towards projects outside of the City or those which benefit the District as a whole.

Future Services Framework

Cllr Lintill explained that the Future Services Framework (FSF) is a model developed to allow CDC flexibility if faced with uncertain financial circumstances.

Phase One included looking for as many efficiencies as possible to reduce costs without affecting frontline services. On conclusion the total saving is likely to be lower at 75% of the original projected £2.5 million.

Phase 2 looked at savings options, including rent levels at Westwood House and the costs of CCTV amongst others.

Phase 3 aimed to prioritise Council services that are discretionary and not legally required. The priority of services was agreed at Full Council.

Cllr Lintill expressed that whilst CDC hope to be able to provide all services, this important preliminary work had been completed highlighting which services could be cut should it be necessary. The process also highlighted that CDC currently provide well over the statutorily required services.

The Chairman expressed concern for the potential impact on communities if services were cut; Cllr Lintill offered assurance that in the short term they would not and explained that the financial model is reviewed regularly by SLT and Cabinet who would always endeavour to preserve services.

Cllr Moss added that the work undertaken was vital for the future of the Council. He cautioned that with the growing cost of living crisis and the lower use of car parks

impacting income streams that CDC would inevitably come under significant financial pressure and must be nimble to safeguard vital services.

The Chairman thanked Cllr Lintill for attending the meeting and providing an update to the Committee.

73 **Overview and Scrutiny Committee 2021-2022 Annual Report and 2022-2023 Work Programme**

The Chairman expressed her thanks to Officers for compiling the report which highlights the volume of work carried out by the Committee in the last year.

In a vote the recommendation was unanimously carried as follows:

RESOLVED

That the Overview and Scrutiny Committee considers its 2021-2022 Annual Report and 2022-2023 Work Programme and recommends them to Council for noting.

74 **Novium T&F Group**

The Chairman invited Cllr Roy Briscoe to give a verbal update on the Novium Task and Finish Group.

Cllr Briscoe provided a brief background to the creation of the Task and Finish Group, which was established to review the Novium business plan.

He highlighted the following work undertaken by the group:

- Opening hours were reviewed to balance visitor numbers and staffing costs at weekends
- Charged exhibitions have been introduced to generate income
- Energy saving methods have been implemented
- External banners have been placed in Tower Street advertising the museum and helping to guide tourists
- Social media marketing has been successfully expanded.

He explained that at the latest meeting in April Members felt the outcomes had been achieved and the work within the remit of the Task and Finish Group was completed, with matters moving forward being directed through either the Economic or Housing and Communities Panels.

Cllr Briscoe concluded highlighting that the Novium delivers many social and economic benefits to the District and noting that visitor numbers have increased significantly from 12,000 p/a in 2012 to 51,000 in 2019/20 which likely would have exceeded 60,000 were it not for the challenges presented by COVID-19.

Cllr Bangert led Members in congratulating the Novium team and CDC Officers on their success.

The Chairman added her congratulations and thanked Cllr Briscoe for his presentation.

75 **Late Items**

There were no late items.

76 **Exclusion of the Press and Public**

The meeting ended at 3.57 pm

CHAIRMAN

Date:

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Agenda Item 6

CORPORATE PLAN REVIEW - TERMS OF REFERENCE, SCOPING OF WORK AND PLAN

Review topic	Corporate Plan Mid-Year Progress Review 2022
Terms of Reference	<ul style="list-style-type: none"> • To consider a mid-year progress report on Corporate Plan key projects and performance indicators for the period April to September 2022. • To identify any further action needed to challenge poor performance and/or reduce any risk to an acceptable level.
TFG members	To be appointed at the Overview and Scrutiny Committee meeting on 20 September 2022.
Officer Support	Mr Buckley, Mrs Westbrook, Mrs Bushby, Democratic Services, and service areas where required.
Background	In addition to ongoing projects, new project proposals for 2022/23 were developed via Service Plans to meet the priorities within the Corporate Plan. A review is undertaken mid-way through the year to ensure that the council is achieving satisfactory levels of performance against these key projects and performance indicators.
Outcomes to be achieved	<p>The council's key projects and performance indicators are monitored to support successful delivery and satisfactory performance.</p> <p>Action is taken to address any risks to the Council as a result of poor performance.</p>
Methodology/ approach	As set out in the project plan below.
In scope	Review of progress against 2022-23 Corporate Plan projects and performance indicators.
Excluded from scope	Review of the council's priorities.
Consultation	None required.
Evidence sources	<ul style="list-style-type: none"> • A mid-year performance report on Corporate Plan projects and performance indicators, taken from the Council's performance management system. • Performance updates from services areas. • Action plans to address failing performance.
Site visits	None.
Review completion date	Report to OSC 15 November 2022
How does the review link to strategic aims and priorities?	Links to strategic priorities in the council's Corporate Plan.

PROJECT PLAN

The following Project Plan interprets the above scope into a programme of work.

	Action	Timescale
1	OSC receive Terms of Reference for TFG and appoint TFG Members.	20 Sept 2022
2	TFG meet to receive Corporate Plan Mid-Year progress report. Review report to consider progress against Corporate Plan projects and performance indicators for the period April to September 2022. Identify any areas where improvement is required or poor performance/non-completion is posing a risk to the Council and/or to achievement of the expected project outcomes.	TFG meeting w/c 24 October 2022
3.	If required, a further meeting of the TFG should there be a need to hear from Service Managers regarding progress and issues affecting non-delivery of projects.	Early Nov. 2022
3	Report to Overview & Scrutiny Committee.	15 November 2022

Chichester District Council

OVERVIEW AND SCRUTINY COMMITTEE

20 September 2022

Report from the Affordable Housing Task and Finish Group

1. Contacts

Tracie Bangert - Chair of the Affordable Housing Task and Finish Group

Telephone: 01243 785166 E-mail: tbangert@chichester.gov.uk

2. Recommendation

The Overview and Scrutiny Committee is requested to:

- i) note the findings of the Task and Finish Group as set out in para 4.11 below.**
- ii) note the further work to be undertaken by the Housing and Communities Panel regarding the Housing Register, the banding arrangements and the Allocations Scheme**
- iii) note the ongoing work with Planning Policy to review the Council's Affordable Housing Policy as part of the Local Plan Review.**

3. Background

3.1 The Council established a Housing Task and Finish Group in 2020 with the remit of: *"To examine the medium and long-time viability of setting up a local housing company as an independent arm's length organisation wholly owned by the council and operated on a not-for-profit basis"*.

The terms of reference of the group are at Appendix 1.

3.2 The four main objectives of the group were to:

- *"Consider the risks to capital invested in the council housing presented by the current right to buy referencing how other councils manage this risk"*
- *Review the land under Council control with capacity to build up to 199 council houses*
- *Consider the likely set up costs and resources/skills/expertise required to set up a local housing company, referencing other Council's models*
- *Consider how the council can best deliver affordable housing including assessing the effectiveness of existing delivery mechanisms and alternative options to increasing affordable housing delivery in the district"*

3.3 The timeframe originally set for the Task and Finish Group was not deliverable due to the impact of Covid and other pressures. The matter was revisited in early 2022

and a new timeframe established to complete the work with a report back to the Overview and Scrutiny Committee by November 2022.

- 3.4 Meetings of the Task and Finish Group were held on 11 April, 16 June, and 27 July 2022.
- 3.5 The Housing Task and Finish Group was chaired by Councillor Bangert and supported by an officer team of Cally Antill lead officer, Kerry Standing Divisional Manager Revenues, Benefits and Housing, Nick Bennett, Divisional Manager Legal and Democratic Services and Helen Belenger Divisional Manager Financial Services. Councillor Moss attended meetings two and three as an observer.

4 Meetings and evidence considered

- 4.1 The first meeting of the group looked at the scope of the group and the brief it had been given, agreed what it would be looking at and what it wouldn't. Members tasked officers with research on the subject area which included looking at other councils' experiences, the legal and financial issues regarding housing companies, other routes to enable affordable housing and the priority needs the council should most focus on helping. Members gave a broad steer on what they felt they needed to have knowledge of and to discuss in order to come to a decision and formulate a set of recommendations. It was noted that an understanding of the risks, benefits and harms was vital.
- 4.2 In the meeting members received a presentation on what affordable housing is, all the aspects of the delivery of affordable housing and how we measure demand for it. Delivery data from the last 5 years was considered alongside data from other authorities in West Sussex. The data showed that 761 affordable homes had been delivered in the district over the years 2016/17 to 2020/21 and that the Council was on target to meet its target of 1,000 affordable homes within the life of the current Housing Strategy. It was clear that it is not possible for any provider to deliver all the affordable homes for everyone who wants or needs to live in one as overall delivery of all types of affordable housing is limited by available land and finance in the district. It was also noted that most affordable housing is delivered by Registered Providers through s106 requirements, along with alms-houses & charities, and Community Land Trusts Homes England grants, CDC grants and other loans and borrowing. It was noted that all affordable housing needs some kind of subsidy to reduce the cost to enable lower rents to be charged or for low-cost home ownership. Community Land Trusts were noted to be a positive local means of delivering affordable housing and one that the group wanted to continue to support, along with working closely with our Registered Providers.
- 4.3 During the discussion at this initial meeting members of the Task and Finish Group indicated that they felt all members would benefit from a similar discussion and so an all-members awareness webinar on affordable housing was held on 28 April 2022. This was well attended with 27 members and senior staff taking part. The presentation slides from the awareness session were shared with all members. The member session and member interest in the subject beforehand generated more than 30 questions on affordable housing. These were formatted into a question-and-answer document which was circulated at the end of July to all members.

- 4.4 The presentation to the task and finish group at the first meeting is attached at appendix 2.
- 4.5 The second meeting of the task & finish group reviewed the learning from meeting one and then considered housing companies in depth using the latest CIPFA guidance on risks and benefits assessment (appendices 6 & 7) as well as the experiences of others.

The CIPFA guidance helped the group to focus on 5 key questions:

- i) The purpose and reasons for the need for this type of delivery vehicle
- ii) Land available in council ownership
- iii) Funds available to the council
- iv) Viability and business modelling
- v) Skills, knowledge and capacity

This was followed by consideration of the 7 key CIPFA tests:

- i) Legal powers
- ii) Governance and directors
- iii) Subsidy control (previously known as state aid)
- iv) Taxation
- v) Accounting
- vi) Land and land acquisition
- vii) Right to Buy

- 4.6 Officers had researched other councils' experiences some of which had failed in significant and costly ways. Many had developed none or less than ten properties.

The two key factors for those housing companies which looked to have been succeeding was that they were in areas of growth and/or had access to large amounts of land and capital funding particularly where there was access to strategic growth funding from Homes England. It was noted that the Council does not retain any land of any significant size and would have to compete on the open market against other developers to acquire it.

- 4.7 The group concluded that the Council did not have the land and finance available to support a housing company and that the risks particularly on the taxation, subsidy control and accounting issues significantly outweighed the benefits of a company. The impact of future changes to the Right to Buy would have a major impact on any housing company and presented a significant risk. The group also agreed that the Council did not have the skills, knowledge or capacity to set up and run a company and that the existing mechanisms provided a much more effective and efficient method to deliver new homes so that a company vehicle would not be appropriate.
- 4.8 The presentation to the task and finish group at the second meeting is attached at appendix 3.
- 4.9 The third and final meeting of the task & finish group drew together the contents of all previous meetings and the all-member awareness webinar. The group revisited the key aspects from the preceding presentations and research and reflected on all

the learning gained to date. The group noted that the evidence showed the Council were enabling a high number of affordable homes in an efficient and effective way. The presentation to the task and finish group at the third meeting is attached at appendix 4.

- 4.10 The group also received a presentation on the history around the Council's large scale voluntary transfer (LSVT) of the council owned housing stock in 2001 which had been raised by a member for the group to specifically consider. The group considered the drivers for the LSVT around the condition of the stock and the need for considerable investment, and the process including the consultation and ballot of tenants. The Council set up the housing company called Chichester District Community Housing Ltd and transferred 5,321 houses. This enabled the Council to pay off its debts, cover the costs of the set-up, pay the LSVT levy and retain a capital receipt of £22.1m.

The presentation to the task and finish group regarding LSVT is attached at appendix 5.

Conclusions

4.11 The Task and Finish Group concluded that:

- i) It had considered the risks, the capital and land available and concluded that there is not a business case to support the need for the Council to set up a housing company.
- ii) The Council does not have the resources, skills, expertise, experience, or capacity to set up and run a housing company.
- iii) The current delivery mechanisms effectively and efficiently utilise strategic partners expertise and access to land and funding (both government grants and loan finance) to create a good flow of affordable homes.
- iv) CLTs provide a good local mechanism for smaller and rural housing delivery and the Council should continue to support them.
- v) The supply of new build properties and the turnover of the existing stock; (which provides more homes than new build can) meets as many of the band A to C expressed needs as was feasible (appendix 1).
- vi) A recommendation would be made to the new Housing and Communities Panel to consider a review of the Housing Register, the banding arrangements, and the Allocations Scheme.
- vii) Further work would be undertaken with Planning Policy to review the Council's Affordable Housing Policy in respect of matters such as sizes, types, tenures location and viability relative to overall development as part of the Local Plan review and to consider how better to support and deliver self-build options.

