



Public Document Pack

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Committee Manager - Jane Fulton (Ext 37611)

27 January 2021

CABINET

A virtual meeting of the Cabinet will be held on **Monday 8 February 2021 at 5.00 pm** and you are requested to attend.

Members: Councillors Dr Walsh (Chairman), Oppler (Vice-Chairman), Coster, Mrs Gregory, Lury, Stanley, Mrs Staniforth and Mrs Yeates

PLEASE NOTE: *This meeting will be a 'virtual meeting' and any member of the press and public may listen-in and view the proceedings via a weblink which will be publicised on the Council website at least 24 hours before the meeting.*

Different meeting arrangements are in place for the period running from 4 April 2020 to 7 May 2021 from the provisions of the Coronavirus Act 2020 and the meeting regulations 2020, to allow formal 'virtual meetings'.

This Council's revised Rules of Procedures for 'virtual meetings' can be found by clicking on this link: <https://www.arun.gov.uk/constitution>

*Any members of the public wishing to address the Cabinet meeting during Public Question Time, will need to email Committees@arun.gov.uk by 5.15 pm on **Friday, 5 February 2021** in line with current Procedure Rules. It will be at the Chief Executive's/Chairman's discretion if any questions received after this deadline are considered.*

For further information on the items to be discussed, please contact: committees@arun.gov.uk

AGENDA

1. **APOLOGIES FOR ABSENCE**

2. DECLARATIONS OF INTEREST

Members and officers are invited to make any declarations of pecuniary, personal and/or prejudicial interests that they may have in relation to items on the agenda, and are reminded that they should re-declare their interest before consideration of the item or as soon as the interest becomes apparent.

Members and officers should make their declaration by stating:

- a) the item they have the interest in
- b) whether it is a pecuniary, personal and/or prejudicial interest
- c) the nature of the interest
- d) if it is a pecuniary or prejudicial interest, whether they will be exercising their right to speak under Question Time

3. QUESTION TIME

- a) Questions from the public (for a period of up to 15 minutes).
- b) Questions from Members with prejudicial interests (for a period up to 15 minutes).

4. URGENT BUSINESS

The Cabinet may consider items of an urgent nature on functions falling within their responsibilities where special circumstances apply. Where the item relates to a key decision, the agreement of the Chairman of the Overview Select Committee must have been sought on both the subject of the decision and the reasons for the urgency. Such decisions shall not be subject to the call-in procedure as set out in the Scrutiny Procedure Rules at Part 6 of the Council's Constitution.

5. MINUTES

(Pages 1 - 12)

To approve as a correct record the Minutes of the Cabinet meeting held on 11 January 2021 (as attached).

6. BUDGET VARIATION REPORTS

To consider any reports from the Head of Corporate Support.

7. BUDGET MONITORING REPORT TO 31 DECEMBER 2020

(Pages 13 - 32)

The Budget Monitoring report sets out the Capital, Housing Revenue and General Fund Revenue budget performance to the end of December 2020.

8. ARUN DISTRICT COUNCIL BUDGET - 2021/22 (Pages 33 - 54)

The report sets out the Revenue and Capital Budgets for 2021/22 for both the General Fund and the Housing Revenue Account.

9. ELECTRICITY SUPPLY CONTRACT FOR CORPORATE AND RESIDENTIAL SITES (Pages 55 - 58)

To authorise entering into contract with LASER Framework Agreement, for the Procurement and Managed Service of electricity to the Council's Corporate and Residential sites.

10. THE COUNCIL'S RESPONSE TO THE COVID-19 PANDEMIC SITUATION (Pages 59 - 68)

This report updates Cabinet on the Council's response to the pandemic situation and possible proposals for economic recovery.

ITEMS PUT FORWARD BY THE OVERVIEW SELECT COMMITTEE AND WORKING GROUPS

11. OVERVIEW SELECT COMMITTEE - 26 JANUARY 2021

To consider recommendations from the meeting of the Overview Select Committee held on 26 January 2021. The Minutes from this meeting will be circulated separately and any recommendations reported to the meeting.

Note : Members are reminded that if they have any detailed questions would they please inform the Chairman and/or relevant Director in advance of the meeting.

