

OVERVIEW SELECT COMMITTEE

31 January 2018 at 6.00 p.m.

Present: - Councillors Dingemans (Chairman), English (Vice-Chairman), Mrs Bence, Blampied, Edwards, Elkins, Oliver-Redgate, Mrs Rapnik, Dr Walsh, Warren and Wheal.

Councillors Bence, Mrs Brown, Wensley and Wotherspoon were also present for all or part of the meeting.

390. WELCOME

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

391. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors Hughes, Mrs Oakley and Miss Rhodes.

392. DECLARATIONS OF INTEREST

Councillor Dr Walsh declared a Personal Interest in Agenda Item 7 [Feedback from the meetings of the West Sussex County Council's Health and Adult Social Care Committee (HASC)] held on 1 December 2017 and 17 January 2018 as he was Vice-Chairman of this Committee as a West Sussex County Councillor.

393. MINUTES

The Minutes of the Special Meeting of the Committee held on 23 January 2018, as circulated at the meeting, were approved by the Committee as a correct record and were signed by the Chairman.

The Chairman confirmed that he had sent a letter to the Sussex Police and Crime Commissioner requesting that the questions not responded to at this meeting be answered. He confirmed that the response, once received, would be circulated to the Committee.

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394. CABINET MEMBER QUESTIONS AND UPDATES

No questions were presented to Cabinet Members from the Committee and no updates were made to the Committee by Cabinet Members.

395. COUNCIL BUDGET – 2018/2019

The Chairman welcomed the Group Head of Corporate Support and the Financial Services Manager to the meeting and invited them to work through the Council’s Budget for 2018/2019 highlighting what they felt were the significant areas that Members should be made aware of. It was explained that any comments that the Committee wished to make would be forwarded onto the next meeting of Cabinet taking place on 12 February 2018 before the Minutes from that meeting would be submitted to the Special Meeting of the Council on 21 February 2018.

The Group Head of Corporate Support then presented the Council’s Budget for 2018/2019 and explained the main strategic issues. These have been summarised below:-

- A balanced budget had been achieved. The Council had also been able to make a contribution of over £1.5m towards the new Littlehampton Leisure Centre increased costs which was a notable achievement.
- The 2015 Spending Review had announced a number of significant changes to the way in which local government would be funded in the future. This confirmed the proposal to change the 100% business rate retention by 2020. The Local Government Settlement for 2018/19 had reset this envisaging a local share of 75%, rather than 100% for 2020/21. This would be significant for the Council given all of the growth that it had seen since the inception of the scheme. In 2020/21 Members were warned that the Council could see a significant reduction in its income as a result.
- The Council needed to plan for the Fair Funding Review – this would be going out to consultation in 2018/19 and would focus on the cost drivers for individual authorities with a planned implementation in 2020/21.
- Changes had been made to the New Homes Bonus (NHB) for 2018/19 resulting in Arun receiving a reduction in payment. This was because in terms of the grant paid there was now a reduction in the number of qualifying years dropping to 4 years. The levels of NHB had been set out and summarised in the table at Paragraph 2.8 of the report.

- Table 2.9 of the report summarised the Council’s income from Government and this showed a significant reduction before the additional risks highlighted above. This situation was anticipated to worsen further with the implementation of negative Revenue Support Grant (RSG) in 2019/2010.
- Council Tax Income – Council Tax could be increased by £5 per year or 3% for a Band D property. The Council would be proposing a 2.995% Council Tax rise for 2018/19 which would redress the reduction of the Council Tax Income Base which had been frozen for five years. The Council’s tax base for 2018/19 showed a significant increase over 2017/18 from 59,456 to 60,402 which was mainly due to the completion of new dwellings in the District.
- Looking at the General Fund Budget the main highlight was that a balanced budget had been achieved. There was a minimum requirement for Council’s to have balances at no less than £4m. The Group Head of Corporate Support stated that he was keen to keep a higher level of balances given the threats forecasted for the future and the minimum time that authorities were given by Central Government to react to changes announced each November in the Local Government Finance Settlement.
- The Vision 2020 had resulted in £895k established savings and £134k in other on-going savings which had been deleted from the base budget. In addition, net income had increased by £401k helped significantly by property related income streams such as the acquisition of the Bognor Regis Arcade and the rents generated from the leasing of accommodation in the Civic Centre to the Probation Service.
- The budget included provision for the 2% pay award which had recently been rejected by the trade unions and it accommodated the assistance that the Council continued to provide to cover the increasing problem of homelessness. The Council would need to consider the impact of and the new duties imposed by the Homelessness Reduction Act 2017 which would require the Council to enhance its homelessness prevention service. In preparation, the Council had approved additional capital funding of £2.1 m for the purchase of self-contained temporary accommodation which, in the long-term, would alleviate its bed and breakfast costs.
- Paragraph 6 of the report set out identified risks for the Council for 2018/19. Looking at income, it was highlighted that the budget included projected income for areas such as fees, charges and rents. A potential risk could be a poor summer resulting in lower car parking income, however, a review of income had been undertaken and had considered to be achievable.