5. Outcomes to be Achieved

- 5.1 The original scope of the Task and Finish Group including a paragraph on outcomes as follows *'The findings and recommendations of the Study will be reported back to Overview and Scrutiny/Cabinet and will feed into future housing policy and funding requirements.'*
- 5.2 This report and the work of the of the Task and Finish Group have been produced in accordance with this outcome requirement. This will be supplemented by the further work of the Housing and Communities panel and with Planning Policy as outlined in recommendations 2 iii above.

6. Community impact and corporate risks

- 6.1 Housing has a huge impact on our communities and this report seeks to make recommendations to Overview & Scrutiny following the task & finish group meeting that will support delivery of affordable housing moving forward.

7. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		x
Climate Change and Biodiversity		x
Human Rights and Equality Impact		x
Safeguarding and Early Help		x
General Data Protection Regulations (GDPR)		x
Health and Wellbeing – housing is a key issue relating to our communities' health & wellbeing.	x	
Other (please specify)		x

8. Appendices

1. Terms of reference
2. Meeting 1 slides Affordable Housing TFG
3. Meeting 2 slides Affordable Housing TFG
4. Meeting 3 slides Affordable Housing TFG
5. Meeting 3 LSVT presentation
6. CIPFA Technical Information Service for the Local Housing Companies (Updated 2018)
7. Local Authority owned companies: a good practice guide 2022 edition

9. Background documents

Presentation slides from the all-member awareness webinar April 2022 (previously circulated to all members)

Task and Finish Group - Terms of Reference

The viability of setting up a local housing company to deliver affordable housing

Membership: To be appointed by Overview & Scrutiny Committee.
Chair to be appointed by Overview and Scrutiny Committee

Lead Officer: Ivan Western, Housing Delivery Manager

Officer Support: Finance and Legal support to be confirmed.

Purpose of the Group

The purpose of the Group is to examine the medium/long term viability of setting up a local housing company as an independent arm's length organisation wholly owned by the council and operated on a not-for-profit basis.

In doing this the Group will:

1. Consider the risks to capital invested in the council housing presented by the current right to buy referencing how other council's manage this risk.
2. Review the land under Council control and /or which has potential to be under council control with capacity to build up to 199 council houses.
3. Consider the likely set up costs and resources/ skills/expertise required to set up a local housing company, referencing other Council's models.
4. Consider how the Council can best deliver affordable housing including assessing the effectiveness of existing delivery mechanism's and alternative options to increasing affordable housing delivery in the district.

Scope

- The study will focus on an initial viability of setting up a local housing company to deliver affordable housing, to be made available as affordable/social rent or part-ownership.
- The study will consider alternative options to delivering affordable housing with pro's and con's of each approach.
- Market housing and for profit investment will not be within the scope of the study.

Methodology

- The study will involve desktop research, interviews with other local authority officers and visits to get an understanding of the issues involved.

Outcomes

- The findings/ recommendations of the Study will be reported back to Overview and Scrutiny Committee/ Cabinet and will feed into future housing policy and funding requirements.

Review period / timetable

The Group will meet monthly.

March - Initial meeting

Apr - June evidence collecting including visits

Jul- Sep analysing and assessing evidence

Oct-Nov Draft report

Report to SLT: December

Report to OSC: Jan 2021

Report to Cabinet: Feb 2021

Affordable Housing Delivery Task and Finish Group

Meeting one – setting the scene and what
questions do members need answers to?

April 2022

1

1

What is
affordable
housing?
National
Planning
Policy
Framework
definition:

Housing for sale or rent, for those
whose needs are not met by the
market; and which complies with one
or more of the following definitions:

- Affordable housing for rent
- Starter Homes
- Discounted market sales
housing
- Other affordable routes to
home ownership

2

2

Housing for rent – definitions:

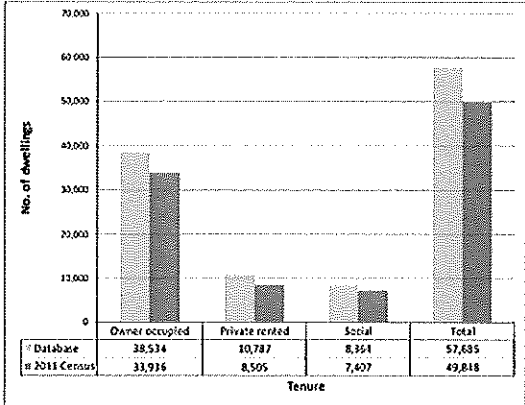
Social Rent: landlord is a Registered Provider and rents set in accordance with a formula set by the Regulator of Social Housing. Typically 50% of the market rent

Affordable Rent: landlord is a Registered Provider (normally), and rents + service charge do not exceed 80% of market rent.

3

3

Tenure percentages across Chichester district



	Owner occupied	Private rented	Social	Total
Database	38,534	10,787	8,351	57,685
2011 Census	33,916	8,505	7,407	49,818

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How many affordable homes have been delivered across West Sussex?

(source gov.uk includes affordable and low-cost home ownership)

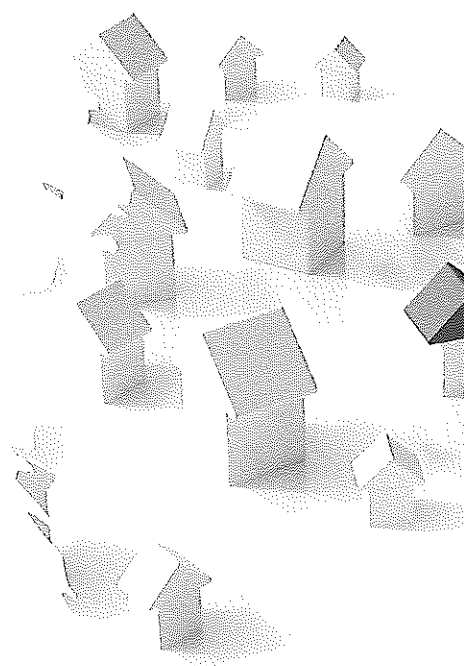
	2016-17	2017-18	2018-19	2019-20	2020-21	TOTAL
Adur	68	4	50	225	81	428
Arun	103	183	98	107	204	695
Chichester	135	154	137	179	156	761
Crawley	249	172	172	200	172	965
Horsham	120	378	553	274	233	1558
Mid Sussex	82	178	73	139	197	669
Worthing	61	63	75	276		475

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This year's delivery

- Registered Providers will provide 216 new affordable homes in 2022/23 (source CDC programme)
 - 121 for rent (social and affordable)
 - 95 for affordable home ownership
- Important to note that not every development can generate affordable housing - some are too small or in the wrong area and others can deliver much more



6

Current demand on the Housing Register (April 2022 snapshot) compared with lettings completed through CBL process with Registered Providers in 21/22

	1 bed	2 bed	3 bed	4 bed +	Total
Band A - over riding priority	27	8	3	4	42
Band B - urgent need	100	36	10	7	153
Band C - overcrowding, homelessness and health	282	161	167	69	679
Total A-C	409	205	180	80	874
Registered Provider Lettings via CDC 21/22	149	206	92	22	469

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Who delivers affordable homes in the Chichester district?

Registered Provider Partners – the large ones in the district include Hyde, Abri, Clarion, Vivid, Aster

Almshouses and charities (who can also be registered providers) – for example St Mary's and Greyfriars

Community Land Trusts – in Westbourne and Midhurst

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How is affordable housing delivered?

- Through a combination of:
 - Planning agreements (s106)
 - Homes England grants (usually through strategic partners)
 - CDC grants (from commuted sums = £2m over last 5 yrs)
 - Loans and borrowing
 - Recycled Capital Grant Fund
 - Land ownership
 - Strategic delivery partners
- Staffing resources (specialist skills)
- All affordable housing needs subsidy!

9

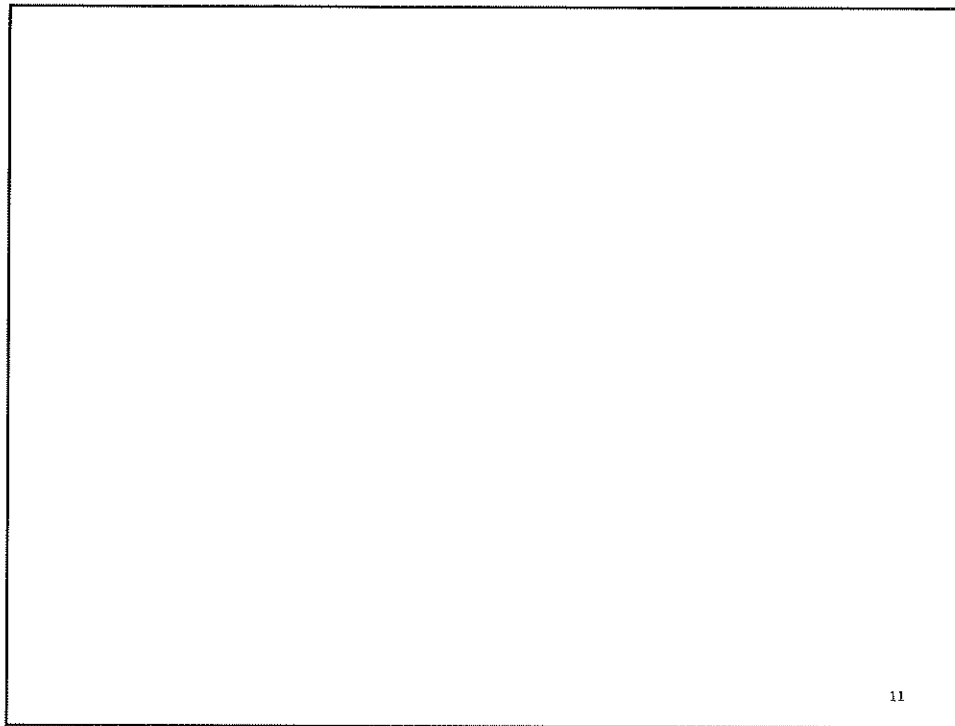
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What makes delivery work well?

- Having positive relationships with strategic partners
- Smooth running of planning process to deliver 30% (on eligible sites)
- Making Chichester an attractive place for our providers to invest their Homes England grant allocations and their borrowing power
- Having a flexible approach to negotiations

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Questions
and
discussion

What, if any, concerns do members have about the delivery of affordable housing?

What challenges do members see for the delivery of affordable housing?

Other questions?

Next Step – visit to see affordable housing in the district

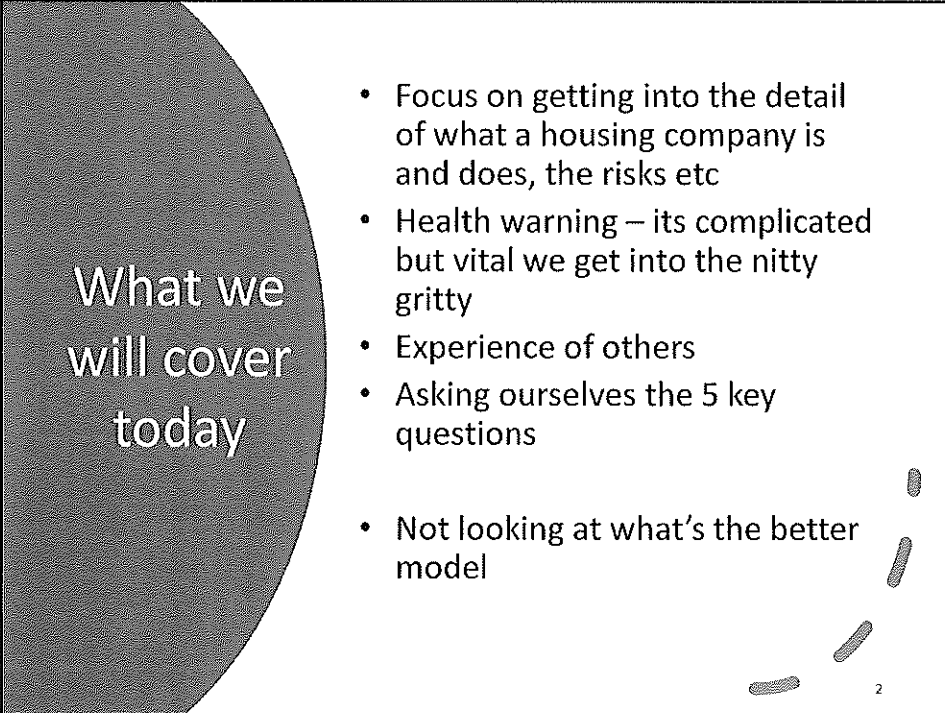
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Affordable Housing Delivery Task and Finish Group

Meeting two – Housing Companies June 2022

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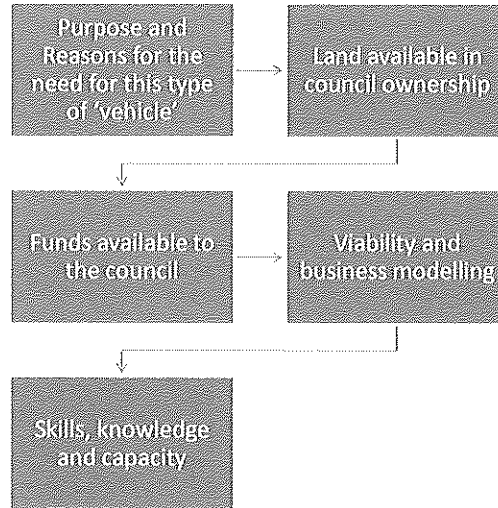


What we will cover today

- Focus on getting into the detail of what a housing company is and does, the risks etc
- Health warning – its complicated but vital we get into the nitty gritty
- Experience of others
- Asking ourselves the 5 key questions
- Not looking at what's the better model

2

Key questions council would need to ask itself – come back to this at the end!