Note : Filming, Photography and Recording at Council Meetings - The District Council supports the principles of openness and transparency in its decision making and permits filming, recording and the taking of photographs at its meetings that are open to the public. This meeting may therefore be recorded, filmed or broadcast by video or audio, by third parties. Arrangements for these activities should operate in accordance with guidelines agreed by the Council and as available via the following link – Filming Policy - [The Policy](#)

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Public Document Pack Agenda Item 5

Subject to approval at the next Cabinet meeting

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CABINET

11 January 2021 at 5.00 pm

Present: Councillors Dr Walsh (Chairman), Oppler (Vice-Chairman), Coster, Mrs Gregory, Lury, Stanley, Mrs Staniforth and Mrs Yeates

Councillors Bennett, Bicknell, Bower, Charles, Clayden, Mrs Cooper, Cooper, English, Gunner, Mrs Pendleton and Roberts were also in attendance for all or part of the meeting.

395. WELCOME

The Chairman welcomed Members, members of the public and Officers to what was the ninth virtual meeting of Cabinet and the first in the New Year. He provided a brief summary of how the meeting would be conducted and the protocol that would be followed and how any break in the proceedings due to technical difficulties would be managed.

396. DECLARATIONS OF INTEREST

There were no Declarations of Interest made.

397. QUESTION TIME

The Chairman confirmed that no questions had been submitted for this meeting.

398. URGENT BUSINESS

The Chairman confirmed that there were no urgent items for this meeting.

399. MINUTES

The minutes from the meeting of Cabinet held on 14 December 2020 were approved as a correct by Cabinet. The Chairman confirmed that these would be signed at the earliest opportunity to him.

400. BUDGET VARIATION REPORTS

There were no matters discussed.

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401. HOUSING REVENUE ACCOUNT BUSINESS PLAN UPDATE

The Chairman welcomed Mr Glenn Smith, Director, from Housing Finance Associates Ltd, the Council's external consultant, to the meeting as he would be providing a presentation on the Housing Revenue Account (HRA) Business Plan Update.

Firstly, the Cabinet Member for Residential Services, Councillor Mrs Gregory, introduced this item stating that the report provided the annual update on the Housing Revenue Account (HRA) Business Plan and that it set out the baseline position for the HRA Business Plan projections, planned forecast in terms of income, expenditure, investment and borrowing in respect of Council housing over a 30 year period. The key headlines were that £2m of HRA balances were to be retained during the 30-year period covered by the forecast and the inclusion of new build programme commencing in 2022/2023 to deliver 15 new homes annually and delivering the capital programme within available resources.

Mr Smith confirmed that each year an update was provided on the baseline position for the Housing Revenue Account Business Plan projections in respect of the provision of Council housing within the Arun District over a 30-year period. He explained that the underlying information was continually changing in terms of updated changes in inflation and borrowing rates but that it provided some continuity in terms of delivering the long-term plans that the Council set each year. Mr Smith then referred to the numerous charts set out in the report providing information on the health of the HRA as forecasted in terms of the level of balances; the HRA capital programme; the level of HRA debt; and the ability of the authority to repay debt within a reasonable timescale. This information had been produced using the Council's own data and budgets for the revenue and capital programme and in terms of stock condition works that needed to be conducted over the long-term and that use of the Council's projections had been made in terms of the development of projects and schemes which were either planned or where the Council had aspirations to deliver in future years.

The Cabinet Member for Residential Services, Councillor Mrs Gregory, responded to the presentation by thanking Mr Smith for providing such a detailed overview but in a way that was very easy to follow. It was great news that the HRA's finances allowed the Council to continue to purchase Council stock to a total of 230 properties between now and 2026. Despite this, it was still disappointing that the Right to Buy initiative, still resulted in the Council's valuable stock continuing to be eroded at a time when there were so many local families in housing need. The cost of providing the required temporary social housing was very high putting a further strain on budgets.

The Chairman also thanked Mr Smith for his detailed overview of the report and confirmed that he welcomed the information that it held in that the Council was able to provide more affordable lower cost to rent housing to those on the Council's waiting list and to obviate the need to put residents into temporary accommodation. He welcomed the medium-term commitment to continue to substantially increase and maintain the Council's building programme to make sure that the housing stock was maintained and increased in the long-term.

The Chairman then invited non-Cabinet Councillors if they had questions to ask. Questions were asked about the baseline revenue forecast and the use of balances.

The Cabinet, then

RECOMMEND TO FULL COUNCIL

That the updated Housing Revenue Account Business Plan for 2020/21 be noted.

