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6 March 2020

Dear Councillor,

A meeting of **CABINET** will be held in the **COUNCIL CHAMBER** at these offices on **MONDAY, 16TH MARCH, 2020 at 4.00 pm** when your attendance is requested.

Yours sincerely,  
KATHRYN HALL  
Chief Executive

**A G E N D A**

	<b>Pages</b>
1. To receive Declarations of Interest from Members in respect of any matter on the Agenda.	
2. To receive apologies for absence.	
3. To confirm Minutes of the previous meeting held on 10 February 2020.	<b>3 - 6</b>
4. To consider any items that the Leader agrees to take as urgent business.	
5. Strategic Risks 2020-21.	<b>7 - 24</b>
6. Temporary Accommodation review and the consideration of additional resources.	<b>25 - 32</b>

To: **Members of Cabinet:** Councillors J Ash-Edwards (Chair), J Llewellyn-Burke (Vice-Chair), J Belsey, R de Mierre, S Hillier, A MacNaughton and N Webster

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**Minutes of a meeting of Cabinet  
held on Monday, 10th February, 2020  
from 4.00 pm - 4.35 pm**

**Present:** J Ash-Edwards (Chair)  
J Llewellyn-Burke (Vice-Chair)

J Belsey  
R de Mierre

S Hillier  
A MacNaughton

**Absent:** Councillor N Webster

**Also Present:** Councillors A Bennett, P Chapman, R Clarke and J Dabell

**Also Present:** Kathryn Hall (Chief Executive), Judy Holmes (Assistant Chief Executive), Tom Clark (Head of Regulatory Services), Simon Hughes (Head of Digital and Customer Services), Peter Stuart (Head of Corporate Resources), Emma Sheridan (Business Unit Leader for Community Services, Policy and Performance), Alexander Austin and Alison Hammond (Democratic Services Officers)

**1. TO RECEIVE DECLARATIONS OF INTEREST FROM MEMBERS IN RESPECT OF ANY MATTER ON THE AGENDA.**

Councillor Hillier declared a non-pecuniary interest in item 7 as he is a Member of West Sussex County Council.

**2. TO RECEIVE APOLOGIES FOR ABSENCE.**

The Leader noted that apologies had been received from Councillor Norman Webster.

**3. TO CONFIRM MINUTES OF THE PREVIOUS MEETING HELD ON 13 JANUARY 2020.**

The minutes of the meeting held on 13 January 2020 were agreed as a correct record and signed by the Leader.

**4. TO CONSIDER ANY ITEMS THAT THE LEADER AGREES TO TAKE AS URGENT BUSINESS.**

None.

**5. DRAFT CORPORATE PLAN AND BUDGET FOR 2020/21.**

Peter Stuart, Head of Corporate Resources introduced the report. He noted that the final settlement figures had been received after the report had been published but confirmed there were no changes to the provisional figures.

The Leader highlighted the extract of the minutes from the meeting of the Scrutiny Committee for Leader, Finance and Performance on 15 January 2020.

The Deputy Leader confirmed the investments in priority projects (previously flagship activities) and the programme of investments.

In response to the Cabinet Member for Housing and Planning query, the Head of Corporate Resources confirmed that the Government have announced a New Homes Bonus for 2020/21. He noted that currently payments are received on a six-year rolling programme and under the existing scheme the final legacy payment would be received next year.

The Cabinet Member for Economic Growth queried the proposed increase in Council Tax. The Head of Corporate Resources advised that the changes are accumulative and Council Tax are based on tax base rises and tax rises.

The Head of Corporate Resources commented that drainage levies are still listed to highlight that they are no longer being paid.

The Leader noted that the Corporate Plan and Budget is well managed to meet the priorities of the District. The budget will maintain current services, deliver value for money, support economic growth and protect the environment.

The Leader took the Members to the recommendations contained in the report, which were agreed unanimously.

## **RESOLVED**

Cabinet is requested to recommend the proposals for 2020/21 as set out in the report to the Scrutiny Committee and as amended by this report, to Council, specifically:

- (i) The overall direction and service levels promoted within the draft Corporate Plan;
- (ii) The financial outlook facing the Council;
- (iii) The proposed increase in Council Tax;
- (iv) The proposed placements in the Specific Reserves;
- (v) The proposed Capital Programme; and
- (vi) The service commentaries and supporting summary budget tables for each business unit.

## **6. BUDGET MANAGEMENT 2019/2020 – PROGRESS REPORT APRIL TO DECEMBER 2019.**

Peter Stuart, Head of Corporate Resources introduced the report. He noted that due the timing of receipts the dividend payments received were now £63,000 as a further £3,000 had been received since the report had been published.

The Deputy Leader confirmed the receipt of Section 106 monies and that £1.7m had been utilised to fund contributions for Formal Sport, Community Buildings and Playspace projects.

In response to the Cabinet Member for Economic Growth query, the Head of Corporate Resources confirmed that there had been a reduction to the predicted additional income for car parking by £6,000.

The Cabinet Member for Service Delivery confirmed that due to the realignment of the collections by Serco an extra 1,500 households will be able to subscribe to the Garden Waste Service.

The Cabinet Member for Housing and Planning noted that commuted sums had been received and highlighted the investment in social housing schemes.

As no other Members wished to speak the Leader took Cabinet to the recommendations contained in the report, which were agreed unanimously.

## **RESOLVED**

Cabinet recommended to Council for approval:

- (i) that £82,000 be transferred from General Reserve to Specific Reserve as detailed in paragraph 20;
- (ii) that £4,702 grant income relating to Local Authority Data Sharing Programme Grant be transferred to Specific Reserve as detailed in paragraph 21;
- (iii) that £1,779 grant income relating to External Wall System Data collection exercise be transferred to Specific Reserve as detailed in paragraph 22;
- (iv) that the commuted sum of £29,925 is released from General Reserve as detailed in paragraph 23;
- (v) the variations to the Capital Programme contained in paragraph 37 in accordance with the Council's Financial Procedure rule B3.

And noted the remainder of the report.

## **7. FOOD WASTE AND ABSORBENT HYGIENE PRODUCTS - COLLECTION TRIAL.**

Judy Holmes, Assistant Chief Executive, introduced the report for a one-year trial which will deliver a more sustainable waste service to 3,000 houses across the District. She confirmed that the communication plan for the affected households has been developed in conjunction with West Sussex County Council.

The Leader highlighted recent discussions with Daventry Council who have a similar system. He noted that their rollout has been better than expected with a good response from the residents. He commented that 41% of household waste is food and an increase in recycling rates will have a positive environmental impact.

The Cabinet Member for Environment and Service Delivery confirmed that there would be no financial implications to the Council for the trial collection and Mid Sussex would be the first local authority in West Sussex to pilot this service. The pilot aims to increase recycling rates in the trial areas by 8% and will help Mid Sussex to be as sustainable as possible.

The Cabinet Member for Economic Growth congratulated the officers and highlighted the good partnership working with West Sussex County Council.