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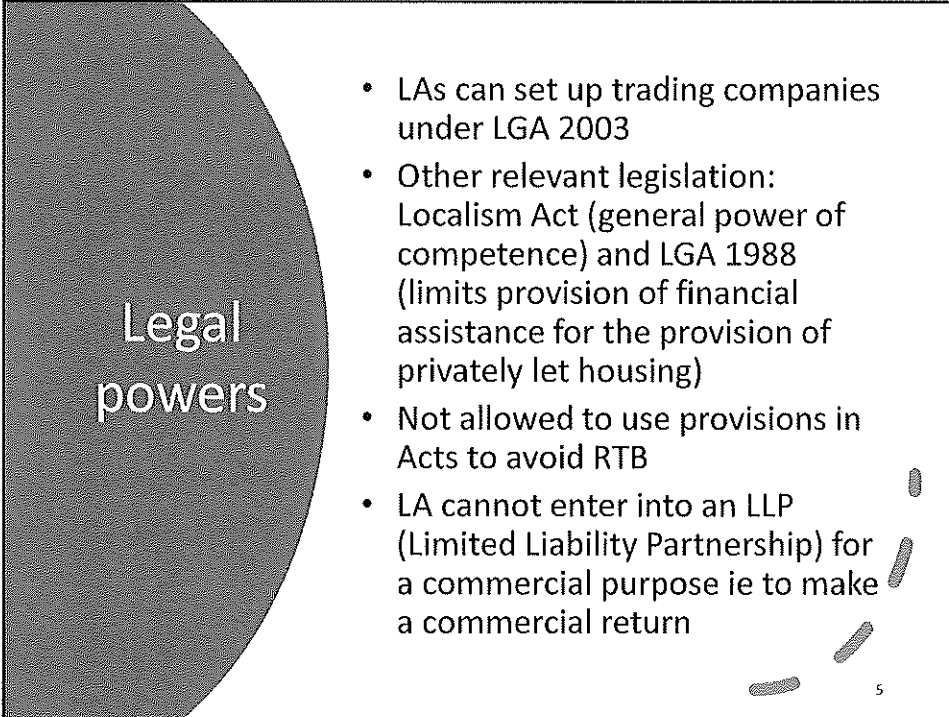
But first...the CIPFA Local Housing Companies document

Sets out key issues to consider

- Legal powers
- Governance and directors
- Financing
- Subsidy Control (was known as state aid)
- Taxation
- Accounting
- Land and land acquisition
- Right to Buy

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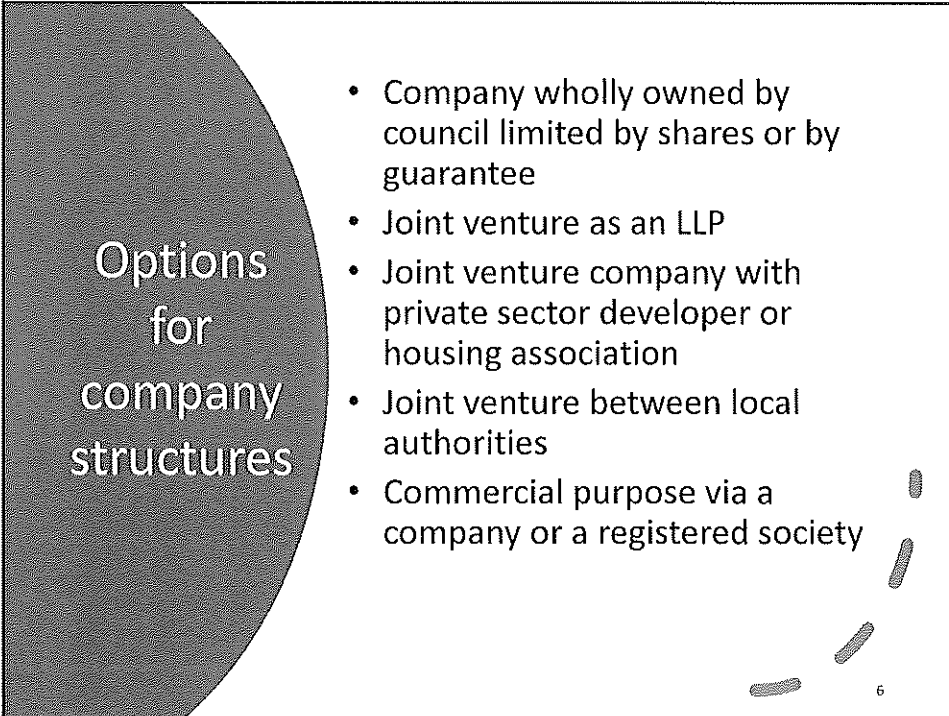


Legal powers

- LAs can set up trading companies under LGA 2003
- Other relevant legislation: Localism Act (general power of competence) and LGA 1988 (limits provision of financial assistance for the provision of privately let housing)
- Not allowed to use provisions in Acts to avoid RTB
- LA cannot enter into an LLP (Limited Liability Partnership) for a commercial purpose ie to make a commercial return

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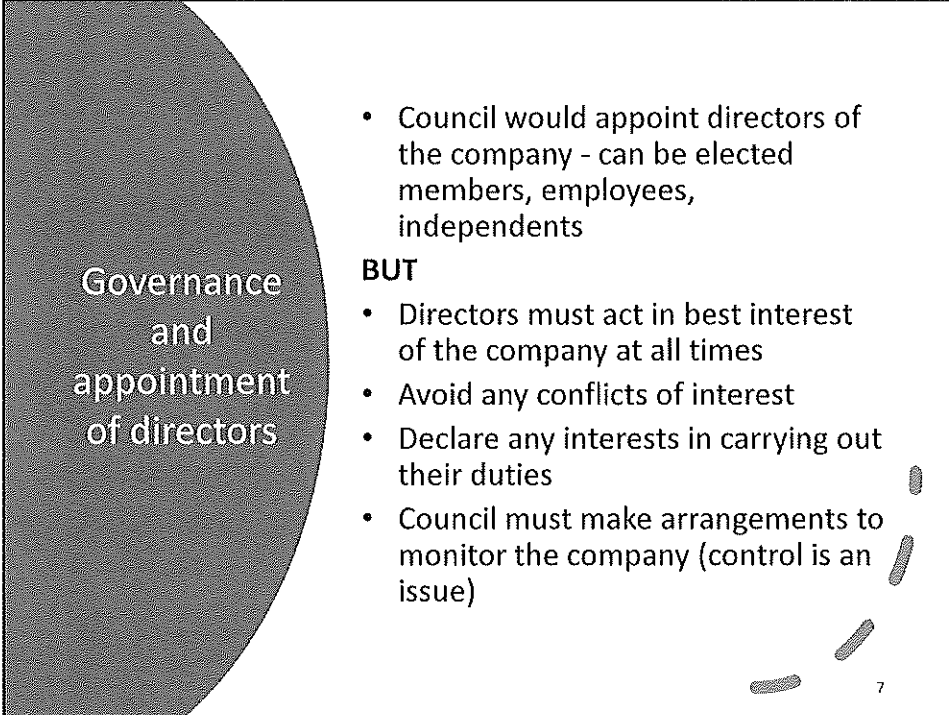


Options for company structures

- Company wholly owned by council limited by shares or by guarantee
- Joint venture as an LLP
- Joint venture company with private sector developer or housing association
- Joint venture between local authorities
- Commercial purpose via a company or a registered society

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Governance and appointment of directors

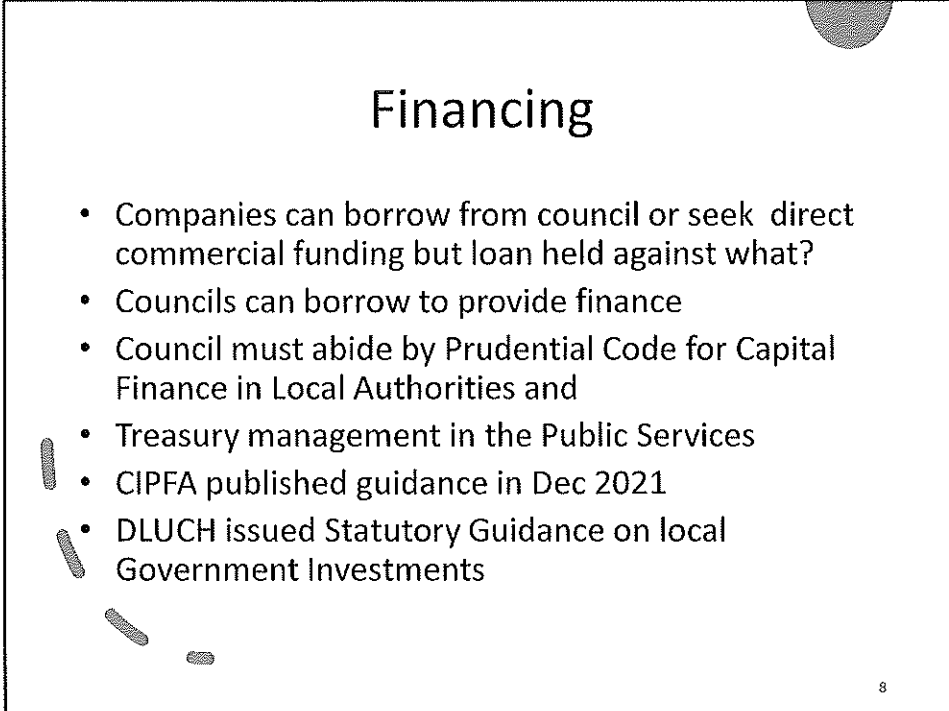
- Council would appoint directors of the company - can be elected members, employees, independents

BUT

- Directors must act in best interest of the company at all times
- Avoid any conflicts of interest
- Declare any interests in carrying out their duties
- Council must make arrangements to monitor the company (control is an issue)

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Financing

- Companies can borrow from council or seek direct commercial funding but loan held against what?
- Councils can borrow to provide finance
- Council must abide by Prudential Code for Capital Finance in Local Authorities and
- Treasury management in the Public Services
- CIPFA published guidance in Dec 2021
- DLUH issued Statutory Guidance on local Government Investments

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Subsidy Control (was known as State Aid)

- Assessment required for set up, borrowing, land transactions from the council not at market value
- Complicated area that could have implications across all the key issues
- Whatever doing always have to have this in forefront of considerations

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Taxation

Specialist advice needed on:

- VAT
- Corporation Tax
- Stamp Duty Land Tax
- Construction Industry Scheme
- Residential Property Developer Tax (April 2022)

Significant implications!