The Cabinet confirmed its decision as per Decision Notice C/044/11012021, a copy of which is attached to the signed copy of the Minutes.

402. WEST SUSSEX JOURNEY TO WORK PROGRAMME - END OF YEAR REPORT - MIRIAM NICHOLLS

The Chairman introduced this report as the Leader of the Council and explained that over the past 7 years, the Journey to Work project and its successors had been well received by many of those who needed support to move towards employment. Its value had been recognised not only by those it has helped but also by local employers who had welcomed the opportunity to employ people who may have needed a little extra support but had been more than willing to take up the opportunity of work.

Many local residents had received support allowing them to take up part or full-time employment whilst others had moved along the road towards employability by volunteering or taking qualifications. The report provided an overview of the Journey to Work project covering the past year.

The Business Development Manager then provided further information explaining that this project had been a success largely due to the superb links that the Council had established with the District's business community. The report was not about physical transport to work, it was about the need to focus on each individual's employment journey and how they could tackle any barriers in place preventing them from moving from one point in their life to employment. The report emphasised the different and varied journeys that often had to be taken by individuals to reach their goals. To explain the unique successes of the project, some case studies were presented to the meeting. Arun had less budget as it had always used Job Centres or its own offices or met where suited to the client. As a result of this, Arun was able to use its budget wisely and was able to supply a lot of training. It used its regular email address to the business community to showcase clients to employers.

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In receiving the report, Cabinet praised the work undertaken and the benefits the project had provided. This was particularly relevant at this time due to the current unemployment crisis as a result of Covid-19 and so it was felt that anything that the Council could do in partnership with Government grants and other Local Authorities had to be welcomed.

Following some discussion, Cabinet praised all elements of the scheme and the opportunities that it provided. The case stories explained at the meeting had been truly uplifting and showed how successful the scheme was and its value to those taking part.

Having had a series of questions asked which were responded to at the meeting, the Cabinet

RESOLVED

That the contents of the report be noted

The Cabinet confirmed its decision as per Decision Notice C/045/11012021, a copy of which is attached to the signed copy of the Minutes.

403. SUPPLEMENTARY ESTIMATE TO COVER COSTS AWARDED AGAINST THE COUNCIL IN APPEALS - Y/103/18/PL AND EP/148/20/PL

The Cabinet Member for Planning, Councillor Lury, introduced this report explaining that a supplementary estimate was required to a maximum sum of £30,000 to settle the costs claimed against the Council as a result of two recent unsuccessful appeals. Councillor Lury urged Councillors to take note of the Planning Inspector's reasoning in awarding these costs in that the Council had previously been advised that it needed to be more risk adverse especially when objecting to an application on highways grounds, although he fully understood the frustration felt by Councillors in this regard. Councillor Lury explained that the two planning applications were Y/103/18/PL and EP/148/20/PL and he referred to the appendices that had been attached to the report containing the reasoning of the inspector regarding these two applications.

Much discussion took place in relation to this report. Councillor Stanley confirmed that this was a difficult situation and he stated that he did not envy those Councillors who sat on the Development Control Committee in terms of the number of different issues that they had to balance in determining applications. He agreed with the comments that had been made by Councillor Lury in that the Council needed to be more risk adverse with its decision making. He was of the view that the Committee had taken this viewpoint on board and had improved in discussing and communicating views where they could make a difference.

Other Cabinet Members agreed with the statements made and therefore highlighted the need for a Members' Seminar to be arranged so that collective discussion between Members and Officers could take place and the issues raised by the recent Planning Review report considered and a way forward confirmed.

Conflicting views were then raised by non-Cabinet Councillors who felt that Development Control Councillors should not base decision making solely in reaction to public representation. The Cabinet Member for Planning responded outlining that all decisions made by the Development Control Committee had been cross party and refusals had been based on genuine highway safety concerns, difficulties had arisen as the Highways Authority had opposing views, this was very relevant to these two planning applications.

Other points made were that decisions had been based on new standards for parking which had just been confirmed by the Planning Policy Team but this appeared to be in conflict with what the Planning Inspector had thought the Council should be doing and so there were Councillors who had difficulty in accepting the Inspector's decision on the appeals.

A further request was made for Member Planning training to resume and the need for the Council to engage better and more effectively with the Planning Advisory Groups.

