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CABINET

11 February 2019 at 5.00 pm

Present : Councillors Mrs Brown (Chairman), Wensley (Vice-Chairman), Bence, Charles, Clayden, Haymes and Wotherspoon.

Councillors Ambler, Mrs Madeley, Mrs Oakley, Mrs Pendleton, Warren and Wheal were also in attendance at the meeting.

391. WELCOME

The Chairman welcomed Councillors, Officers and members of the press to the meeting.

392. DECLARATIONS OF INTEREST

There were no Declarations of Interest made.

393. PUBLIC QUESTION TIME

The Chairman confirmed that no public questions had been received.

394. MINUTES

The Minutes of the meeting held on 14 January 2019 were approved by the Cabinet as a correct record and signed by the Chairman.

395. BUDGET VARIATION REPORT

There was no item for this meeting.

396. BUDGET MONITORING REPORT

The Deputy Leader of the Council and Cabinet Member for Corporate Support introduced the Budget Monitoring report to 31 December 2018. He outlined that financial performance was monitored on a regular basis to ensure that spending was in line with the Council's Policies and that net expenditure was contained within overall budget limits.

The report covered performance against the approved budget to the end of December 2018 in relation to the General Fund and Housing Revenue Account (HRA) and Capital.

The Financial Services Manager then drew Members' attention to the key elements of the budget monitoring report which had been attached at Appendix 1.

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The variances on budget had been set out in the General Fund summary with this showing a favourable variation against expected spend of £403k.

Members were reminded that at the end of December 2018 of the adverse net variation of £458k against expected, this had been in relation to nightly paid accommodation. A request had been made for a supplementary estimate for an additional £650k net expenditure which had been approved at Cabinet on 12 November 2018 and forwarded and approved at Full Council on 9 January 2109. This would regularise the situation for the next Budget Monitoring report.

Paragraph 2.8 of the report estimated the outturn position in relation to the General Fund, this was anticipated to be around £7.5 at the end of the financial year. The Council had been successful in an application for a Coastal Revival Fund grant of £50k for the Bognor Regis Band Stand and it was highlighted that the Cabinet would be asked to note this successful outcome.

Income from fees, charges and rents has been buoyant with total income currently £179k above expectation. The graph at Paragraph 6.3 of the report illustrated income by source and value; the achievement to the end of December 2018 against profiled budget; full year budget and outturn last year.

Looking at the (HRA) section of the report, this set out the monitoring summary to the end of December 2018 and summarised expenditure on supervision and management. The report highlighted that there had been 8 Right to Buy disposals in the current period compared to 13 for the previous year.

The Financial Services Manager stated that there were no issues to report in relation capital and special projects in relation to the approved budget.

Finally, looking at Section 106 sums, the table at Paragraph 10.4 showed the amounts received for each agreement, analysed by its intended application. Members were advised that that there was currently £58k which needed to be spent within the next year but that it was important to emphasise that although sums were time limited, under the terms of their agreement, this did not present a risk to the Council at the present time.

In discussing the report, the Cabinet Member for Technical Services confirmed his thanks to Officers for their work and the successful outcome with the Coastal Revival Fund grant for the Bognor Regis Band Stand.

The Chairman thanked the Financial Services Manager for the comprehensive report and referred Members to the recommendations.

The Cabinet

RESOLVED – That

- (1) The report in Appendix 1 be noted;
- (2) It be noted that overall performance against Budget was currently on track; and
- (3) The successful grant application for £50k from the Coastal Revival Fund (MHCLG) for the Bognor Regis Band Stand be noted.

The Cabinet then confirmed its decision as per Decision Notice C/039/110219), a copy of which is attached to the signed copy of the Minutes.

397. COUNCIL BUDGET – 2019/20

In introducing the report the Deputy Leader of the Council and Cabinet Member for Corporate Support stated that the Budget for 2019/20 was good news. It was noted that, in spite of operating in a challenging financial environment, the Council had achieved a balanced budget and so he commended the finance team on their professional work.

It was highlighted that this report set out the Capital, Housing Revenue and General Fund Revenue Budget for 2019/20 which Cabinet would review making recommendations to the Special Meeting of the Council to be held on 20 February 2019.

The Group Head of Corporate Support was then invited to provide an overview of the Council's Budget for 2019/20 highlighting what was felt were the significant areas that Members should be made aware of.