In response to concerns of the change to 3 weekly collections and overflowing black refuse bins, the Assistant Chief Executive confirmed that during the trial officers and Serco will work with local residents to reduce the black bin waste if this becomes an issue.

In response to the Cabinet Member for Housing and Planning query, Tom Clark, Solicitor to the Council, confirmed an amendment to the recommendations for transparency.

The Cabinet Member for Customer Services asked if Serco would need more vehicles if the trial was successful. The Assistant Chief Executive confirmed that if the trial was a success the Council will work with Serco to identify and procure the most sustainable and modern vehicles available to support a district wide roll out.

### **RESOLVED**

Cabinet agreed to proceed, in partnership with WSCC, with a trial of food waste and absorbent hygiene products collections alongside a restructured residual waste collection frequency as referred to in paragraph 19 across approximately 3,000 properties in three areas in Mid Sussex, commencing in April 2020.

The meeting finished at 4.35 pm

Chairman

## STRATEGIC RISKS 2020-21

REPORT OF: Peter Stuart, Head of Corporate Resources  
Contact Officer: Emma Sheridan, Business Unit Leader, Community Services,  
Policy & Performance  
Email: [emma.sheridan@midsussex.gov.uk](mailto:emma.sheridan@midsussex.gov.uk)  
Tel: 01444 477421

Wards Affected: All  
Key Decision: No  
Report to: Cabinet  
Date of Meeting: 16<sup>th</sup> March 2020

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### Purpose of Report

1. The purpose of this report is to consider the Council's key strategic risks for 2020-21 and the plans that have been developed for the mitigation and management of those risks.

### Summary

2. Officers have identified two significant strategic risks for the Council in 2020-21. The risks have been assessed using the Council's Strategic Risk Management Policy which considers the likelihood of occurrence, and the level of impact on the organisation and/or the district should they occur. The small number of identified risks reflects the successful and careful management of risk that has taken place over recent years.
3. It is good practice that the Council's Strategic Risk Management Policy is reviewed on an annual basis. A copy of the current policy can be found at Appendix A.

### Recommendations

4. That Cabinet:
  - (i) Agrees the MSDC Strategic Risk Management Policy, as set out at Appendix A; and
  - (ii) Agrees the strategic risks for 2020-21 and management plans set out at appendices B and C.

### Background

5. Council approved the Corporate Plan and Budget for 2020-21 on 4<sup>th</sup> March 2020. This Plan is the outcome of a robust service and financial planning process. As with all plans it is, however, based on best known assumptions at the time. If these assumptions prove inaccurate because circumstances change during the year, there could be a potential impact on the Council's ability to fully deliver its plans during the year or to be able to do so within budget. It is therefore prudent that the Council identifies what significant factors or events might occur and to ensure it has in place appropriate arrangements for mitigating 'strategic risks'.

## **2020-21 Strategic Risk Profile**

6. Consideration has been given to potential risks across the full range of activities considering financial, legal, reputational, partnership and other strategic impacts. Two key strategic risks have been assessed as sufficiently significant that Cabinet may want to record them on the risk profile. Two of the three risks from 2019-20 have been merged due to the overlapping nature of their impacts and the existing and proposed mitigation measures and one of the risks, that related to the threat of a No Deal Brexit, has been recommended for removal from the Strategic Risk Register in 2020-21; albeit any impacts of Brexit which may emerge during and beyond the transition period will continue to be anticipated and reviewed through operational level risk management processes and normal business continuity planning. Subject to Cabinet's views, these strategic risks will require specific arrangements to manage them. Suggested management plans for each of these are the focus of this report. The proposed Strategic Risk Profile for 2020-21 is set out as Appendix B.
7. The two proposed strategic risks for 2020-21 are:
  - Risk 1 - Capacity of West Sussex County Council to support Mid Sussex District Council's ambitions
  - Risk 2 – Impact of Fair Funding Review
8. Fuller descriptions of each risk, together with the mitigating actions that are being undertaken to address them, and the relevant contingency plans should those risks materialise, are set out at Appendix B. Risk Management through 2019/20
9. In order to ensure the on-going management of risks through the year, all committee reports contain a risk management section which highlights any associated strategic risks with the subject under examination in that report, and how these risks are being managed. Where reports are dealing with identified key strategic risk areas, the report will provide an update on the management of that risk and note any significant changes in likelihood or impact which may warrant a re-rating of the risk.
10. The individual risk assessments set out at Appendix B indicate what the main reporting mechanisms are for each of the risks over the coming year. It is the responsibility of the relevant Cabinet Portfolio Holder and Head of Service to regularly monitor each strategic risk throughout the year.

## **Strategic Risk Management Policy**

11. In December 2006, Cabinet adopted a Strategic Risk Management Policy. This is reviewed on an annual basis to ensure it remains fit for purpose. The Policy is set out at Appendix C for Cabinet's consideration.

## **Policy Context**

12. The Council has a robust and effective approach to strategic risk management. Strategic Risk Management is an important aspect of every organisation's service and budget processes and the achievement of its corporate priorities. Its application cannot fully insulate the Council from the impact of unexpected external events but it will ensure the Council is best placed to respond if such events occur.

## **Financial Implications**

13. There are no financial implications directly arising from this report.

## **Risk Management Implications**

14. There are no other strategic risk implications aside from those set out in the report. It should, however, be noted that operational risk matters, such as specific business continuity issues, are handled separately through the Council's Corporate Safety and Risk Management Group.

## **Equalities Implications**

15. Effective management of risks is essential to protect those who are more vulnerable. Where appropriate, Equality Impact Assessments are undertaken where service or policy changes are taking place.

## **Background Papers**

None.

## Strategic Risk Management Policy - Mid Sussex District Council

### 1. Purpose

This is the Mid Sussex District Council Strategic Risk Management Policy last approved by Cabinet in April 2019. It sets out the Council's approach to Strategic Risk Management.

### 2. Definition

Strategic Risk Management is the way that the Council responds to uncertainty in the external environment. It allows the Council to:

- Identify key strategic risks in the context of the Corporate Plan's objectives.
- Assess risks to determine the potential likelihood and impact of each risk.
- Determine the response that should be made to each risk.
- Develop the necessary actions, controls and processes to implement the chosen response to each risk.
- Communicate its approach to risk management and the results of risk management activity.
- Deal with each risk – either avoid, reduce, share or accept it.

Please Note: In addition to its strategic risk management, the Council has a well-established approach to operational risk management and the principles and tools used to manage this are set out in a more detailed operational risk management strategy.

### 3. Risk Culture

A strong business wide risk culture is an important aspect of strong corporate governance. Risk Culture is the shared values, attitudes and practices that characterise how the Council considers risk on a day to day basis. The Risk Culture has developed at the Council over recent years so that as an organisation it is less risk averse.

Our experience since 2004 has been that this improved risk culture has been influenced by the following factors:

- Awareness of risks faced by the Council
- Understanding of the business and the relevance of risk
- Clear ownership of risks
- Clearly defined responsibilities for risk management activity
- Effective monitoring and reporting of the effectiveness of risk Whilst the Council is not risk averse, the principles contained within this policy ensure that the Council strikes the right balance in its approach to strategic risk management.