The Cabinet

RECOMMEND TO FULL COUNCIL

That a supplementary estimate of a maximum of £33,000 be approved to settle the award of costs in respect of applications Y/103/18/PL and EP/148/20/PL. This equates to a Band D Council Tax equivalent of £0.53.

The Cabinet confirmed its decision as per Decision Notice C/046/11012021, a copy of which is attached to the signed copy of the Minutes.

404. VARIATION TO PARKING CHARGES

The Cabinet Member for Neighbourhood Services, Councillor Mrs Staniforth, presented this item explaining that this report looked at the parking charges in the Councils Off-Street Car Parks. This was because, the Council's Medium Financial Strategy required all discretionary charges to be reviewed and this included parking charges.

Councillor Mrs Staniforth reminded Councillors that a report had been submitted to a previous meeting of Cabinet in September 2020, but this had been withdrawn as it had been felt that it had not been the appropriate time to be looking to increase charges when businesses in the District needed all the support they could get due to the Covid-19 pandemic. This report was looking at increasing car parking charges for only the

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Council's seasonal car parks and not car parks situated in the Town Centres which were still suffering from the impacts of the pandemic. She explained that the Customer & Parking Services Manager, with the support of the Group Head for Neighbourhood Services, had written the report to provide the relevant information on Arun's car parks and that the Council should undertake a review of its parking charges. The report requested Cabinet approval to consult on varying the parking charges as outlined in Appendix A of the report. The report also provided the detail of other car parking initiatives and service improvements.

The Customer and Parking Services Manager expanded on the detail provided in the report emphasising that car parking increases had not been increased in the seasonal car parks since 2018. A survey of all car parks in the District had been undertaken to establish what works were required to enable a priority list of work to be confirmed. The survey covered the surface, signage, furniture and planting with car parks. A priority list was currently being agreed so that works could be planned over the next two years. Separate to this, works had been identified for the Fittleton multi-storey car park to include the refurbishments of lifts; a fire detection system as well as the painting and decorating of stairwells. Future developments included looking at providing more contactless terminals and virtual permits as well as reviewing all free car parks to see what opportunities there might be to generate future income. A further report would return to Cabinet setting out future plans in due course.

In discussing the report, Cabinet supported the proposals, subject to the outcome of the consultation as it made sense to target the increases to the seasonal car parks not affecting the day to day commercial life of the town centres and shopping parades. However, it was also recognised that there had not been an increase in car parking charges for some time.

Cabinet was also reminded that this report sought approval for the proposed charges which had been set out in Appendix A to be put out for consultation, a decision was not being made tonight. The future developments identified in the report such as the option for cashless parking and the selling of different types of parking permits were welcomed as it was recognised that the offer of contactless payments would sit alongside cash and other options in terms of payments – when this report was initially put forward there had been a comparison of charges proposed set against other nearby coastal towns, questions were asked as to why this information was missing from this report. It was explained that this information had been provided only when consideration was being given to increasing the charges for Town Centre sites which was no longer relevant.

Viewpoints were made that it was entirely sensible to slightly increase the seasonal car parks charges which were always constantly busy.

Having agreed all elements of the report, the Cabinet was asked by the Interim Monitoring Officer to consider slightly changing the wording to Recommendation (2) to read as follows – additions have been shown using **bold** with deletions shown using ~~strikethrough~~

(2) ~~Seek~~ **Give** delegated authority for ~~agreeing the increase via the Cabinet Member following consultation~~ **to the Cabinet Member for Neighbourhood Services to consider the results of the consultation and to take a decision.**

The Cabinet

RESOLVED – That

- (1) Approve that the proposed charges in Appendix A are put out for consultation; and
- (2) Give delegated authority delegated authority to the Cabinet Member for Neighbourhood Services to consider the results of the consultation and to take a decision.

The Cabinet confirmed its decision as per Decision Notice C/047/11012021, a copy of which is attached to the signed copy of the Minutes.

405. CORPORATE PLAN AND SERVICE DELIVERY PLAN

The Chairman presented this item as the Leader of the Council and outlined that the Corporate Plan formed a series of targets that were measurable and, ideally, in the control of the Council. These were the Corporate Plan indicators. Service targets (Service Delivery Plan indicators – SDP's) were positioned beneath these corporate priorities to provide more detail about how services were performing. Performance of these indicators was reported to the Corporate Management Team every quarter and to the Overview Select Committee and Cabinet every six months and at year end.