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Accounting

Key issues

- Relationship with housing company and it's size
- Impact on council's accounts
- separate group accounts are required
- Financing set up and impact of Statutory Guidance on MRP (minimum revenue provision)
- Consideration of IFRS 9 Financial Instruments – risk of default and need to assess value of losses

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Land acquisition

- Company can purchase land or acquire property by competing in the open market
- Company can develop land owned by the council and transferred to it
- Disposal of land to a company building homes for rent must comply with LGA 1988
- Role of 'general consent'
- Transfers less than market value must consider subsidy control

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- Housing Company tenants have rights and responsibilities as private tenants (ASTs are issued)
- Don't have same rights as Council or Housing Association tenants
- Extension of RTB = major risk to all housing companies but would require change in legislation
- RTB receipts (from stock previously held by CDC) cannot be used to fund development by council owned companies

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The experiences of others

- Lawyers in Local Government Code of Practice outlines some issues/difficulties faced by companies eg making decisions, scrutiny, managing regulatory matters and conflicts
- Local companies we are aware of include Horsham DC which currently holds 5 properties and Arun's 'Trisanto' (holdings unclear).
- A survey in 2017 showed 24 companies had been/were being set up with a wide range of aspirations eg making a profit &/or delivering homes
- Typically companies held less than 10 properties
- Further research would be needed to see what actually happened to them and what they have delivered
- High priority failures eg Croydon, South Kesteven and North Cornwall

14

14

Key benefits

- Housing company may provide an income to the council (depends on terms)
- Housing company in control of development (where, what, how quickly) BUT
 - subject to planning, having land and funding
 - if not set up as a registered provider not eligible for any capital funding from Homes England
- In long term company may provide a property asset for the council (depends on terms)
- Perception of control by the council but in reality company is a separate entity largely outside CDC control

15

15

Key risks and issues (1)

- Set up costs can be significant (time and resources diverted from other functions – housing, legal, finance etc)
- Subject to all the business risks operating in this market (rent controls, HB levels, tenancy changes, operation of the courts, costs of repairs & maintenance, staff, development costs etc)
- Taxation – irrecoverable VAT on most of expenditure, running costs significantly more expensive
- Other running costs eg audit, insurances, borrowing costs, repairs, management, maintenance etc

16

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Key risks and issues (2)

- Accountancy complexity and drain on internal resources
- Future changes to RTB? =losing stock/selling at a discount
- Securing land and finance
- Gearing risk – increased risk of financial distress or failure if high proportion of debt to assets/equity
- Liquidity risk – unable to meet payment obligations due to cashflow issues
- All the checks and controls required when using public money
- Government changes in policy (often without notice)

17

17

Back to the questions we need to ask ourselves and discussion...

Purpose and Reasons for the need for this type of 'vehicle'

Land available in council ownership

Funds available to the council

Viability and business modelling

Skills, knowledge and capacity

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Next steps and meeting three

Review the learning and information from meetings one, two and the members awareness session on housing delivery

Consider the purpose of the T and F Group, the scope it was given and the four main tasks

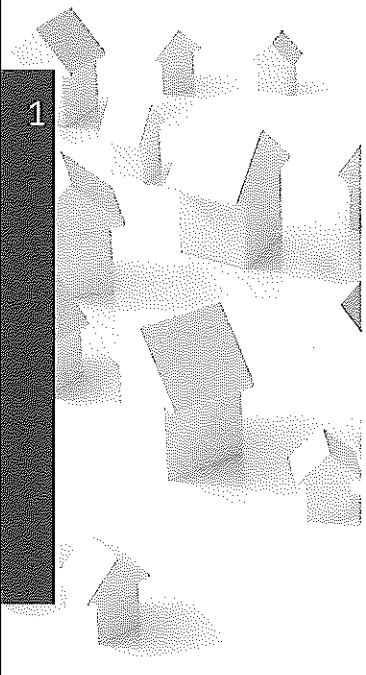
Have these been met?

Other considerations eg history at CDC and LSVT

Produce summary findings and recommendations to OSC/cabinet/council

19

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Affordable Housing Delivery Task and Finish Group

Meeting three – reflection and recommendations July 2022

1

Plan for the meeting

Review the learning and information from meetings one, two and the members awareness session on housing delivery

Consider the purpose of the T and F Group and the four main tasks

Have these been met?

Any other considerations

Produce summary findings and recommendations to Overview and Scrutiny Committee

2

2

Learning from meetings one, two and the awareness session

In meeting one we looked at:

- What is affordable housing
- Why we deliver affordable housing
- What are the needs for affordable housing in Chichester
- How we deliver affordable housing
- Who delivers affordable homes in the district (partnership with registered providers, almshouses and CLTs)
- Compared ourselves with others
- Showed that we were enabling a high number of homes in an efficient and effective way

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The all members awareness session

- Explained to all members how and why we enable affordable housing (as set out in the previous slide)
- Was very well attended.
- Generated a lot of questions (captured and circulated with answers to members)
- Reassured members that we were enabling high numbers of homes to meet needs

4

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Affordable housing in Chichester district – the numbers

Financial Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 (est)	Total
Number of affordable homes	135	154	137	179	156	202	257 (est)	1,220

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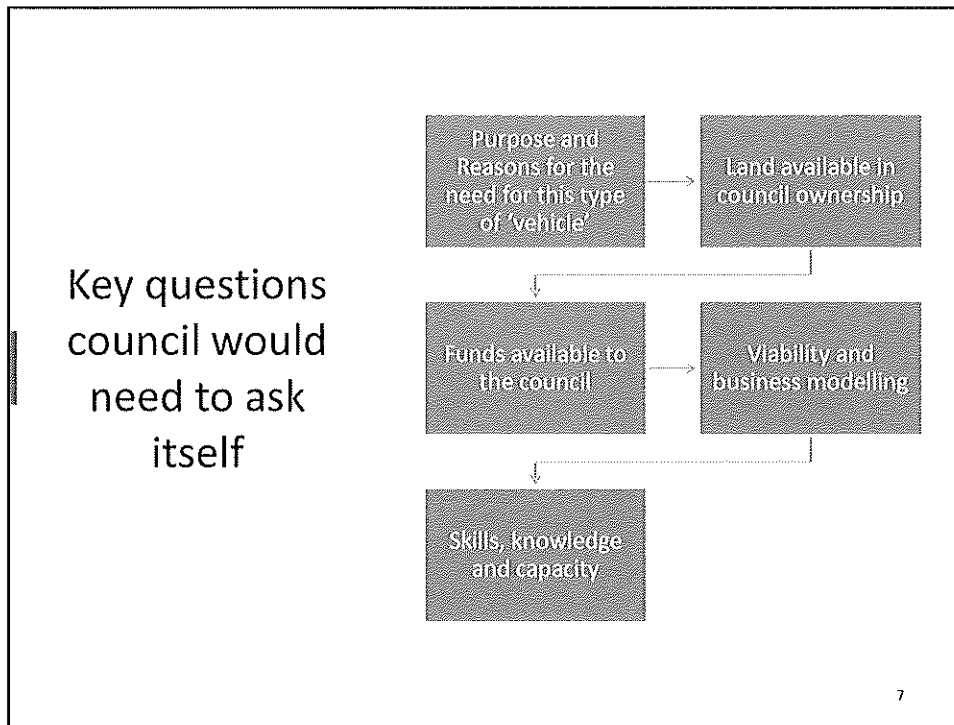
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Meeting two

- Considered in detail local authority housing companies
- Looked at the legal powers to deliver homes this way
- What was needed ie land and money and whether we had either or both
- Looked at risks and rewards – mostly the risks outweighed the rewards
- Considered the 5 questions..

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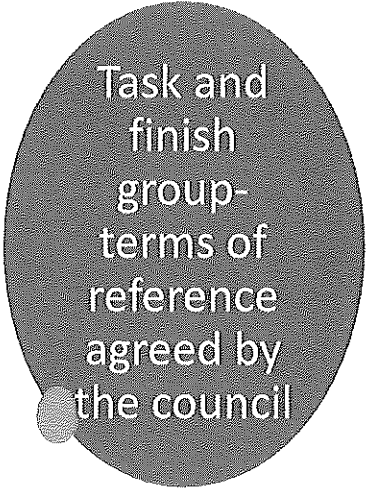
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We looked at the tests in the CIPFA Local Housing Companies document

Document sets out key issues to consider	<ul style="list-style-type: none"> Legal powers Governance and directors Financing Subsidy Control (was known as state aid) Taxation Accounting Land and land acquisition Right to Buy
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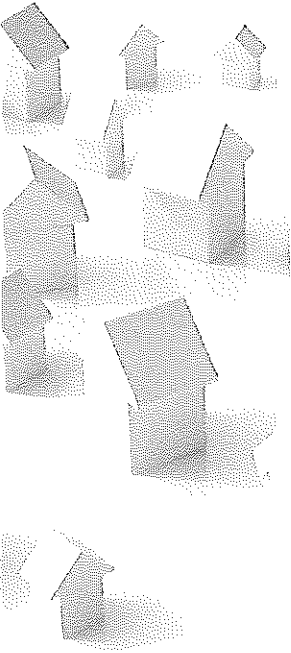
Task and finish group-terms of reference agreed by the council

Purpose of the group

- *“To examine the medium and long time viability of setting up a local housing company as an independent arms length organisation wholly owned by the council and operated on a not for profit basis”*

9

9



In doing so the group will:

- *“Consider the risks to capital invested in the council housing presented by the current right to buy referencing how other council’s manage this risk*
- *Review the land under Council control with capacity to build up to 199 council houses*
- *Consider the likely set up costs and resources/skills/expertise required to set up a local housing company, referencing other Council’s models*
- *Consider how the council can best deliver affordable housing including assessing the effectiveness of existing delivery mechanism’s and alternative options to increasing affordable housing delivery in the district”*

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Key benefits

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Key risks and issues (1)

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- Other running costs eg audit, insurances, borrowing costs, repairs, management, maintenance etc

12

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Key risks and issues (2)

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- Future changes to RTB? =losing stock/selling at a discount
- Securing land and finance
- Gearing risk – increased risk of financial distress or failure if high proportion of debt to assets/equity
- Liquidity risk – unable to meet payment obligations due to cashflow issues
- All the checks and controls required when using public money
- Government changes in policy (often without notice)

13

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Conclusion and recommendations (1)

The group has considered the risks, the capital and land available and there is not a business case to support the need for a housing company

The group concluded that the Council does not have the resources/skills/expertise/capacity to set up a housing company

The current delivery mechanisms effectively and efficiently utilise govt funding and strategic partners' expertise, plus land they have access to, to create a steady flow of affordable homes

The supply of new build properties and the turnover of the existing stock (which provides more homes than new build each year) generally meets the housing needs of the district

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Conclusion and recommendations (2)

There is work to be undertaken via the Housing and Communities panel to look at options for possible changes to the Housing Register, the banding arrangements and the Allocations Scheme

There is ongoing work with the planning policy team to look at the Council's Affordable Housing Policy (sizes, types, tenures, location etc)

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Next steps

- The chair of the Task and Finish Group will report the group's work and findings to the Overview and Scrutiny meeting on 20th September 2022

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Affordable Housing Delivery Task and Finish Group July 2022

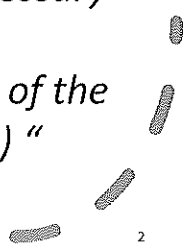
Sale of the councils stock under LSVT

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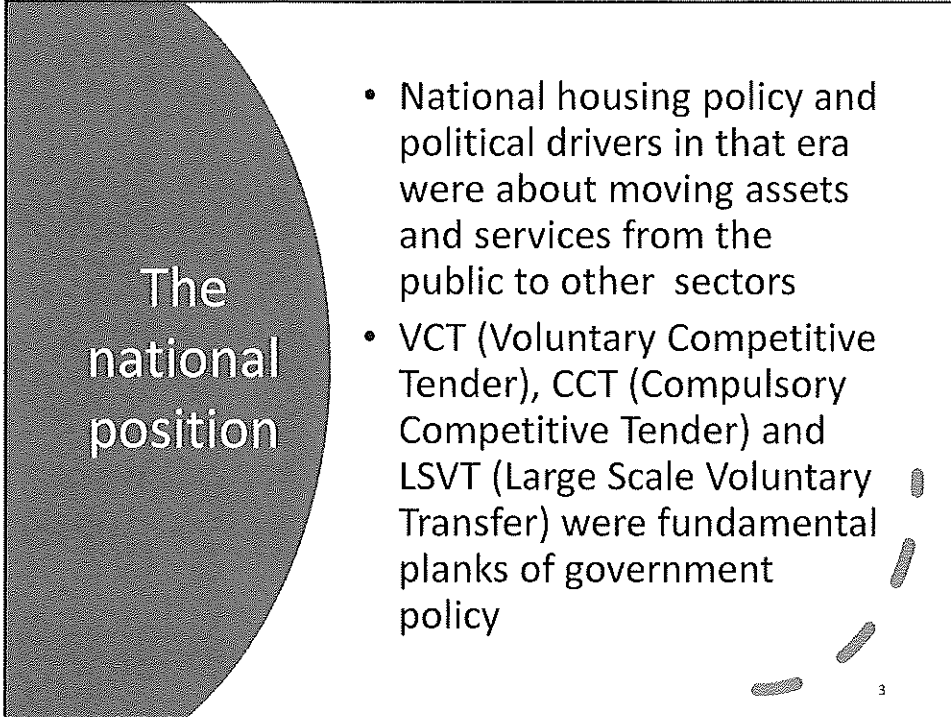


Member question

“It might be important for the TFG to understand exactly why CDC decided it was necessary to sell off all its housing stock in 2001 and what steps will be necessary for CDC to reverse the decision (if that is one of the objectives of the TFG?) “