### 4. Responsibility

Cabinet is the body responsible for the Council's strategic risk management. Cabinet will approve the Council's strategic risks on an annual basis. Cabinet members will work with Heads of Service regarding the progress in managing risks that fall within their portfolio. In addition Cabinet will:

- Provide overall direction on strategic risk management.
- Promote a positive risk culture throughout the organisation including promoting its importance to other Members.
- Hold an annual workshop to agree the strategic risks for the following 12 months.
- Approve an annual Strategic Risk Profile.

The Cabinet Member for Finance and Service Delivery is recognised as the Member Risk Champion and works with the Officer Risk Champion to embed risk management into the organisation. Management Team Management Team is responsible for ensuring the Council's strategic risks are actively managed through the year. It will use its weekly meetings to monitor progress across all the risks and where it is found a risk has raised up the risk profile, a report will be submitted to Cabinet.

In addition, Management Team has the following responsibilities:

- Implementing the strategic risk management policy.
- Reviewing the management of strategic risk.
- Monitoring the effectiveness of the controls developed to implement the chosen risk response.
- Integrating risk management into the service and budget planning process.
- Promoting a robust and proactive risk culture throughout the organisation.
- Ensuring that appropriate training is put in place for appropriate officers and that it is reflected in the Member Development programme.

The Assistant Chief Executive is recognised as the Officer Risk Champion and works with the Member Risk Champion to embed risk management into the organisation.

## 5. Reporting Framework Report Frequency Responsible Considered By

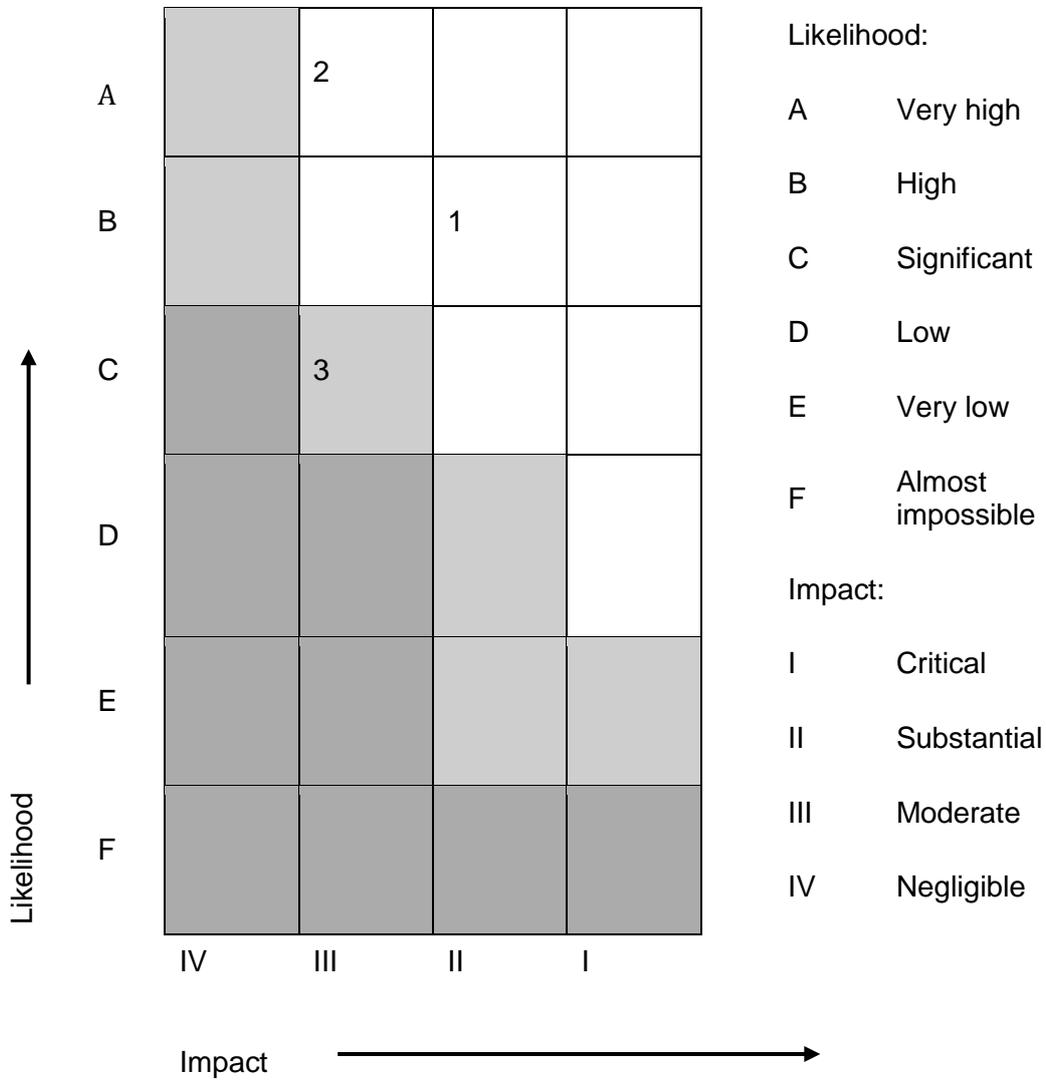
- Risk Profile Annual Cabinet/Management Team Cabinet
- Management of Strategic Risks
- Monthly Management Team Management Team
- Review of Individual Risk Management
- As required Designated Lead Head of Service for each risk
- Designated Committee

## 6. Review

This Policy will be reviewed on an annual basis by Cabinet.