In presenting the Budget it was explained that the Budget was a positive one but the risks and main strategic issues were as follows:

- This would be the final year of the four year settlement that the Council accepted in 2016/17. The Council was no longer in receipt of Revenue Support Grant (RSG) and this was due to become negative £430k (payment to Government) in 2019/20. However the negative RSG had been cancelled by the Government resulting in a one-off windfall for the Council in 2019/20.

- It was explained that West Sussex, as an area, had been successful with its application to become a 75% Rate Retention Pilot for 2019/20. This would result in significant investment in Superfast Broadband across the County.
- The Business Rate reset was currently out to consultation. It was highlighted that the Council would need to respond vigorously to this consultation as the Council was at risk of losing all of the significant growth that had been achieved since the scheme had been introduced. It was very important for the Council to ensure that it would not face a huge reduction in funding in 2020/21.
- The New Homes Bonus (NHB) had been a main source of funding since it had been introduced in 2011/12, however, payments had been continually reducing with the number of effective years reducing from 6 years to 4 years. The introduction of the deadweight adjustment and the future of the scheme remained uncertain. The consultation regarding reform of the system added more uncertainty for the future.
- The table in Paragraph 2.9 illustrated the reduction in funding amounting to £514k after a number of years of reductions.
- Paragraph 2.11 explained that the Council was proposing to increase its Council Tax to the maximum allowable which was £5.22 or 2.96% - this represented a 10p per week increase based on a Band D Council Tax. It was highlighted that the Council's share of the total Council Tax bill equated to less than 10%.
- The effect of this had been summarised in the table in Appendix 1 – the General Fund Revenue Budget Summary which showed that the Council had achieved balanced budget whilst also contributing a further £1.1m to the Business Rates Reserve (in addition to the contribution of £2m made in 2018/19). Mitigating a cushion against potential future reductions in funding.
- The table on page 33 set out a summary of the projected movement on General Fund Reserves. This showed that the Council was anticipating balances of approximately £7.5m at the end of 2019/20 which would provide a reasonable cushion to the Business Rates Reserve given the uncertainty already outlined.
- Of importance was the Table at page 34 showing variances – most of which were self-explanatory. Members' attention was drawn to the reduction in recycling credits in the sum of £131k following the termination of the current agreement (memorandum of Understanding) by West Sussex County Council. This would result in a reduced payment for 2019/20 and the MoU would not continue after 2019/20 placing a further £850k of income at considerable risk from 2020/21 and so a further strain on the Council's Budget which the Council could not ignore.

- Although most of the risks had been covered, Members' attention was drawn to Paragraphs 6.9 and 6.10 of the report relating to homelessness and especially the risks associated with WSCC's decision to reducing support to the voluntary housing sector. This would place further strain on the Council's resources but reinforced the need to have sound balances in the HRA fund.
- Turning to the HRA Account Budget, this showed a marked reduction in the level of balances which was a result of the recent stock condition survey. The enhanced programme was affordable for 2019/20 but the Housing Repairs Budget for 2020/21 onwards would need to be reviewed in light of slippage and affordability.
- Capital, Asset Management and other projects – this was the first year that the Council was required to have a Capital Strategy. This would be considered by the Audit & Governance Committee on 14 February 2019. A new capital programme had been detailed at page 42 and demonstrated considerable ambition. Despite severe financial constraints, the Council was continuing to invest in the District's infrastructure and new initiatives such as The Keystone Centre in Littlehampton and the Pavilion Park in Bognor Regis.

Finally, the Group Head of Corporate Support alerted Members to the observations made by the Overview Select Committee at its meeting held on 29 January 2019 where the Committee had given support to the Budget but had raised serious concerns over the WSCC's decision to cut funding for homeless charities. The Committee had specifically requested that its concerns be passed to Cabinet.

The Chairman thanked the Group Head of Corporate Support for his detailed presentation and congratulated him and his team in achieving a balanced budget whilst at the same time continuing with an ambitious capital programme and she then invited questions from Members.

In discussing the 2019/20 Budget, Cabinet supported the comments made by the Overview Select Committee about the cuts in grant made by WSCC to homelessness charities and stated that it remained concerned at the unknown impacts this would bring.