2



The national position

- National housing policy and political drivers in that era were about moving assets and services from the public to other sectors
- VCT (Voluntary Competitive Tender), CCT (Compulsory Competitive Tender) and LSVT (Large Scale Voluntary Transfer) were fundamental planks of government policy

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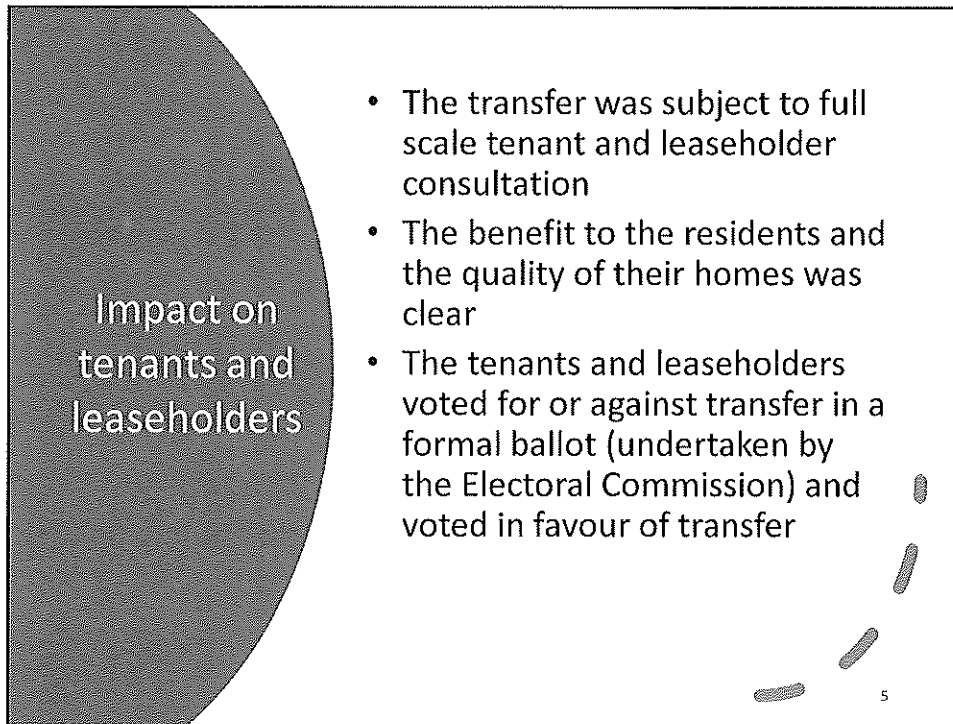


The cost to run housing

- The national policy restrictions and formulaic approach to repairs and maintenance and investment in stock meant stock condition across the country was declining
- The catch up repairs, forecast responsive repairs and void works, cyclical repairs and maintenance and programmed renewals for the CDC stock in 2001 were independently calculated to be a cost to the council for the next 30 years of **£213m**

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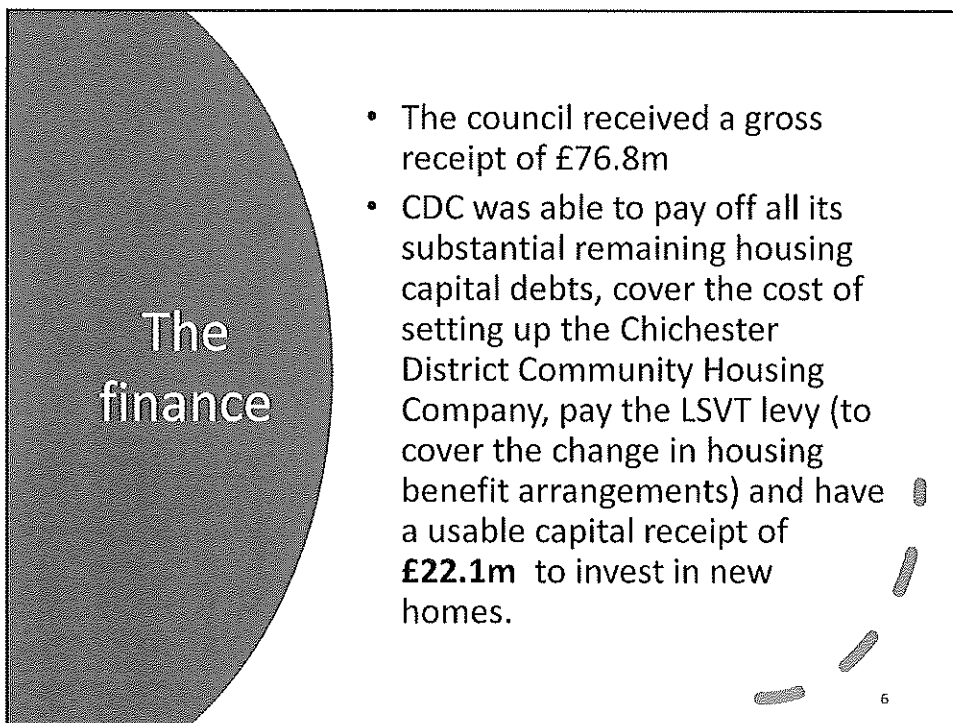


Impact on tenants and leaseholders

- The transfer was subject to full scale tenant and leaseholder consultation
- The benefit to the residents and the quality of their homes was clear
- The tenants and leaseholders voted for or against transfer in a formal ballot (undertaken by the Electoral Commission) and voted in favour of transfer

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The finance

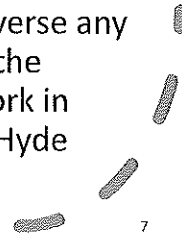
- The council received a gross receipt of £76.8m
- CDC was able to pay off all its substantial remaining housing capital debts, cover the cost of setting up the Chichester District Community Housing Company, pay the LSVT levy (to cover the change in housing benefit arrangements) and have a usable capital receipt of **£22.1m** to invest in new homes.

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The position now

- 5,321 homes were transferred in 2001
- CDCH Ltd was subsequently incorporated into Martlett Homes which in turn became incorporated into Hyde Martlett and finally just as Hyde
- The stock transfer is now 21 years old
- There is no scope to reverse any of these decisions and the council continues to work in close partnership with Hyde



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CIPFA Technical Information Service for Local Housing Companies Extract¹

It is important to be clear from the outset what are the objectives of setting up the company. The objectives will influence the structure of the company and enable the council to evaluate whether setting up a company is the best solution or whether other approaches might achieve the same aims.

Options for Company Structure

Options for the company structure include the following:

- The most usual and straight forward option is to create a company wholly owned by the council. The company may be limited by shares (cls) or by guarantee (clg). The cls structure is generally seen as most flexible for companies wishing to expand but the clg structure is most often adopted by charitable companies.
- A joint venture company with a private sector developer or with a housing association. Most commonly each party holds a 50% stake. Where the council contribution is largely in the form of land these are referred to as local asset backed vehicles (LABV).
- Joint ventures between local authorities are possible.
- A joint venture may be set up as a limited liability partnership (LLP). However, see legal issues below.
- The company may be set up as subsidiary of the arms-length management organisation (ALMO) if it exists.
- The company may set up further subsidiary companies, wholly owned or joint ventures. This is currently unusual and might be expected at a later stage if the original company has grown
- The company may seek registration as a housing association (private registered provider).
- The company, or a subsidiary, may be set up as a charity.

Reasons for Setting Up a Company

Many councils' spending on development or redevelopment for the Housing Revenue Account (HRA) is limited by the cap on HRA borrowing. Spending by the company will be outside the cap.

A company can act more quickly and in a business like way than is usually possible for a local authority.

The company may enable development or redevelopment to proceed where it seems otherwise development will be slow or not take place at all. This can be the case for particular sites, or it may be that the council thinks that housing development in the area generally needs to be accelerated

The company will be free to set rents and tenancy terms without any of the controls or restrictions which apply to HRA tenancies. For instance, the company may set rents higher than HRA rents but below market, or adopt a mix of rent levels. The company can buy and sell property and is not subject to the conditions applying to public sector land transactions. The company will still be subject to landlord and tenant law and to market pressures on rents and the need to meet its financial objectives.

Properties are not subject to the right to buy, but note comments in "Right to Buy" section below. Councils are warned that avoidance of the right to buy should not be made the major objective of setting up a company.

The company may assist the council in providing temporary accommodation for homeless families.

The company may provide a revenue income to the council. This is likely to arise from the terms of lending to the company. Additional income may result if the company is profitable and returns some or all of its profits to the council.

To the extent that development is accelerated, or would not otherwise take place, then the council will benefit from additional council tax, new homes bonus and planning gain.

In the long term, the company may provide the council with a valuable property asset which may in turn provide a capital receipt or a revenue income.

The company may require services and support from the council, for which it will pay a price.

The various possible advantages must be weighed against one another. For example, the objective of securing revenue income is likely to work against the provision of lower rented property.

Key Risks and Issues

Set up costs can be significant. In theory a company can be created very quickly and cheaply. In practice most authorities appear to have found that setting up a housing company requires significant time and cost, and commitment to this objective.

The company will be subject to all the business risks of operating in the market. For instance rents and property values may fall, although few people think this is likely. Development costs may rise, and most people think this is very likely. Interest costs are likely to vary.

The company will pay VAT on most of its expenditure, including services contracted from the council, and it is likely most of this input tax will be irrecoverable. The result will be that running costs will be significantly higher than for a similar council owned activity.

The company will be liable to corporation tax if it is profitable which will reduce potential returns to the council.

There will be some additional costs incurred in running the company, for instance insurance and external audit.

The company may take land for mixed tenure development which in future might have been used for wholly affordable housing, for instance if the HRA borrowing cap were lifted.

The council is not able to use retained right to buy receipts to fund development by a wholly owned company. This is a requirement of the legal agreement with the MHCLG governing use of these RTB (right to buy) receipts.

Future changes in regulation or legislation may affect the position of these companies, see for instance sections below on “Right to Buy” and “Taxation” (on corporation tax changes).

Legal powers

Local authorities in England and Wales can set up trading companies in areas relating to their existing functions under the [Local Government Act 2003](#).

The [Localism Act 2011](#), Section 1, gives local authorities power to do anything an individual can do – the ‘general power of competence’. This is subject to any restrictions or limitations in preceding legislation, and any which might be introduced by future legislation. Therefore for a trading company, the authority is advised to comply with the requirements of Section 95 of the [Local Government Act 2003](#). It is also necessary to consider the [Local Government Act 1988](#), Sections 24–25, which places limits on the provision of financial assistance to any person for the provision of privately let housing, subject to secretary of state consent of which a general consent

has been given with conditions. The council should not use the [Localism Act 2011](#) power solely or mainly to avoid RTB (right to buy) entitlements or the HRA debt cap.

Section 4 of the [Localism Act 2011](#) requires that if the authority uses Section 1 for a commercial purpose this must be done through a company or a 'registered society' (previously known as an Industrial and Provident Society)

It appears therefore that a council may not directly become a partner in a LLP for a commercial purpose. It may consider the LLP route if the objects are non-commercial or indirectly by forming a company which then becomes a partner, for instance in a joint venture.

The decision of the High Court in *Peters v Haringey LBC* (2018) is helpful in this regard. Haringey proposed a joint venture company to redevelop council estates. The council hoped for a commercial return but its predominant purpose was to promote its housing and employment objectives. The court agreed that in this case the purpose was non-commercial and that the council could enter into a LLP company for this purpose. Haringey subsequently decided not to proceed with this project but it is possible the decision may be appealed.

Governance and Appointment of Directors

The council will appoint the directors of the company, or expect to appoint a due proportion if the company is a joint venture. The directors may be elected members of the council, or council employees, or outside independent directors, or a mix of these types of people.

The directors must be aware of their duties when acting as directors, see [Companies Act 2006](#), Part 10, chapter 2. Directors must act in the best interest of the company. They must avoid conflicts of interest, and declare any interest in a proposed transaction. Directors are unable to vote in certain conflict situations in which case decisions can be made by the other directors ([Companies Act 2006](#), Section 180(4)). The council should consider the potential for conflicts of interest when appointing directors, and are generally advised to minimise these potential conflicts.

The council must make arrangements for monitoring and control of the company. For instance if there are no elected members on the board of directors then it is common to create a shareholder committee and/or scrutiny arrangements.

The arrangements for LLPs are somewhat different but the same principles should apply.

Financing

The company may be financed entirely by borrowing from the council. Alternatively, some companies have sought direct commercial funding and/or an equity stake from the council. The funding route will have implications for the company's costs directly and also influence the interest rate charged by the council under state aid rules.

Councils must take into account the [Prudential Code for Capital Finance in Local Authorities and Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes](#) published by CIPFA in December 2021 and the revised [Statutory Guidance on Local Government Investments](#) issued by DLUCh (or formerly MHCLG).