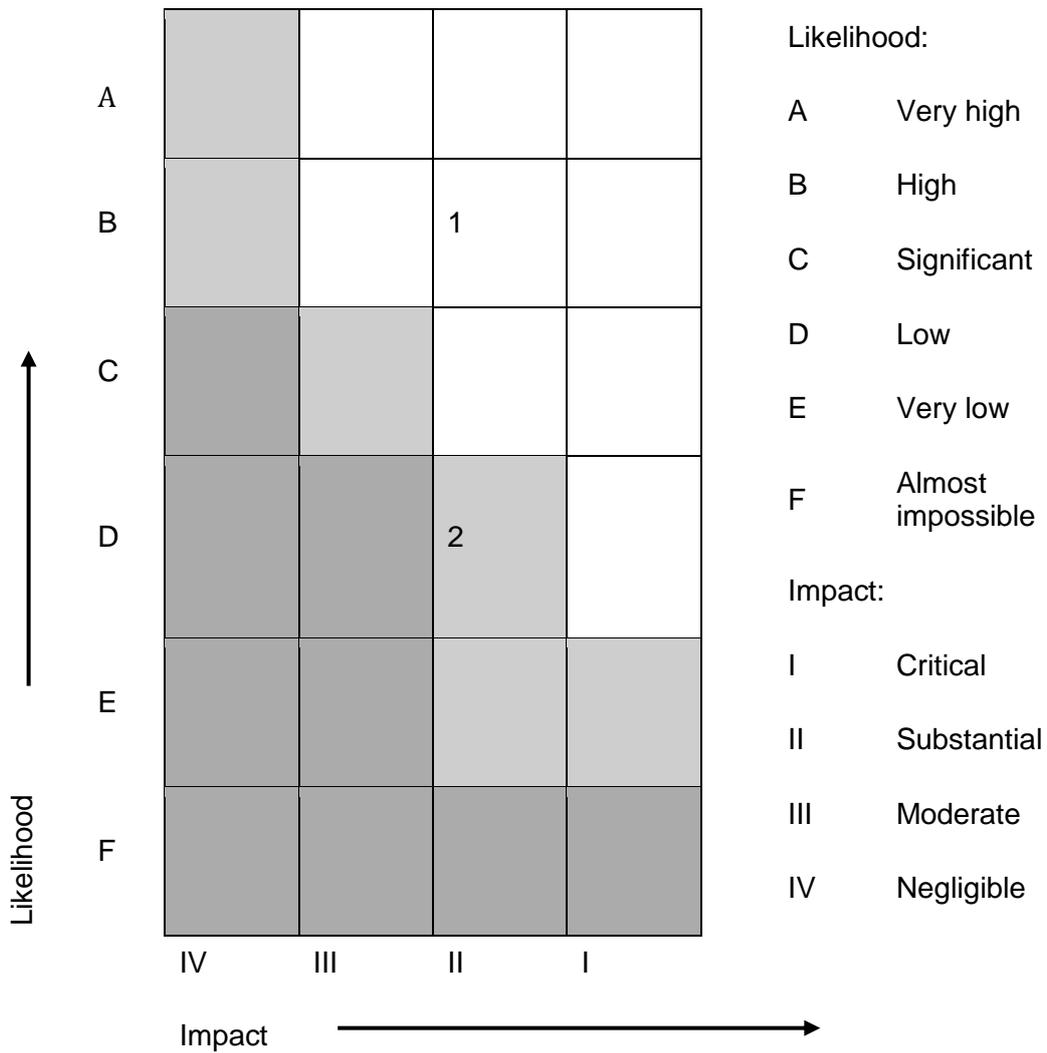
# MSDC STRATEGIC RISK PROFILE

Current Risk Matrix 2019-20



<b>Risk No.</b>	<b>Description of the Potential Strategic Risk / Vulnerability</b>	<b>Responsible Portfolio holder</b>	<b>Responsible Officer</b>
1	Capacity of West Sussex County Council to support Mid Sussex District Council's ambitions	Cllrs Jonathan Ash Edwards and Andrew MacNaughton	Judy Holmes
2	West Sussex County Council budget cuts – housing related support, recycling credits and support services for vulnerable children & families	Cllrs Jonathan Ash Edwards, Andrew MacNaughton and Norman Webster	Judy Holmes Peter Stuart
3	Threat of No Deal Brexit	Cllr Jonathan Ash Edwards	Peter Stuart

Proposed Risk Matrix 2020-21



Risk No.	Description of the Potential Strategic Risk / Vulnerability	Responsible Portfolio holder	Responsible Officer
1	Capacity of West Sussex County Council to support Mid Sussex District Council's ambitions	Cllrs Jonathan Ash Edwards and Andrew MacNaughton	Judy Holmes
2	Fair Funding Review		Peter Stuart

## Strategic Risks 2020-21 - Proposed Risk Management Plan

### Risk 1 - Capacity of West Sussex County Council to support MSDC's ambitions

#### Description of Risk:

West Sussex County Council (WSSC) is a key partner in progressing some of the Council's key projects. The Council is reliant on WSSC specialist advice and delivery of infrastructure requirements in delivering the growth programme at Burgess Hill. WSSC are also key to the successful delivery of a food waste pilot in 3000 homes in Mid Sussex and of Full Fibre across the District.

Following Government inspections of some key WSSC services which identified significant failings, in late 2019 WSSC entered into an innovative new arrangement with East Sussex County Council (ESCC) as its formal improvement partner. The Chief Executive of ESCC is now the joint Chief Executive of both Councils and Cllr Keith Glazier, Leader of ESCC, is working closely with Cllr Paul Marshall, the new Leader of WSSC. There is also close working between senior officers of both Councils and effectively a new Management Team in place. An improvement plan for WSSC is being developed. Hampshire County Council is providing additional support to WSSC's children's social care.

The improvement partnership will bring benefits and start to mitigate some of the risks previously highlighted by MSDC. The partnership is, however, still in its infancy so some of the benefits are yet to be realised.

#### Burgess Hill Growth Programme

The Burgess Hill programme is the largest Strategic Growth Programme in the sub region. As such it enjoys national recognition which increases both delivery expectations and the reputational risks. The Growth Programme comprises:

- The Northern Arc – a development of 3,500 homes plus three distinct neighbourhood centres, two primary and one secondary school, outdoor sports and leisure provision, and new employment space
- Town Centre redevelopment
- The Brow redevelopment
- The Science and Technology Park
- The Hub, a 15 hectare employment space
- The Place and Connectivity Programme

Homes England has recognised the regional and national importance of the programme by making the largest intervention anywhere in the country by acquiring all of the land parcels that make up the 188 hectare Northern Arc site. Homes England have also committed to investing some £162m in strategic infrastructure for the Northern Arc which will be recovered through developer contributions. Taken together these interventions bring certainty and pace to the programme.

In addition to that intervention, MSDC has successfully secured from Homes England:

- £14 million forward funding for site remediation works at Fairbridge Way

- £6.5 million from the Housing Infrastructure Fund (HIF) to fund odour remediation at Goddards Green Waste Water Treatment works to unlock land for 256 homes and to accelerate the delivery of the whole programme.

MSDC has also successfully secured £31.9m funding from the LEP to support the Burgess Hill Strategic Growth Programme. This is made up of:

- £4 million to match fund the odour remediation at Goddards Green Waste Water Treatment works
- £10.9 million to support the Place and Connectivity Programme for Burgess Hill
- £17 million to support improvements to the A2300 corridor.

MSDC is reliant on WSCC to utilise this funding to deliver the supporting infrastructure for the Northern Arc.

The key risks associated with the Strategic Growth Programme are summarised below.

#### **Northern Arc:**

- In October 2019 outline planning permission was granted for 3040 homes, and in December 2019 the reserved matters application for the 460 homes at Freeks Farm was agreed.
- Homes England have also committed to investing some £162m in strategic infrastructure for the Northern Arc which will be recovered through developer contributions.
- Provision of 3,500 homes and associated infrastructure is not only crucial to the vitality of the area but is a key component of the Council's District Plan.
- Failure to deliver the housing would put pressure on other areas of Mid Sussex to make up the housing shortfall.
- Delivery of the housing without the necessary infrastructure at the right time would result in an unsustainable development, increase pressure on the local infrastructure, particularly the road network, and significantly damage the reputation of the Council and the appetite of the community to accept future growth plans.
- Failure to deliver the associated infrastructure such as the schools and road improvements will place unsustainable pressure on existing infrastructure.