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- Looking at the Housing Revenue Account Budget (HRA), it was confirmed that this budget was all in line with the approved priorities of the new HRA Business Plan approved by Full Council in September 2017. This included the Council’s committed build programme for the delivery of 250 new homes over the 10 year period of the Plan.
- The Capital, Asset Management and other projects Budget did not include the approved total scheme cost of £19.5m approved by Full Council in September 2017 (last year’s Budget) for the new Leisure Centre at Littlehampton. The capital element of the scheme would be financed from a variety of sources including Capital Receipts, Capital Grants and Revenue Finance.
- It was pointed out that the purchase of the Bognor Regis Arcade was the first acquisition made by the Council under the new Property Investment Strategy. Net income from this purchase had been included in the revenue budget as £180k and the budgeted rate of return for the investment was set at 9% for 2018/19.
- The purchase of temporary accommodation units at Wick to support people in severe housing need was mentioned as this had involved approving a supplementary estimate totalling £2.1m. This would benefit the authority financially whilst at the same time providing families with a better standard of living accommodation and facilities.
- The enhanced new investment programme for 2018/19 included a contribution to the Community Flood Fund and the development works at Hothampton Linear Park, both had been included in the Contingency and Special Items Budget at Paragraph 4.9 of the report.

Finally and in summing up, the Group Head of Corporate Support stated that the General Fund Revenue Budget and Capital Budgets had been set robustly and within the Council’s approved Medium Term Financial Strategy. Although this was a good news story, Members needed to look to 2020 and beyond when there would be more need for the Council to critically appraise its investment decisions to meet the future challenges outlined earlier.

The Chairman thanked the Group Head of Corporate Support for his detailed presentation and invited questions from the Committee. These have been summarised below:

- With regard to the purchase of the Bognor Regis Arcade and the budgeted rate of return at 9%, was this expectation achievable and what was this based upon? The Group Head of Corporate Support (TGHCS) explained that the anticipated return rate of 9% would be achieved from renting the shop units downstairs in the arcade. The Council was adopting a more flexible approach to renting out these units resulting in them being rented out more

quickly. It was outlined that the predicted return of 9% did not take into account the extensive accommodation that was available upstairs in the arcade which would be a further phase of this investment.

- Concern was expressed over the uncertainty ahead in terms of the reduction in base level funding from Government and the proposed changes to the business rate retention levels and reductions in NHB which would put added pressure onto all local authorities. The concern was that this would mean an increase in taxes for the local tax payer in the longer term.
- The Council's investment in tackling homelessness was praised and Members were reassured that the Council had sufficiently invested in providing an enhanced shelter scheme at Wick. This was acknowledged as the Council taking a big step in the right direction and tribute was paid to the Cabinet Member for Residential Services for pushing through this project.
- Looking at the HRA Business Plan priorities and the Council's proposals to build roughly 25 council houses per year, it was felt that this was not adequate enough to address the backlog of people who were waiting for the provision of low cost housing. A request was made to look towards upping that provision.
- Looking at the Council's balances, the point was made that to have balances in excess of 33% on the revenue budget was unnecessary and that a level of balances should be used for much needed projects such as providing additional affordable housing. It was pointed out that having made enquiries very few authorities maintained reserves of this level and so the question was asked if the Council should consider reducing its precept.
- Other Members of the Committee praised the level of balances that the Council had as this had allowed major projects such as the East Bank River Enhancement scheme, the provision of a new Littlehampton Leisure Centre and regeneration projects such as the Linear Park in Bognor Regis to proceed.
- Although the levels of savings achieved through the 2020 Vision project were applauded, the GHOCs was asked if he could provide an indication of full-time staffing levels for now compared to a year ago. It was agreed that this information would be provided to the Committee in writing.
- On business rates, could it be clarified overall whether District Councils received 5.5% of that figure and was there a split relative to the growth in business rates. An expanded explanation in the Budget report on this would be welcome as this would make it easier for Members to understand.