A council may invest in a company by providing land or finance. Powers to invest are contained in the [Local Government Act 2003](#), Section 12. Councils must take account of government guidance under Section 15. Guidance published on 2 February 2018 ([Statutory Guidance on Local Government Investments, 3rd edition](#)) and effective from 1 April 2018, which applies to both financial assets and non-financial assets held primarily or partially to generate a profit and specifically includes loans to wholly owned companies, associates, joint ventures and third parties. The latest updates from Government since 2018 have sought to further tighten controls on commercial activities of local authorities and specifically borrowing from the PWLB.

Borrowing powers are in Section 1 of the [Local Government Act 2003](#). Councils can borrow to meet expenditure which is treated as capital expenditure under proper practices or as a result of a capitalisation direction (Section 16), for example under paragraph 25 of the [Local Authorities](#)

(Capital Finance and Accounting) (England) Regulations 2003, as amended. Councils must take into account the Prudential Code for Capital Finance in Local Authorities, latest edition published by CIPFA in December 2021. The code advises against borrowing “in advance of need” to invest in revenue generating assets. The government’s recent guidance on investments (above) also draws attention to this point.

However, authorities may make the case that investment in housing companies may not be primarily aimed to generate profits. See above the similar argument concerning use of LLPs.

Investment by provision of land brings into consideration the requirements about transfer of land, see “Land Acquisition” below and “State Aid”, also below.

State Aid (new UK terminology required?)

The council and the company will almost certainly wish to avoid the risk that any transaction with the company can be interpreted as state aid. In particular, the council will need to consider the terms of lending to the company, any guarantees provided to the company or its creditors, and any services provided or transfers of assets, such as land, to the company. The definition of state aid is a broad one and the consequences of a breach of the rules can be severe.

If part of the company’s activities is to provide ‘social housing’, then this part may fall within the definition of activities exempt from state aid rules, known as services of general economic interest (SGEI). This is a complex area, for instance, if applied to social housing which may be required under planning policies. Conditions must be met to qualify for this exemption, including clear separation of the accounts of the exempt activities.

The **State Aid Manual** published by the Department for Business Innovation and Skills (BIS) provides more information. It advises consultation with the BIS State Aid team if planning to use the SGEI exemption.

For many companies, the key issue will be the rate of interest it must pay on loans from the council. Commercial lenders typically make available loans either at a variable rate at a margin over a base rate (typically London Inter-bank Offered Rate (LIBOR)) or fixed rate loans at a margin over gilt (government bond) rate for the same maturity. In either case, the margin will take account of the risk of the investment including factors such as the track record of the company, the degree of security, and the stage of development. It is common for there to be additional one-off fees at the initial stages and sometimes also termination fees. Property development loans are normally medium-term and it is likely to be in the company’s interest to refinance when construction is complete, at which stage an element of risk is removed and a more favourable rate is to be expected.

Lending to a company will not constitute state aid if it complies with the market economy operator (MEO) test – in essence, the terms must be acceptable to a commercial provider. The most robust way to demonstrate this is to actually bring in a commercial lender on a 50:50 basis, but this has rarely proved possible. In the absence of an actual investor before entering into the arrangement, the council must obtain and retain evidence that the terms would be commercially acceptable. For instance, the council may commission advice from a commercial advisor. The European Commission has published guidance on interest rates, but this is not mandatory if the council has alternative evidence to support the terms which it has chosen.

Land Acquisition

The company can purchase land for development on the open market; or acquire property on the open market, for instance for use as temporary accommodation.

In many cases companies initially develop land which was council owned. Land transfer may be leasehold or freehold. The latter is likely to be essential if private sale of houses is planned. The company will be likely to require an interest of substantial value or there will be an adverse effect on the security it can offer and the rate of interest it is likely to pay on borrowing.

If the council transfers land with requirements to provide a certain type of development then this may be viewed as a public works contract. However, this may be excluded from the requirement

to follow the Public Contract Regulations by the Teckal exemption which applies if the council exercises control over the company and more than 80% of the company's activities are carried out to further the council's objectives.

The council can dispose of general fund land under Section 123 of the [Local Government Act 1972](#). This should be at 'best consideration' unless secretary of state consent is obtained for disposal at a lesser price. A general consent allows for disposal at an undervalue up to £2m if disposal is for the promotion or improvement of economic, social or environmental wellbeing in respect of the whole or part of the council's area or of any people in the area. HRA land disposal can be made under Section 33 of the [Housing Act 1985](#), and again there are general consents including consent A3.2 of 2013 permitting disposal of vacant HRA land without any conditions as to price or other factors.

Disposal of land to a company building housing for rent must also comply with Sections 24 and 25 of the [Local Government Act 1988](#). This applies to general fund or HRA land. Disposal at less than market value requires consent. A general consent was issued in 2013 but various conditions apply.

Transfers at less than market value must also consider state aid issues (see above).

Taxation

The council must seek specialist advice taking account of its own particular proposals. The areas to consider include the following:

- **VAT** - the company must register for VAT in its own right. It can recover VAT to the extent that it makes taxable supplies. A company mainly engaged in renting property is likely to be unable to recover much of its input tax. If the company builds property for sale, this activity is zero rated and input tax on related costs can be recovered. If land is transferred to the company, the council should consider the option to tax in the light of the council's partial exemption position but opting to tax will result in a tax charge of 20% on the value of the land transferred. Transactions between council and the company must be correctly treated for VAT, e.g., if the council provides services to the company the charge will be VATable. If the council provides land and the company builds property which is returned to the council, this will be a barter arrangement for VAT purposes.
- **Corporation tax** – a company will be liable to corporation tax on its revenue profits. Principal repayments of loans do not count as expenses in this calculation. Capital appreciation of asset values will also be liable to tax at the point of sale or transfer (e.g., to the council). In some circumstances there may be advantages in the council retaining ownership of assets which are leased to the company. The tax position of LLPs is quite different and may be advantageous as they do not pay tax in their own right but the liability falls on the partners. Distribution of dividends to the council as shareholder will not incur any further tax liability. Some companies may be affected by corporate interest restriction under the [Taxation \(International and Other Provisions\) Act 2010](#) and the [Finance \(No. 2\) Act 2017](#). The rules apply from 1 April 2017. Groups with net interest expenses and other financing costs of less than £2m per annum will not be subject to any deduction. Other groups will be subject to restriction of the net interest included in their tax calculation to 30% of taxable earnings before tax-interest, depreciation and amortisation. There are a number of exemptions and limitations, including for public infrastructure companies. However, it does not appear that affordable housing will qualify as public infrastructure. HMRC published detailed guidance on the working of this measure in March 2017 ([CIR Guidance](#)), updated February 2018. However, at 577 pages, this is not an easy read.
- **Stamp Duty Land Tax (SDLT)** land transfers between a council and a wholly owned subsidiary are expected to be exempt from SDLT. However, the council will

obviously want to take advice to be sure on this point and in more complex situations.

- **Construction Industry Scheme (CIS)** – if the company directly develops then it will be required to register and operate the CIS for payments to sub-contractors. The company will also need to consider impact of Domestic Reverse Charge (DRC) for CIS in accounting for VAT if the conditions for this are met.

Right to Buy

Company tenants will have the same rights and responsibilities as private sector tenants, which will depend on the terms of the tenancy agreement. Company tenants will not have the rights of council tenants, in particular they will not have a right to buy. Extension of the right to buy to tenants of local authority housing companies would be a major risk for many companies to the point where many might prove unviable. Extension of the right to buy to local authority controlled companies would require new legislation. The government has made various statements on this subject over the years. This topic has been raised again in the last few months.

Accounting

Authorities will need to consider carefully how the relationship with the company is reflected in the council's accounts and in the group accounts (if the size of the company makes it material such that group accounts are required).

For more information on the above issues, see the "Financing" section on borrowing and investment in the company.

A loan from the council to the company which is used for capital expenditure will count as capital expenditure by the council and may require a minimum revenue, with provision to be charged to the general fund. Acquisition of share capital by the council will count as capital expenditure and may require a Minimum Revenue Provision (MRP). Authorities must take into consideration the revised **Statutory Guidance on MRP** issued by the MHCLG on 2 February 2018. However, authorities can depart from the statutory guidelines if they can justify an alternative approach is also prudent in the light of the nature of the asset.

The introduction of IFRS 9 from 1 April 2018 will require local authorities to review their financial assets including investments in companies against new tests. There may be a need to reassess the risk of default and calculate loss allowances on the new model.

Extract from CIPFA's Local Authority Owned Companies – A good practice Guide (2022 Edition)

Housing Company Discussion of Implications

The CIPFA Local Housing Companies document sets out the key issues to consider in relation to company structure and the reasons for setting up a company. It sets out the key risks and issues to be considered such as:

- Legal powers
- Governance and appointment of directors
- Financing
- Subsidy Control (aka State aid)
- Land acquisition
- Taxation
- Right to buy
- Accounting

In terms of the local context the key questions are:

- Reasons for the need for this type of vehicle
- Land available in council ownership
- Funds available
- Viability and business modelling
- Skills, knowledge, and capacity

In terms of funds see the latest resources statement approved as part of the approved budget for 2022-23, and an extract of S106 funds held for affordable housing reported to CG&AC in November 2021. Any use of s106 will need to be assessed against the original agreement terms and conditions. Section 106 commuted sums for affordable housing can be provided as a grant from the Council to any organisation providing the affordable homes required under the terms of the agreement.

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Chichester District Council

OVERVIEW AND SCRUTINY COMMITTEE

20 September 2022

Leisure Services Performance Review for April 2021 to March 2022

1. Contacts

Report Author:

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2. Recommendation

The committee is requested to:

- 2.1 Receive the Annual Report from Everyone Active (Sport and Leisure Management Ltd) Appendix 1 and note the performance for 1 April 2021 to 31 March 2022.**

3. Background

- 3.1 The leisure contract was awarded to Sport and Leisure Management Limited (SLM) on the 1 May 2016 for a period of 10 years with the option of a further 5 years.
- 3.2 This report provides a review of the year six performance and monitoring of the contract.
- 3.3 A contract variation was agreed for 1 April 2021 to 31 March 2022 with a revised Leisure Operator's Base Trading Account (LOBTA) in response to the impact of covid on the operation of the service and the recovery of the leisure market.

4. Contract Monitoring and Performance

- 4.1 Since April 2020 and the contract variations, bi-weekly meetings have been held with Everyone Active to review performance and recovery, and accounts have been provided on a monthly basis. We have been operating an open book where we have been scrutinising monthly figures and calculating management payments to reflect performance.
- 4.2 Unannounced inspections of the centres also take place where cleanliness, health and safety and general operational procedures are reviewed and any actions required reported back to the contractor.
- 4.3 Annual auditing by the Council's Health and Safety Team is also undertaken to check on management arrangements in place, such as reviewing health and safety policy procedures, risk assessments, Legionella and COSHH assessments etc.

5. Annual Report

- 5.1 The Annual Report 2021-22 at Appendix 1 covers the 12 month period from 1 April 2021 to 31 March 2022. The report outlines the performance of the contractor in year six of the contract which was still heavily impacted by the covid pandemic.
- 5.2 The leisure centres were closed by Government on a number of occasions as a result of covid with the last lockdown being from 26th December 2020 until 12th April 2021.
- 5.4 No targets were set for the contract key performance indicators as there was no possibility of achieving any of the pre-covid targets due to closures and slow return to participation, but KPI data can be found in the annual report.
- 5.5 Some successes for 2021/22 have been:
 - Increase in the numbers attending the Westgate swim school.
 - A greater emphasis on external delivery of sports development projects targeting those in most need.
 - The launch of a toning suite.

6. Community impact and corporate risks

- 6.1 Once the centres were allowed to re-open in April 2021, Everyone Active welcomed back customers. The community were still cautious about returning and lifestyle choices and exercise habits had changed due to the facilities being closed for such a long period of time.
- 6.2 Everyone Active have continued to support the most vulnerable in the community including a number of families referred through partners receiving free membership and looked after children, care leavers and refugees supported to lead more active and healthy lives.
- 6.3 Support for Sussex Police and local registered social landlords was also provided to engage with targeted young people and programmes for vulnerable adults including homeless people and those suffering with mental health issues were also delivered through targeted sessions in local community settings.
- 6.4 The Council agreed to support Everyone Active with operational costs to ensure access to sport and leisure facilities and activities was maintained for the local community.

7. Alternatives Considered

- 7.1 If the Council decided not to continue to support Everyone Active, the council would need to consider alternatives for future management options including retendering the contract or taking the management back in house.

8. Resource and Legal Implications

- 8.1 Everyone Active worked hard to keep their costs to a minimum during 2021/22, whilst encouraging the return of participants by offering existing activities and creating new opportunities.
- 8.2 Some of the National Leisure Recovery Fund (NLRF) provided to local authorities to support publicly owned leisure facilities through the coronavirus crisis was used to offset costs for the contract at the beginning of 2021/22.