#### **Town centre redevelopment**

- Failure to deliver the redevelopment will result in the loss of private investment into the town centre and would be a missed opportunity to significantly improve the vitality and viability of the town centre. Delivery of the town centre without improvements in transport infrastructure is likely to impact the levels of footfall required to make the new town centre a success.

#### **Redevelopment of The Brow / St Wilfrid's School site**

- Consultants (Faithful and Gould) are currently undertaking master planning and viability work funded by a successful £75,000 One Public Estate (OPE) bid.

- Failure to deliver public sector partners' aspirations will result in a lost opportunity to provide a community hub which would include provision for health, police and ambulance services and the loss of an opportunity to develop up to 440 new homes.

### **Science Park**

- Failure to deliver this would present a lost opportunity to create a unique new employment space which could attract high value knowledge-based industries including life sciences and bio tech, with an estimated gross value added to the economy of £350 million. The location of such a park within Mid Sussex would help attract other similar technology-led businesses to the district and ultimately result in a closer match between the highly skilled workforce in Mid Sussex and the workplace opportunities, improving opportunities for high GVA jobs for residents and therefore helping reduce the extent of out-commuting.

### **A2300 corridor improvements**

- The Full Business Case to access the £16.95m Local Growth Fund (LGF) funding has been agreed although delayed by the Secretary of State.
- Officers are working closely with contractors (Jackson Civil Engineering) to ensure that momentum is maintained with those parts of the project that can be progressed ahead of funding, therefore, expect that the short delay will be absorbed within the overall project schedule.
- Construction is expected to start in Spring 2020, and all LGF-funded work needs to be completed by March 2021.
- Failure to deliver the project to schedule could result in loss of LGF funding and subsequent inability to deliver the planned improvements. This would result in the A2300 not being upgraded to a dual carriageway with the resultant impact of the road's capacity to accommodate the increased traffic arising from the Northern Arc and Burgess Hill employment sites. It would also mean that the sustainable transport links along the A2300 providing pedestrian cyclist links to the wider Place and Connectivity Programme would also not be delivered.
- The development of the 48 hectare Science and Technology Park is also dependent on the A2300 corridor improvements, which in turn would be put at risk of the A2300 improvements are not delivered to schedule.
- Loss of the LGF funding due to delayed delivery would also bring with it a reputational risk for the Council and the Burgess Hill Growth Programme, which could have a wider impact on the Council's ability to attract future Government funding and investment for the programme.

### **The Place and Connectivity Programme**

- Underspend of LGF funding caused by delays to Programme Delivery will impact on year end spend profile and conformance with March 2021 deadline. The key impact will be possible reputational damage to the Burgess Hill Programme and to MSDC and WSCC.
- There will be a lost opportunity to achieve modal shift and improve the public realm in Burgess Hill.

**1-2-3 Collection Trial**

- The 1-2-3 collection trial is fully funded by West Sussex County Council who have also employed a project team to enable the Council to alter the rubbish and recycling collection service at 3,000 homes in the District. The trial comprises:
  - 1: Weekly food waste collections;
  - 2: Fortnightly collections of (comingled) recycling;
  - 3: Collections of rubbish every three weeks.
- Ineffective support from the Project Team will put the communications with trial participants at risk; potentially leading to a poor perception of the services provided by the Council and affect the potential roll-out of these services more widely.
- In addition to supporting the trial, West Sussex County Council are responsible for sourcing a suitable disposal outlet for the food waste collected. Failure to procure an outlet would mean food waste collected as part of the trial may not be immediately recycled.

**Full Fibre**

- Failure to deliver the fibre programme comprising the combined Burgess Hill Fibre Exchange and the North South Fibre Project (CFCP). This includes meeting the key decision timeline to enable funding time limits to be met and agreeing the route to commercialising the asset to benefit local firms and alternative network providers.

**Assessment of Risk:**

Likelihood: High (B)

Impact: Substantial (II)

**Consequences if Risk Occurs:**

In 2020-21;

- (a) If not well managed the challenges facing WSCC could have implications for this Council's growth ambitions. These implications include:
- Reputational impact with local residents and Town and Parish Councils;
  - Reputational impact with external funders, in particular the Local Enterprise Partnership, Homes England, and the Ministry of Housing, Community, and Local Government (MHCLG) resulting in a loss of confidence, putting future funding in jeopardy.
  - An impact of the Council's ability to deliver timely, good quality advice on planning applications, negotiations with developers for infrastructure such as schools, highways and sustainable transport.
  - Existing strong relationships may be significantly and negatively affected.

<ul style="list-style-type: none"> <li>• Future and new joint working may be under threat which may stifle innovative joint working, for example projects may be delayed or not progressed.</li> <li>• The timely delivery of key projects may be impacted, undermining political and local support and ultimately delaying the delivery of much needed housing and supporting infrastructure.</li> <li>• Inability to successfully roll out food waste collections across the District, which will significantly impact on the Council being able to deliver a sustainable waste service and increase recycling.</li> <li>• Loss of funding for fibre projects and no economic stimulus for local companies.</li> </ul> <p>(b) In future years there could be an impact on opportunities for the Council to work in partnership with WSCC to provide sustainable planned growth. Specific possible impacts include:</p> <ul style="list-style-type: none"> <li>• Loss of an appetite to increase recycling and provide a more sustainable waste service.</li> <li>• Loss of transport infrastructure improvements</li> <li>• Loss of housing or housing in less sustainable locations.</li> <li>• Loss of high value employment opportunities.</li> <li>• Loss of community provision, particularly education.</li> </ul>
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#### **ACTION PLAN**

<b>PREVENTION</b>	<b>MITIGATION</b>
<p>What we currently do to reduce likelihood of risk occurring during 2020-21:</p> <ul style="list-style-type: none"> <li>• Established close working relationships with the new improvement team and developers.</li> <li>• Continued operation of the robust governance arrangements.</li> <li>• Maintaining close working relationships with Homes England as the principal landowner and developer for the Northern Arc.</li> <li>• Maintaining close working relationships with NewRiver REIT as the principal landowner and developer of the Burgess Hill Town Centre regeneration scheme.</li> <li>• Establishing a governance framework to support delivery of the food waste pilot.</li> </ul>	<p>What we currently do to reduce the negative consequences if the risk does occur during 2020-21:</p> <ul style="list-style-type: none"> <li>• Establish robust governance arrangements to support the 123 Initiative.</li> <li>• Officers are working to locate key members of the Project Team at Haywards Heath.</li> <li>• Ensure the governance arrangements to deliver the food waste pilot are effective, adjust and amend where appropriate.</li> <li>• Earlier identification of issues through the refreshed governance and management arrangements.</li> <li>• Keep relationships, partnerships and arrangements under constant review.</li> </ul>