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The GHOCs outlined that business rates were a desperately complicated formula to understand. The Council had been successful during 2017/18 due to growth in and around the A259 area. The reset proposed in 2021 would certainly erode some of this growth. Due to the appeals process, estimating would be very difficult. The GHOCs had attended a meeting with the Valuation Office and had been shown records of appeals from business such as some of the larger national supermarkets. They tended to be successful as they were able to employ multiple appeal experts to work on cases. Another factor to consider was that if they could prove that the appeal was based on increased competition in the locality – then this prompted a whole new range of appeals and made any sort of estimation almost impossible.

- The pension position – where was Arun with this, was this underfunded, was the amount in the budget what the Council would normally contribute. The GHOCs outlined that the general news was that Pensions were still slightly under funded from the last valuation undertaken. The current funding level was in the 90 per cent range. Actuaries were very cautious and so had a stipulation for this to be back up to a level of 100 per cent.
- The Committee asked for summary figure details to be made available to them. The GHOCs confirmed that he would arrange for this detail to be provided to the Committee.
- Concern was expressed that not all of the Supplementary Estimates approved by Full Council had been featured within the Budget. Some questions were then asked about Appendix 1 to the report - the General Fund Revenue Budget Summary. There was concern that the community wellbeing budget was reducing drastically – this also applied to neighbourhood services and Economy. A detailed breakdown was again requested. The GHOCs explained that the detail of revenue supplementary estimates could be found in Paragraph 4.2 of the report. The Financial Services Manager outlined that the current year’s budget had included posts funded from earmarked reserves. These amounts had been taken out of the base budget as they were being funded from below the line. The Committee was reassured that this did not mean a matched reduction in staffing in these areas – this was just a technical adjustment in the presentation of the Budget.

In summing up the comments made, the Chairman outlined that he formally wished to have recorded his thanks passed onto the Finance Team for producing the budget and during very difficult times.

The Committee in giving its general support and noting the contents of the Council Budget for 2018/2019 [which would be considered by Cabinet at its next meeting on 12 February and then at the Special meeting of the Council on 21 February 2018] then confirmed that it noted and approved the Budget for 2018/19, with its discussion points being circulated to Cabinet on 12 February 2018.

Councillor Dr Walsh requested that his abstaining from voting on this item be recorded.

396. FEEDBACK FROM THE MEETING OF THE WEST SUSSEX COUNTY COUNCIL'S HEALTH AND ADULT SOCIAL CARE COMMITTEE (HASC) HELD ON 1 DECEMBER 2017 AND 17 JANUARY 2018

The Committee received and noted the feedback reports received from Councillor Blampied following his attendance at the meetings of the West Sussex County Council's Health and Adult Social Care Committee (HASC) held on 1 December 2017 and 17 January 2018.

397. FEEDBACK FROM THE MEETING OF THE SUSSEX POLICE AND CRIME PANEL HELD ON 19 JANUARY 2018

The Committee received and noted the feedback report received from the Cabinet Member for Community Wellbeing, Councillor Clayden, following his attendance at the meeting of the Sussex Police and Crime Panel held on 19 January 2018.

In noting this report, mention was made of the Special Meeting of the Committee attended by the Sussex Police and Crime Commissioner on 23 January 2018 and in terms of the feedback from the Panel meeting stating that the Commissioner stated that the focus would move to local policing and call centre improvements.

Some Members of the Committee outlined that this did not match the responses they had received to their questions submitted to 23 January 2018 meeting. These responses had seen the PCC stating that policing locally would be provided by relying entirely on a mobile team of Officers meaning that there would not be a PSCO presence in the District's towns and villages. A Member of the Committee stated that it had also been confirmed when he had attended another meeting with the PCC that at any one time there would only be an average of between 14-16 mobile response police officers covering

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the whole of the Arundel to Chichester District areas. This was not enough to serve the residents of these two Districts who had very differing needs.

It was hoped that the Cabinet Member for Community Wellbeing, Councillor Clayden, would continue to deliver this message from the Committee to future meetings of the Panel as the prime concern of the Council and its residents.

398. WORK PROGRAMME 2017/2018

The Committee received and noted a verbal update from the Group Head of Policy which reported that the Committee had been due to receive a report on the Council’s Filming and Photographic Policy at this meeting. This report would now be presented to the next meeting of the Committee on 20 March 2018.

Finally, Members were reminded that at its March 2018 meeting, the work programme for 2018/19 would be reviewed.

(The meeting concluded at 6.58pm)