9. Consultation

- 9.1 Communication between CDC and SLM has been strong throughout the pandemic period and no concerns have been raised over the contractor's performance.
- 9.2 We are continuing to work closely with SLM on their recovery from the pandemic.

10. Community Impact and Corporate Risks

- 10.1 Leisure services play an important role in ensuring the mental and physical wellbeing and social connectedness of our local community. There are specific risks to wider public health in which leisure services play a key role including the improvement of the local population's health by contributing to healthier lifestyles and mental wellbeing and reducing health inequalities, obesity rates and physical inactivity. Although not statutory, councils play a strategic role in determining and driving local economic priorities to increase economic growth, job creation and make local areas attractive places to live and work. Repurposing town centres to bring a better balance between housing, leisure, public services and cultural hubs and retail is one example of how councils are doing this.

11. Other Implications

	Yes	No
Crime and Disorder		X
Biodiversity and Climate Change Mitigation		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other (please specify)		

12. Appendices

- 12.1 Appendix 1 – Everyone Active Annual Report 2021/22

13. Background Papers

- 13.1 None

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**CHICHESTER
CONTRACT
ANNUAL REPORT
2021/22**

www.everyoneactive.com

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Appendix

2021/22 Accident Analysis

2021/22 Proposed Contract KPI's

2021/22 Marketing Plan

Executive Summary

This report has been prepared by Stuart Mills, Area Contract Manager for Everyone Active Chichester.

This report outlines how Everyone Active has performed in year six of the Chichester Leisure and Sports Development contract. The report details a summary of the year and the difficulties experienced re-opening post lock downs including;

- Increase in the numbers attending the Westgate swim school.
- A greater emphasis has been placed on external delivery of projects from the Sports Development team helping those impacted by covid.
- Health and Safety incidents have remained low.
- The launch of the toning suite has opened up leisure facilities to those who would not have accessed other leisure services in the past.

Executive Summary Recommendations

- Covid has had a major impact on all centres since re-opening but participation numbers have grown steadily throughout the year. The next twelve months will be key in making sure visitor numbers continue to re-grow back to pre-covid levels. This must be a priority over the next year.

1.0 Overview & Background

Sport and physical activity within the Chichester District has a high profile and is recognised as important in its contribution to achieving the Council's strategic aims and objectives. The Council identified a requirement for the management of the three leisure centres and sports development team for a period of ten years commencing 1st May 2016. Everyone Active demonstrated we were the operator of choice due to our experience as a successful contractor that has the vision, expertise and resources to develop the service showing innovation and creativity to meet the sporting requirements of the Council. All leisure facilities within the district play a key role in helping the council to achieve its corporate plan.

Westgate Leisure Centre

Originally opened in January 1987 and has over the years seen a number of its facilities updated. Westgate Leisure Centre has a range of facilities including: Swimming Pool, Sports Hall, Gym, Health Suite, Café, Dance Studio and Ancillary facilities. From May 2016 to November 2016 Everyone Active invested 1.5 million pounds into upgrading and refurbishing the Westgate facilities. This included a gym extension, Hot Yoga Studio, Indoor cycling studio, Café refurbishment, New Reception, new Wellbeing offices and a new membership sales area. Investment was also made into energy efficient plant and lighting. Westgate Leisure Centre attracted in the region of 584,000 customer visits per year prior to Everyone Active taking over the management of the facilities. It is the largest leisure centre within the Chichester District and the activity programme attracts users from all age groups and ability levels with a relatively even split between males and females.

The Grange Community and Leisure Centre

Opened in March 2014 after it was decided to replace the old Grange Leisure Centre. The Grange Community and Leisure Centre is home to a number of facilities including, Sports Halls, Gym, Health Suite, function rooms, Café and Ancillary facilities. The centre, in partnership with West Sussex County Council (WSSCC), also includes a Library and registrar's office. The Grange Community and Leisure Centre attracted in the region of 263,000 customer visits per year prior to Everyone Active taking over the management of the facilities. It is a community hub within Midhurst and the activity programme attracts users from all age groups and ability levels with a relatively even split between males and females.

Bourne Leisure Centre

Originally opened in July 2004 in partnership with Bourne Community College (WSSC). Bourne Leisure Centre is a dual use site, used by both the public and the school, and is home to a number of facilities including, Sports halls, Gym, Dance Studio, Multipurpose room, Multi Use Games Area (MUGA) and ancillary facilities. Bourne Leisure Centre attracted in the region of 181,000 customer visits per year prior to Everyone Active taking over the management of the facilities. It is a small well used facility within Southbourne and the programme attracts users from all age groups and ability levels with a relatively even split between males and females.

Sports Development

The Sports development team is made up of two full time equivalent posts. Their role includes increasing participation in sport in the Chichester District and focuses on key areas including:

- Programmes for basic skills development
- Promoting participation
- Improving performance
- Developing talent and excellence
- Playing new, not necessarily mainstream sports
- Receiving/giving coaching
- Delivering key events

2.0 Authority Outcomes

Within the method statement we laid out how we would achieve the Chichester District Council's outcomes. Each outcome and our performance against it is outlined below.

2.1 A More Active Community:

- The Everyone Active card has been implemented across the three sites with 94,803 customers now registered
- The priority this year has been re-starting as many of the activities as possible following the pandemic. We have done this with very few not yet to start. We have also been able to increase our capacity on activities including junior fitness sessions.
- Participation levels have grown over the course of the year to 1,032,790 customer visits across the three sites. These numbers are still down on pre covid numbers were 1,447,058.

Westgate Leisure Centre	676,894
Bourne Leisure Centre	149,747
The Grange community & Leisure Centre	206,150

- 50 week swimming lessons have continued and the swimming programme has gone from strength to strength post lock downs. We now have over 1300 swimmers on the scheme up from 981 on my last report.
- The school swimming programme continues to be well utilised. The following schools are currently on the school swimming programme; North Mundham, Prebendal, Funtington, Eastergate, Medmerry, Jessie Younghusbands, Bosham, West Dean, The March , Fishbourne, Lavant, Boxgrove, Parklands, Southbourne, Boxgrove, Chichester Free School, St Richards, Sidlesham, Singleton, Kingsham, Rumboldswyke, Prebendal, St Josephs, Chidham and North Mundham.
- We are working closely with the Chichester District Wellbeing Service to tackle health inequalities within identified focus areas and for key demographics.
- We have provided Sports Development representation at Active Sussex Network Conferences and Strategy updates. We have been a key partner in collaborative working relationships, supporting local sports clubs, groups, volunteers and coaches.
- The Chichester Half Marathon has a challenging multi terrain route which takes in the historic sites of Chichester, including the Cathedral, Market Cross, and Roman Walls, and takes competitors to the

pinnacle of the South Downs. There were just under 500 runners who took part in the 2021 event, taking part in 13 mile, 10 mile, and team relay races. These numbers were lower than normal but this was expected and has been the same with all events across the industry. We hope much larger numbers were return in 2022.

- Bridging the gap between school and club with an emphasis on personal development our Future Fliers programme provides schools with an opportunity to pathway their talented year 5 & 6 pupils into advanced coaching and deepen their interest into sport and physical activity. Working with our Schools Sports Partnership 20 schools from across the district have enrolled onto scheme. The sessions enable students to experience sports outside of the National Curriculum, challenge themselves in new surroundings, work with children from different schools and push themselves physically with a likeminded cohort. Fitness tests are carried out throughout the programme to ensure progression and athlete development along with the provision of sustainable pathways into local clubs.

- PE Support is offered for young children outside of mainstream education because of their emotional and behavioural needs. Sessions are structured to enhance their physical literacy, as well as supporting the development of their self-esteem, team work, and resilience.

- Our successful Walking sports programme which includes Football, Netball and Cricket is popular with the older demographic section of our community and those whom are returning from injury. The reinstating of these sports after the pandemic has been profound, reflecting that the social element is just as important as the physical. Contact with these groups was imperative throughout each stage of the pandemic and measures such as delivering activity safely outside when permitted enabled members to engage. The groups are flourishing with good activity levels and strong social cohesion.

2.2 Promoting Community Cohesion / Benefiting Target Groups

- A Sports and Activity Development Plan for 2021/22 has been effectively implemented across the Chichester District with the delivery of this managed by the Sports Development Team and the General Managers at the three sites

2.3 Improving Health and Wellbeing

- The Active for Health Coordinator has continued to work closely with local GP's to ensure there is a clear pathway to increase the number of people completing the Exercise Referral Scheme and moving into mainstream leisure activities. (see key performance indicator 4.3)

- We have promoted healthy activity through local businesses (corporate membership, prework and lunch time workouts and Healthy Workplace Scheme) Partner engagement.
- A detailed marketing plan has been implemented using local media sources based on Demographics.
- We continue to work with ChiVaac to support local clubs with volunteer recruitment and retention. We have a member of the Sports Development Team designated to be our Volunteer Coordinator to ensure a quality volunteer experience
- The Chichester District Community Sports Forum was launched in April 2015. It provided an opportunity for local sports clubs and organisations to meet and discuss issues that they face and allow us to better understand their needs and offer support with their ongoing development. We held the forum in March 2022 and worked with our partners the University of Chichester, Chichester District Council, Chichester College and Active Sussex to deliver the forum. We have been able to support this event through use of facilities, promotion of the sporting pathways available and work experience/volunteer opportunities for students and coaches.
- In May 2021 Westgate Leisure Centre opened a toning suite. The Toning Suite provides a social, non-intimidating environment that allows people to exercise at an intensity that is suitable for their health needs for both men and women. To ensure exclusivity, the Toning Suite has a separate membership from the main gym.

As people improve their fitness, strength, mobility and joint stability through the use of the Toning Chairs they are able to progress to the functional area. This area focuses on balance, stability, coordination, proprioception and controlled movement which allows people to gain confidence and reduce their risk of falling.

The completely unique 50 minute workout uses power assisted equipment to provide the most innovative way to lose weight. The new toning suite includes:

- Six Toning Chairs
- Six Power Tone Machines

Since opening we have had 162 inducted to be able to use the room. Many of the customers are not able to take part in any other forms of exercise.

2.4 Quality of Service

- To ensure quality standards across the Chichester contract the Everyone Active quality management system is used. Gold standard audits take place to ensure the quality standards are being followed. Audits this year have included Health & Safety, Swimming lessons, Front of house (reception) and Sales.

- Customer feedback is continued to be sought using the following methods:

- Online Customer feedback forms

- Accidents across the sites have remained low:

Site	Accidents	Accidents per 100,000 visits
Westgate Leisure Centre	56	0.082
Bourne Leisure Centre	8	0.053
The Grange Community and Leisure Centre	14	0.067

2.5 Providing Local Economic Benefit

- A comprehensive staff training programme, personnel development plans, emerging Managers Programme and apprenticeship schemes are in place across the Chichester contract. We currently have three apprentices employed across the Chichester contract.

2.6 Sustainability/ Environmental Improvements

- We have continued internal recycling and environmental awareness programmes and energy reduction plans for staff and customers. This is led by each sites Carbon Reduction Coordinator. An environmental board is on display at each site which encourages users to use green methods of transport and is kept up to date on the centre's performance.

- We have continued to ensure regular repairs, maintenance and servicing is carried out on plant and equipment – ensuring equipment operates efficiently.

- We are working with Chichester District Council officers to reduce carbon emissions from Westgate Leisure Centre by almost a quarter thanks to a £1.3 million government decarbonisation grant. This includes optimising the centre's combined heat and power plant, installing solar thermal and electric panels; installing an air source heat pump; and carrying out

essential repairs. The appointed contractor, Veolia, has started work on the site, and is expected to complete the work in the summer.

2.7 Value for Money

- All prices have been reviewed as part of an annual pricing review. Most prices have been increased, the average price increase is the rate of inflation. Concessionary rates continue to be applied across the contract. All core prices were issued to Chichester District Council for approval in December. Access all area spaces are available for identified families. (See 3.1)

3.0 Community Inclusion

3.1 Think Family - Access all Areas

Provision of free membership to 15 families identified through referral partners, the scheme is running at capacity with 60 people accessing the facilities on a regular basis which is contributing to improvement to their family unit functional health and wellbeing. An enhanced level of provision was delivered to referred refugees who required a greater level of support in engaging with the services.

3.2 Looked After Children (LAC) and Care Leavers Agreement

Everyone Active Chichester, working with West Sussex County Council and Chichester District Council, continues to support LAC and care leavers by providing a more affordable and incentivised route to those wanting to lead more healthy and active lives.

3.3 Wellbeing obesity clinics

Free access to facilities is given to the Wellbeing team to deliver obesity clinics throughout the year.

3.4 Reboot

Everyone Active is supporting Sussex Police in this programme designed to support Children and Youths involved in Anti-Social Behaviour, low level criminality, or those placing themselves in vulnerable situations.