<ul style="list-style-type: none"> <li>• Monitor the County Council’s financial position.</li> <li>• Build, utilise and strengthen existing good working relationships with County Council colleagues at all levels including with the new improvement team, Chief Executive and her new Senior Management Team. This Council’s Chief Executive meets regularly with the joint Chief Executive.</li> <li>• Continue to support and promote partnership working with the County Council to protect existing and new projects and initiatives.</li> <li>• Build strong political relationships between senior members at the County and District Councillors.</li> </ul>	<ul style="list-style-type: none"> <li>• Be vigilant and alert to all risks and share intelligence, using the governance frameworks to identify, escalate, and develop responses to any significant risks.</li> <li>• Hold regular meetings with stakeholders to ensure a detailed understanding of positions and any fall back options they may have.</li> <li>• An agreed “District Deal” in respect of the Burgess Hill Growth Programme, confirming both Councils’ commitment to the planned growth.</li> <li>• Be alert to the risks at all levels of the Council and share intelligence with Management Team.</li> <li>• The senior management teams from both the Councils meet regularly to build and nurture working relationships, through the Governance framework.</li> <li>• Use established contacts at the County Council to deal with issues early.</li> <li>• Use West Sussex Chief Executives group to raise issues of concern.</li> </ul>
<p>What else are we going to do in 2020-21?</p> <ul style="list-style-type: none"> <li>• Continue to seek opportunities to secure funding from external bodies, including the Local Growth Fund (LGF) and Housing Infrastructure Fund (HIF) to forward fund critical infrastructure to unblock development where appropriate.</li> <li>• Highlight emergent issues as soon as they begin to arise.</li> <li>• Implement a coherent communications strategy to ensure all partners are fully engaged.</li> <li>• Identify learning from other complex projects delivered by local authorities through partnership working.</li> </ul>	<p>What else are we going to do in 2020-21?</p> <ul style="list-style-type: none"> <li>• Use the governance arrangements and project management processes to highlight risks, escalate where appropriate, and identify mitigating actions.</li> <li>• Use regular meetings with the joint Chief Executive at the County Council and relevant Councillors to discuss the risks and identify and agree mitigating actions.</li> <li>• Seek to influence key senior WSCC officers and Councillors to ensure WSCC supports delivery of the planned growth working is maintained.</li> </ul>

	<ul style="list-style-type: none"> <li>• Where necessary, directly commission work.</li> </ul>
<p><b>How and when will the risk be reviewed during 2020-21?</b></p> <ul style="list-style-type: none"> <li>• Continually develop good working relationships with new WSCC Senior Management Team.</li> <li>• Encourage sharing intelligence at all levels of the Council with Management Team.</li> <li>• Maintain regular meetings with senior colleagues (including Councillors) at the County Council.</li> </ul>	
<p><b>Responsibility for the risk</b></p> <p>Cabinet Members: Councillors Llewellyn-Burke, Belsey and MacNaughton  Management Team Member: Judy Holmes</p>	
<p><b>Date of Assessment:</b> 19<sup>th</sup> February 2020</p>	

<p><b>Risk 2 – Impact of Fair Funding Review</b></p>
<p><b>Description of Risk:</b></p> <p>Central government funding of local authorities is still via both Revenue Support Grant and redistributed business rates. While there have been a couple of false starts arising from political difficulties over the last few years, next year (2020/21) should see the funding system being replaced with something simpler, to take effect from April 2021.</p> <p>Consultations and discussion with the sector have shown that this reform is not going to be easy to implement – the only area of agreement is that there is no one right answer to suit all local authorities. At its heart the review asks the question ‘what factors should influence the amount of central support each local authority receives to help finance its annual activities?’</p> <p>The answer to the question can be framed as a dichotomy across various factors – simplicity vs accuracy, rurality vs density, need vs desire but can also be seen as a way to significantly alter the balance of funding both geographically (i.e. across the country, perhaps north vs south) and hierarchically (upper tier vs lower tier).</p> <p>Mid Sussex as a relatively prosperous, rural shire district would not score well were resources to be redirected to upper tier authorities with adult and children’s services, or to those where deprivation or population density were the key drivers to funding.</p> <p>We are therefore prudently recasting our Medium Term Financial Plan to show a funding reduction in 2021/22 of £853k. The actual figure may of course be higher or lower.</p> <p>We see this manifesting in a reduction in our Rates Retention Baseline, given our Revenue Support Grant is already zero.</p> <p>There is a further possibility that the extent of financial upheaval is enough to generate the desire or need for structural reform across the sector – whether that be via devolution or wider reorganisation. This will be monitored carefully and responded to appropriately.</p>
<p><b>Assessment of Risk:</b></p> <p>Likelihood: Low (D)</p> <p>Impact: Substantial (II)</p>
<p><b>Consequences if Risk Occurs</b></p> <p>In 2020/21:</p> <p>The impact of the loss would not be felt in this year but planning to either increase income or reduce expenditure can be expected to take some staff and financial resource within the year.</p> <p>In future years:</p> <p>The choice is stark; we either have to reduce net expenditure across the business units or increase income in order to balance the budget.</p>

<b>ACTION PLAN</b>	
<b>PREVENTION</b>	<b>MITIGATION</b>
<p>What we currently do to reduce likelihood of risk occurring during 2020/21:</p> <ul style="list-style-type: none"> <li>We are not in control of this risk but are contributing to consultations that may affect the implementation of the review.</li> </ul>	<p>What we currently do to reduce the negative consequences if the risk does occur during 2020/21:</p> <ul style="list-style-type: none"> <li>The risk will not manifest in this year but we can start planning for its emergence in the following year.</li> </ul>
<p>What else are we going to do in 2020/21?</p> <ul style="list-style-type: none"> <li>The main thing is to plan a response to the possible financial effect(s). This will mean adopting a strategy to either increase income via service price rises or commercialisation, or reduce expenditure on services.</li> </ul>	<p>What else are we going to do in 2020/21?</p> <ul style="list-style-type: none"> <li>Once a strategy is adopted a series of actions will be needed, with accompanying comms and political buy-in.</li> </ul>
<p><b>How and when will the risk be reviewed during 2020/21:</b></p> <p>Progress against the action plan will be reviewed via the MSDC Management Team and at internal 'Bridging the Gap' meetings.</p>	
<p><b>Responsibility for the risk:</b></p> <p>Cabinet Member: Councillor Judy Llewellyn Burke</p> <p>Management Team Member: Peter Stuart</p>	
<p><b>Date of Assessment:</b> 17<sup>th</sup> February 2020</p>	

## Temporary Accommodation review and the consideration of additional resources.

REPORT OF: Assistant Chief Executive  
Contact Officer: Judy Holmes, Assistant Chief Executive  
Email: [judy.holmes@midsussex.gov.uk](mailto:judy.holmes@midsussex.gov.uk) Tel: 01444 477015  
Wards Affected: All  
Key Decision: No  
Report to: Cabinet  
16<sup>th</sup> March 2020

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### Purpose of Report

1. This report provides Cabinet with an update on the progress made to provide temporary accommodation in the district through acquisition and leasing since August 2018.
2. It examines the continuing demand for temporary accommodation and proposes options to respond to this.
3. It recommends additional resources be provided to meet the increased demand for temporary accommodation in Mid Sussex.