Concern was also expressed about the reduction in recycling credits proposed by WSCC. Funds used to boost recycling rates were set to be cut in 2019/20 with Arun's share falling by around £131k. The Cabinet Member for Community Wellbeing, Councillor Wotherspoon, stated that these credits had been used to fund a number of projects in Arun to increase recycling and that Arun had operated in this way year on year since 2013/14. Councillor Wotherspoon stated that he and the Council would be taking WSCC to task over these reductions.

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The Chairman stated that the Budget for 2019/20 was a positive budget and that it was important to emphasise that all of the services provided by the Council were at a cost of just £3.50 per week for a Band D Council Tax. There were important issues to keep an eye on such as the Business Rate split and New Homes Bonus. Councillor Mrs Brown stated that the District Council's Network was working very hard with all Councils and that the Government would have a very big fight on its hands if it proposed to take some of this funding back.

The Cabinet

RESOLVED – That

(1) It be noted that the Group Head of Corporate Support, in consultation with the Deputy Leader of the Council and Cabinet Member for Corporate Support, had approved a Council Tax base of 61,281 for 2019/20; and

(2) The Budget report in Appendix A, 1, 2 and 3 be noted.

The Cabinet then

RECOMMEND TO THE SPECIAL MEETING OF THE COUNCIL ON 20 FEBRUARY – That

(1) The General Fund Revenue Budget as set out in Appendix 1 is approved;

(2) The Council's Band D Council Tax for 2019/20 is set at £181.62, an increase of 2.96%;

(3) The Council's Council Tax Requirement for 2019/20, based on a Band D Council Tax of £181.62, is set at £11,129,855 plus parish precepts as demanded, to be transferred to the General Fund in accordance with statutory requirements;

(4) The Housing Revenue Account (HRA) Budget as set out in Appendix 2 is approved;

(5) The HRA rents for 2019/20 are set at 1% below the current year's level in accordance with the provisions of the Welfare Reform and Work Act;

(6) HRA garage rents are increased by 5% to give a standard charge of £11.72 per week (excluding VAT), and heating and water/sewerage charges increased on a scheme by scheme basis, with a view to balancing costs with income; and

(7) The Capital Budget as set out in Appendix 3 is approved.

The Cabinet then confirmed its decision as per Decision Notice C/040/110219, a copy of which is attached to the signed copy of the Minutes.

398. JUDICIAL REVIEW AT LAND SOUTH OF NEW ROAD [A259] AND EAST OF BROOK LANE, ANGMERING [PLANNING APPLICATION REFERENCE A/23/15/OUT].

The Cabinet Member for Planning, Councillor Charles, introduced this item stating that the Development Control Committee had granted planning permission for a new retail food store and public house on land to the south of the A259 in Angmering, contrary to the Officer's recommendation of refusal on retail policy grounds. In making the decision, Members gave greater weight to the socio-economic benefits of the scheme and took into account the limited impact it would have on the character of the countryside in that location.

Store Properties had submitted an application for permission for Judicial Review. The Council had responded setting out what its summary grounds for contesting the claim would be.

As there were various scenarios at each stage of the process, and the costs incurred could vary depending upon different outcomes, the report was seeking to secure a supplementary estimate of £150k based on covering the Council's costs and costs that the Council could be liable to pay.

The Director of Place provided a further update. There was positive news in that the Council's case had been supported by a judge considering the submitted papers. However, an oral hearing had now been requested by the appellant. The Director of Place promised to keep Members updated on this case.

The Cabinet

RECOMMEND TO FULL COUNCIL ON 13 MARCH 2019

That a supplementary estimate of £150,000 be approved for the costs associated with the Judicial Review in respect of planning application A/23/15/OUT. This to include Counsel costs to defend the Council's position and an estimate of potential costs that the Council would be required to pay as a result of the Claimant being successful in their Judicial Review claim.

The supplementary estimate equates to a Band D Council Tax of £2.48.

The Cabinet then confirmed its decision as per Decision Notice C/041/110219, a copy of which is attached to the signed copy of the Minutes.

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399. JOINT AREA COMMITTEES

The Cabinet received and noted the Minutes of the meeting of the Joint Western Arun Area Committee held on 31 October 2018.

400. OVERVIEW SELECT COMMITTEE – 29 JANUARY 2019

The Cabinet received and noted the Minutes from the meeting of the Overview Select Committee held on 29 January 2019. The Minutes relating to Council Budget 2019/20 had been considered earlier in the meeting.

(The meeting concluded at 5.25 pm)