Youths aged between 11 and 18 years that are identified by Sussex Police and its partner agencies will be assessed through the 'early intervention risk screening matrix.' Any individuals that identify physical activity as being of a priority interest will be referred to Everyone Access and given access to the leisure centre facilities and support, enabling them to make best use of them.

3.5 Physical Activity Intervention for Vulnerable Adults

A total of £2, 900 worth of funding from the Sport England Inequalities Fund has been received to offer a Physical Activity Support programme for homeless people referred by the District Council Rough Sleeper Co-ordinator, Social Services and Stonepillow. We are working in partnership with these agencies to create positive experiences for vulnerable adults that have felt excluded from these opportunities but who would benefit significantly from the improvements in physical and mental health that such a scheme brings. As well as laying the foundations for a long and healthy life, the intervention will help the participants reconnect with their communities and through

pathways into additional support (apprenticeship schemes, further qualifications), will help them fulfil their potential

3.6 Community Moves

Working with Chichester CDT and local RSL's to deliver walk/run programmes in community spaces for individuals that benefit not only from increasing their physical activity levels but also the positive mental health impact of movement. Referrals from social prescribers and wellbeing advisors are key to ensuring that this programme is reaching the intended target audience. A number of the individuals working with us have been referred to us because of feelings of social isolation and anxiety. The evidence we are already seeing shows that the group have not only become more active, but have built a sense of belonging. A total of £2,000 worth of Sport England Funding has been accessed to enable identified participants to develop as local activators through receiving run leader and mental health first aid training so that in the future they can support and lead sessions themselves.

3.7 Provision of sports sessions for identified groups of young people within a community setting

Provision of weekly bootcamps for young people coming to the attention of Sussex Police as a sports Crime Diversion initiative. A pilot programme is being delivered in Swanfield (Chichester East), with future programmes intended for Parklands (Chichester West) and Tangmere. This programme is being delivered in Partnership with local RSLs and the Community Safety Team with other opportunities in place for identified individuals requiring additional support (e.g. CV writing training, pathways into apprenticeships). As such the sessions will focus on developing confidence and self-worth within the user group to help create more resilient and connected neighbourhoods and help tackle anti-social behaviour.

4.0 Performance against Key Performance Indicators

There were no Key performance indicators set for 2021/22 due to the pandemic and the restricted services this caused. Below is an overview of the performance compared to previous years:

4.1 Usage

KPI	2019/20	2021/22
Overall Attendance	1,447,059	1,032,791
Attendance by those aged over 50	202,693	174,855
Attendance of those aged 0-15	105,175	89,364
Attendance from people with disabilities	15,623	9,205

Overall attendance performance for individual sites are below:

Site	2019/20	2021/22
Westgate Leisure Centre	829,556	676,894
The Grange Community & Leisure Centre	384,636	149,747
Bourne Leisure Centre	232,866	206,150

4.2 Membership

Site	Amount of Members 2019/20	Amount of Members 2021/22
Westgate Leisure Centre	4,651	3,177
The Grange Community & Leisure Centre	1,384	1,076
Bourne Leisure Centre	984	600
Total	7,019	4,853

These memberships include both Gym access, Class access and at Westgate Leisure Centre swimming pool access.

4.3 Exercise Referral

KPI	2019/20	2021/22
number of participants completing the exercise referral programme	193	87

4.4 Quest

It was agreed that the sites would not re-register for Quest with resources being centred on returning the centres to business.

4.5 Quality

It was agreed that the sites would not survey customers as services were still returning to normal during this 21/22.

4.6 Health & Safety

KPI	2019/20	2021/22
Number of Health and Safety incidents	164	78

Number of accidents reportable to HSE.	0	1
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5.0 Charitable Fundraising

5.1 Ultra-White Collar Boxing

Everyone Active continue to work closely with Ultra White Collar Boxing and are proud of the fantastic work to raise money for Cancer Research UK as a partnership. At our charity boxing events we hold a raffle and auction where all proceeds go to Cancer Research. The boxers also raise money through sponsorship from friends, family and local businesses. Each boxer is required to raise a minimum of £50 but many of them raise a lot more. Three events were held at Westgate in 2019/20.

The link below will take you to the Ultra White Collar Boxing Just Giving page which has over fifteen million pounds worth of donations. <https://www.justgiving.com/company/ultrawhitecollarboxing>

5.2 Macmillan

We are determined to support the causes that are close to the hearts of both our colleagues and customers. This is why we have launched a partnership to support Macmillan Cancer Support.

The agreement, which officially began in April 2019, will see us work together on a number of exciting projects to raise much-needed funds for the charity and help to improve the lives of people affected by cancer.

Since the beginning of the partnership, Everyone Active has raised £88,000.

Macmillan's ambition is to be there for every person living with cancer and provide them with tailored support when they need it most. While cancer is not always life threatening, it's almost always life changing, and having the right support can have a huge impact on a person's physical and emotional well-being, as well as significantly improve a patient's recovery.

5.3 Red Nose Day Fortis

On March 18th 2022 Westgate Leisure centre took part in a Fortis classes charity day to raise money for Red Nose day.

6.0 Sports Clubs, Community Groups & Societies

The benefits of having so many different groups using the centre, means we can then engage with a variety of people attending the sessions. From this we can gauge the demands and needs of the community, which in turn helps us provide more activities for the local community. We aim to cater to a wide audience and offer a diverse programme of activities across all sites, which is demonstrated by the different groups that currently access our facilities on a weekly basis.

Westgate Leisure Centre	The Grange Community and Leisure Centre	Bourne Leisure Centre
Active Tots	Badminton 87	Southbourne Gym Club
South Coast Sports - Football	Midhurst 82 Badminton Club	P. Cooper coaching
CDC Badminton Club	Midhurst Indoor Stoolball	Bourne Badminton
(Omar) Zheng Dao Lo Martial	League	Southern Judokan Judo Club
Weightwatchers	Not 2 bad	Bourne Community College
Chichester Fencing Club	The Grange Badminton Club	Adult Ballet
Westgate Gymnastics	Cowdray Park Bridge Club	NHS Blood & Transport
Club Badminton Chichester	Double LL Club	Bourne Archery Club
Chichester Aikido	Labour Party	AFC Southbourne
Sama Karate	Midhurst Art Society	Osska Karate
(Ed) Zheng Dao Lo Martial Arts	Midhurst Eagles Short Mat	Chaffey Badminton
Academy	Bowls Club	
Adult Ballet Classes	Midhurst Grange Bridge Club	
Chichester Cormorants	Midhurst Long Mat Bowls	
Swimming Club	Midhurst Squash Club	
Westgate Chichester Triathlon	Rother Valley Together	
Challengers	Sama Karate	
Westgate Chichester Triathlon	The Midhurst Dance School	
Leisure and Wellbeing	Tuesday PM Badminton	
The Sanctum	Anderson Badminton	
Teddy Wilfs	Midhurst CC Football	
Chichester Sports Therapy	Ladies Badminton	
Keynes 5-a-side Football	Flying Shuttles Badminton	
Southern Starts netball	Lambert Badminton	
Ingeus UK	Rother Badminton	

University of Chichester	Racketeers Badminton	
Swimming Club	Amies Badminton	
Dance Centre UK	Haven Beauty Rooms	
Rugby Tots	Dan Bush Football	
Stone Pillow	Hone Start Music and Mind	
Chichester Falcons Softball	Molly Moo Cow	
	NHS Children's health services.	
	UK Harvest.	

7.0 Marketing

The Marketing plan aims to help the Chichester contract teams to understand their customers in order to deliver the business plan objectives and deliver the best possible service. The overarching objective of the plan is to achieve the KPI Objectives agreed by Everyone Active and Chichester District Council.

7.1 Social Media

Social media champions pro-actively promote each of the centres. Facebook page likes have Continued to grow and are now as follows:

Site	Page Likes	2018/19
Westgate Leisure Centre	4494	3722
The Grange Community Leisure Centre	923	575
Bourne Leisure Centre	786	617

Please note Bourne and The Grange did not have their own Facebook pages prior to Everyone Active.

A media plan for 2021/22 was produced.

7.2 Everyone Active Cards

Everyone Active (EA) Cards are a key component in the Everyone Active marketing process. To use any site customers are asked to sign up to an Everyone Active card. We then use this information to offer products to customers that they may be interested in. For example an adult with a child may receive a text or email regarding children's birthday parties. Each site is set a monthly EA card target. The below table shows the total number of customers on each sites database. The overall total is 94,946 up from 80,110 in 19/20.

Site	Cards issued at each site
Westgate Leisure Centre	70,816
The Grange Community Leisure Centre	13,923
Bourne Leisure Centre	10,207

7.3 Everyone Active App

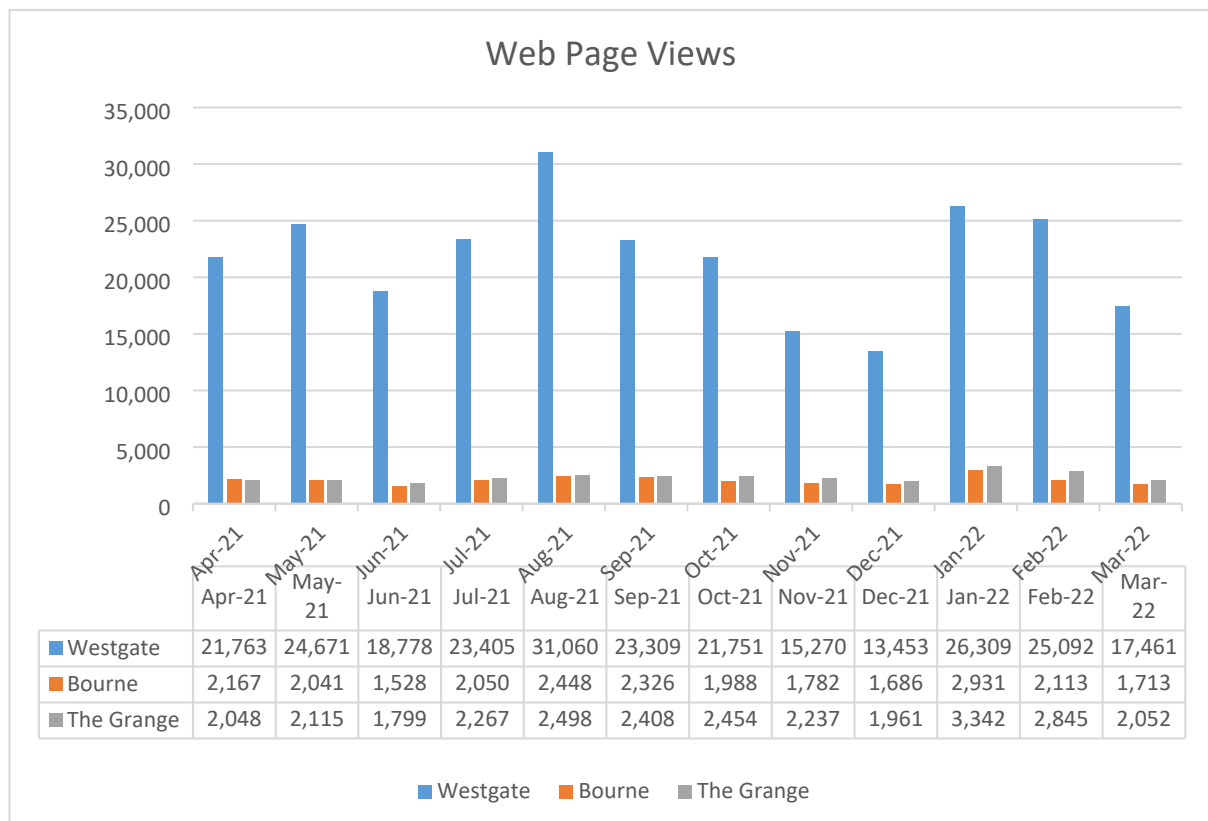
The Everyone Active app allows customers to book activities at the touch of a button. The app also allows the Chichester contract to send customers push notifications making them aware of problems

at sites or offers they may wish to take advantage of. The table below shows the amount of app downloads per site and the increase in the last year which was a total of 18,630.

Site	App Users
Westgate Leisure Centre	24,627
The Grange & Community Leisure Centre	4,703
Bourne Leisure Centre	4,390

7.4 Website Usage

Website usage continues to be strong across the three sites. The graphs below show website visits per site:



8.0 Audits and Statutory Visits

8.1 Environmental Health Audits

Both Westgate Leisure Centre and The Grange Community and Leisure Centre continue to hold level five food hygiene ratings.

8.2 Health & Safety Audits

Everyone Active perform a Gold Standard Health & Safety Audit on an annual basis. All three Chichester sites were assessed. All sites scored above 96% again this year and received excellent feedback from the regional Health and Safety Team.

An annual visit was undertaken from the Chichester District Council Health and Safety team and the feedback received was very positive.

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