### Summary

4. In July 2018, Cabinet agreed a project to acquire a portfolio of up to 20 units and leases for up to 10 units to provide temporary accommodation for homeless households within the district using reserves of £4 million approved in May 2018.
5. Since then, the Council has acquired 14 properties and it is expected that one further property can be acquired £4m by the end of this financial year. Action to secure private sector leased properties is in progress with the aim of meeting the original target of 10 later in 2020.
6. These acquisitions enable the Council to provide high quality temporary accommodation while also reducing expenditure on guest house accommodation. It is estimated that the new accommodation will save approximately £240k each year. This is in line with the original business case with an estimated saving of £3.6 million over 15 years.
7. However, there is a continuing and increasing demand for the service. At 1 January 2019, there were 40 households in temporary accommodation in the district. On the same date in 2020, there were 72 – an 80% increase. At the 31<sup>st</sup> of January the number had increased to 81 with 41 in guesthouse. Responding to this demand is increasing expenditure on guesthouse accommodation, with an identified budget pressure of £61k at the end of December 2019, which has further increased to £111,651 at the 31<sup>st</sup> of January.
8. The largest rise in demand for temporary accommodation is from single households – this has doubled since 2017. Many of these are vulnerable, having mental health and other complex needs. 58% of demand for temporary accommodation in Mid Sussex is from single households and 63% of these have mental health needs.

9. Given this demand, it is proposed to extend the project in two ways by creating a specific reserve of £ 4.2m, as follows.:
- Purchase five additional properties to respond to the increasing demand for temporary accommodation and to offset the cost pressures arising.
    - This meets the original target of acquiring 20 properties for use as temporary accommodation
    - It is estimated that five properties can be acquired and refurbished for £1.4 million, while delivering further savings of c£62,500k per year by avoiding guesthouse costs.
    - It is estimated that existing staff capacity is sufficient to manage a total portfolio of 30 properties – there is therefore no further revenue investment required to deliver these additional units.
  - Acquire accommodation units, whether by lease or by purchase, which specifically meet the needs of single homeless people with mental health or complex needs.
    - The estimated cost of purchasing 10 units for this group is to be c £2.8 million. The annual savings from this investment would be c£125k.
    - There will be revenue implications in terms of providing intensive housing management support. It is proposed that this is funded through Flexible Homelessness Support Grant (FHSG).
10. If agreed, the first proposal may be taken forward in line with the existing work. The second proposal will require further work in terms of preparing a new property specification and commissioning intensive housing support.
11. Officers are proposing to ask Cabinet to allocate £4.2 million into a specific reserve to take this initiative forward.

## Recommendations

1. **Cabinet are recommended to:**
- (i) agree to provide additional resources of £4.2 m as a specific reserve to acquire temporary accommodation in order to meet the Council's statutory responsibilities under the Homelessness Legislation.**
  - (ii) agree initially to make available £1.4m to purchase 5 properties. The additional funds reserved to be accessed in stages as funds become available.**

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## Background

12. The Council has a legal duty to provide temporary accommodation to comply with the Homelessness Reduction Act 2017 and the Housing Act 1996. This requires that those who are homeless and in priority need are accommodated until decisions are reached on their homelessness application and they can be moved on once there is accommodation available.
13. The demand for temporary accommodation is proportionate to the demand for housing more generally and the lack of affordable housing. The impact of welfare reform has created additional pressures. Temporary accommodation is one part of the tools available to respond to housing need. It is a short-term provision only for the time it takes to reach decisions on new homeless applications and to move people on into more settled accommodation.
14. Some of the accommodation used for these purposes is nightly paid guesthouse accommodation. This is expensive and of variable quality; most is outside the District.
15. In July 2018, Cabinet agreed to purchase up to 20 units and lease up to 10 units to provide temporary accommodation in the District using a reserve of £4 million previously approved in May 2018. The objective of this investment is to:
  - provide a higher quality solution for homeless households than the guest house alternative
  - reduce the Council's spend on temporary accommodation
  - generate a rental income to the council
  - provide a long-term capital investment through the acquired properties.
16. The Council's approach to acquiring temporary accommodation is based on an analysis by Appraisals Abound, a specialist advisor. They produced a business plan which analysed the costs and benefits of acquisition and leasing of properties in relation to the expected savings to be made through decreased use of nightly paid guest house costs. The plan assumed that the acquisition of 20 properties would deliver savings of £5.7m over 15 years, and that leasing 10 properties would enable cost reductions of around £1.4m in the same period.
17. This report reviews the progress of the project and considers next steps.

### **Review of project delivery**

18. A cross-service project team, led by Housing, was set up to deliver the TA project from August 2018. This was in recognition of the fact that the acquisition and management of residential property is a new responsibility for this council that has not owned its own residential property for approximately 30 years. A temporary accommodation management officer was appointed in November 2018.
19. A specification of types and location of properties to be purchased was agreed. The lasting investment value to the council was also a key consideration so that the properties purchased were in reasonable condition and likely to hold their value over the medium to long term.
20. To date, the team has acquired, refurbished and brought into use 14 TA properties. One further property is in the process of acquisition.

Location	1 bed properties	2 bed properties
<b>Burgess Hill</b>	3	3 (includes one wheelchair accessible property)
<b>Haywards Heath</b>		6
<b>East Grinstead</b>	1	1

### Assessment of success

21. In August 2019, Appraisals Abound were commissioned to review progress on the project, and to consider this in relation to the demand for the service.
22. Their review concluded the following:
  - The Council has acquired properties at lower prices than the original business plan - 9% lower cost for 1 bed flats and 15% for 2 bed houses.
  - The average cost per dwelling is £276,369 (this includes an average purchase cost of £262,507 plus average cost of works and fees of £13,861.87).
  - It is taking an average of 3 months from the purchase of a property to the initial letting; this is not uncommon when compared to other Councils.
  - The Council has been able to charge higher rents than the original business plan assumed. This is due to the Council being able to charge current LHA rents as a minimum on the properties acquired compared to 90% of the 2011 LHA rates contained in the original model.
  - It is forecast that the Council will have 15 properties in management rather than 20 assumed in the original business plan. This means that the management cost per unit is higher than envisaged because it is a fixed cost. This unit cost will be offset when leased properties are added to the portfolio.
  - Management of the stock:
    - Void periods to date average 28 days
    - Number of households accommodated to date is 21
    - Number of households rehoused into social housing is 11
23. The impact of the acquisitions is summarised below:
  - Savings achieved to date are c £82k (when compared with the cost that would otherwise have been incurred using nightly paid accommodation)
  - It is estimated that the accommodation acquired to date will save approximately £240,000 each year.

- This is in line with the original business case with an estimated saving of £3.6m over 15 years.

### **Private Sector Leasing (PSL)**

24. The business plan envisaged that 10 properties would be leased from private owners to provide temporary accommodation in addition to the acquired properties. The model provides for properties to be leased at a set rent for the whole period of the lease with rent level at up to 20% less than market rent dependent on rent agreed through negotiation.
25. PSL properties are leased for periods of between 2 and 5 years. Housing Benefit rules require that the Council can only charge a rent equal to the Local Housing Allowance rate for 2011 to the tenants. This means that there is a shortfall between the rent that will be paid to landlords and the rent the Council receives from the tenant. Appraisal's Abound review calculated that there would be a deficit of between £8,000 and £11,000 on each PSL property annually depending on the size of the unit. This still presents a significant saving on the cost of guest houses and of course provides a better standard of accommodation for homeless households.
26. Progressing this part of the TA project was deferred initially to focus on the acquisitions due to the staff resource required. Officers are now focused on delivering the 10 PSL properties by stepping up efforts to lease properties through targeted adverts and utilising all networking opportunities. Several PSL options are currently being evaluated and actively pursued including a new development that can provide up to 4 flats and a large newly converted property that could provide a shared house for up to 6 people. If negotiations are successful, these should come on stream later in the spring.

### **Current and future demand for temporary accommodation**

27. The Homelessness Strategy for 2020-2025, considered by scrutiny committee in January 2020 is due to be approved by Council on 1<sup>st</sup> April 2020. The strategy includes an assessment of the increased demand for temporary accommodation. In addition, the Appraisals Abound report provides a detailed assessment of this increased demand.
28. Homelessness is increasing nationally, and the pressures in Mid Sussex mirror national pressures. Official figures released in December 2019 showed that nationally there has been an 11.4% increase in the number of households homeless over the past year and nationally the numbers in TA are the highest in over a decade (Shelter). The Local Government Association report in January 2020 showed council spending on guest houses rose by more than a fifth from £93m in 2017/18 to £114.9m in 2018/19. There are 7,110 homeless households currently in guesthouse, a 15-year high and 69.3% of English councils are overspent on their homelessness budgets.
29. In Mid Sussex, there has been a 40% increase in households the Council has a duty to house between 2018/19 and 2019/20.
30. Headlines provide further evidence of the increased demand:
  - In the first quarter of 2018/19, 48 households were in TA compared with 67 in the same period in 2019/20.

- At 1 January 2019, there were 40 households in temporary accommodation in the district. On the same date in 2020, there were 72, an 80% increase.
- Households are staying in TA longer, due to the impact of the Homelessness Reduction Act which means that the Council has increased duties and an increasing number of people with complex needs that are difficult to move onto more settled housing.
- The largest rise in demand for temporary accommodation is from single households, this has doubled since 2017. The largest growth in demand for temporary accommodation is from single people: 58% of households in TA in June 2019 were single people. This is a 230% increase since June 2017.
- Many of these single homeless people are vulnerable, having mental health and other complex needs: 63% of single homeless people in TA have mental health needs.
- The increase in numbers in guesthouse accommodation means that there is an identified budget pressure of £61k at December 2019 and £111,651 at 31<sup>st</sup> January 2020.

31. The demands of homelessness and the consequent provision of temporary accommodation is likely to increase further:

- The Council has seen an increase in demand for temporary accommodation. The Council had 873 approaches in 2018/19. This could increase to over 900 in 2019/20 if the trends in 2018/19 continue.
- Based on current trends, Appraisals Abound have concluded that the number of households in TA could increase from 139 in 2021/22 to 380 by 2024/25 resulting in a potential budget increase from £539k to £1.232m.
- If trends continue over the next 5 years and the Council only had guest house accommodation available, the costs could be in the region of £3m.

### **Options to address the increasing demand**

32. Given the current and future pressure on the service, there is a need to consider options to expand the available provision of temporary accommodation, while also reducing the cost burden on the Council arising from reliance on guest house accommodation for homeless households. The data above suggests that this could be a significant budgetary pressure going forward.
33. Officers have estimated that a total of 30 TA properties could be managed within existing staffing resources.
34. On this basis, there is an option in the short term to purchase five further properties. The estimated cost of this is £1.4 million, while delivering further savings of c£80k per year. No further revenue investment would be required. It is expected that this work would be completed in 2020/21.
35. In the medium term, there is a need to consider further acquisitions to boost the Council's ability to respond to the specific demand of vulnerable single households and to meet increasing demand.

36. This is a different challenge from the work to date because these households will require different types of properties and housing support. On the assumption that 10 units would be enough to address the current need, a budget of £2.8 million is proposed. Based simply on savings on guest house accommodation, this investment could deliver savings of £160k per year.
37. There will however be revenue implications because of this investment, in relation to additional staffing requirements. There is potential to expand the resources available to support and manage these households using Flexible Homelessness Support Grant (FHSG) to either directly employ support officers or to commission a support and intensive housing management service from a specialist provider such as Sussex Oakleaf.
38. It is acknowledged that these proposals respond only partly to the projected increase in demand set out by Appraisals Abound. Officers will continue to keep the rising demand under review annually.

### **Policy Context**

39. The report supports and contributes to the priorities in the Corporate Plan to provide effective and responsive services, to provide strong and resilient communities and to achieve financial independence. The provision of good quality temporary accommodation within the district for homeless households will assist with the well-being of these households who are amongst the most vulnerable in the community. The investment in these properties will provide long term assets for the Council and contribute to a reduction in the costs incurred to meet statutory obligations under the homelessness legislation.

### **Other Options Considered**

40. An alternative option would be to not invest in the acquisition of more temporary accommodation. The projection of increased demands on the service indicate that It is likely that the costs incurred by the Council by providing temporary accommodation through nightly paid guest houses are likely to increase significantly.

### **Financial Implications**

41. The recommendation is for a specific reserve of £4.2m be provided to be invested in the provision of temporary accommodation. By investing in the acquisition of additional properties the costs of meeting the Council's statutory obligations should be reduced as less nightly paid guesthouse will be required.

## **Risk Management Implications**

42. The acquisition of 5 additional properties to add to the temporary accommodation stock is low risk because 14 units have already been successfully delivered that are in management housing homeless households. The provision of an additional 10 properties to specifically meet the needs of single vulnerable people presents more of a risk. These households may have complex and challenging needs and the management of these properties will require a different approach. To mitigate the risk, it is intended that we provide an intensive housing management and support service to these households. This will either be commissioned in house or through a specialist housing support provider. The funding for this service can be provided from Flexible Homelessness Support Grant in the short to medium term.

## **Equality and Customer Service Implications**

43. The Equality legislation requires the Council to have “due regard” for advancing equality involves removing or minimising disadvantages suffered by people due to their protected characteristics. and taking steps to meet the needs of people from protected groups where these are different from the needs of other people. Homeless households can meet the protected characteristics criteria as set out in the Equality Act 2010. These can include age, both young and older people, disability, pregnancy and maternity. The provision of good quality temporary accommodation in the district, close to support networks and health care will assist with the health and well-being of such households and lessen the otherwise negative impact of experiencing homelessness.

## **Other Material Implications**

None