Further to a request made by the Overview Select Committee at its meeting held on 1 December 2020, the Quarter 2 data from 2019/20 had been provided in the attached Appendix A and Appendix B to give comparable data with the same point at the previous year (Q2).

The Chairman then invited the Group Head of Policy to provide a further overview of the report. It was explained that there were eleven Corporate Plan indicators and that six of these were measured at Quarter 2. A full commentary for each indicator had been set out within Appendix A. A summary was then provided on the performance of these targets which is set out below:

- Not achieving target – these were CP3, CP7 and CP11). The Overview Select Committee (on 1 December 2020) requested additional information for CP3 (not just % information) on the Council Tax Collected. This had been provided in Appendix A. The Director of Services would be monitoring these targets.
- Achieving target – these were CP6, CP8 and CP10.

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Turning to the Service Delivery Plan Indicators, the Group Head of Policy explained that there were twenty-three Service Delivery Plan (SDP) indicators and that thirteen were measured at Quarter 2. A full commentary for each indicator had been set out within Appendix B. A summary was then provided on the performance of these targets which is set out below:

- Not achieving target – were indicators (SDP17 and SDP18). These would be monitored by the Director of Services. Overview Select Committee (on 1 December 2020) requested additional information for SDP17 (not just % information) on Housing Benefit overpayments recovered. This has been provided in Appendix B.
- Behind Target – were indicators (SDP4 and SDP5) and it was highlighted that these were only just behind target and were both indicators that the Council could not directly control.
- Achieving target – were indicators (SDP10, SDP16 and SDP22). SDP10 would be monitored by the Corporate Management Team and SDP16 would be monitored by the Director of Services.
- Over-Achieving target – were indicators (SDP1, SDP2, SDP3, SDP9, SDP12 and SDP19).

In discussing the report, the following comments were made. Congratulations were passed on to the Council's staff in relation to Corporate Plan Indicators CP6 and 8 as it was recognised that to be able to continue to process Housing and Council Tax Benefit Claims in 2.8 days less than the target stipulated during the Pandemic and with all staff working from home was a real achievement. Similarly, praise was given in relation to the number of new council homes purchased which were on track for the 36 completions which would take place during this month.

Reference was made to the three targets that were not achieving and it was felt that this was completely understandable during the Pandemic. For CP11 [Household Waste sent for Recycling] it was acknowledged that this was a very ambitious target which would most likely be met when the Food Waste Trial was introduced.

Looking at SDP 9 [Licence Applications Determined within Statutory or Service Time Limits] congratulations were passed onto the Licensing Team for achieving and improving the target compared to last year's figures and considering the pressures placed on the team due to Covid-19. There had been much discussion on SDP5 [Occupied Retail Units in Bognor Regis] at the Overview Select Committee. It had to be accepted that numbers would reduce further but it equally important for Councillors to realise the Council's position was comparatively good compared to the vacancy rates of similar sized Towns in other Local Authorities.

The Cabinet

RESOLVED – That

- (1) The Council's Quarter 2 performance against the targets for the Corporate Plan indicators as set out in the report and Appendix A be noted;
- (2) The Council's Quarter 2 performance against the targets for the Service Delivery Plan indicators as set out in this report and Appendix B be noted; and
- (3) The minutes from the meeting of the Overview Select Committee on 1 December 2020 and associated comments and queries be noted.

The Cabinet confirmed its decision as per Decision Notice C/048/11012021, a copy of which is attached to the signed copy of the Minutes.

The Chairman then made an announcement confirming that he had consulted with the Chief Executive and the Group Head of Corporate Support and could confirm that the Council had decided to provide another three month rent holiday for its business tenants as had been the case at the start of the pandemic in March 2020. Hard pressed in addition to bus grants from cent gov huge help we can do extra little but by giving a rent holiday.

406. ENVIRONMENT & LEISURE WORKING GROUP - 10 DECEMBER 2020

The Chairman alerted Cabinet to the minutes from the meeting of the Environment & Leisure Working Group held on 10 December 2020 and confirmed that they contained recommendations for Cabinet to consider.

The Chairman firstly invited the Cabinet Member for Community Wellbeing, Councillor Mrs Yeates, to present the first set of recommendations at Minute 20 [Safer Arun Partnership] and it was explained that this was the annual report of the Safer Arun Partnership and that Chief Inspector Carter had attended the meeting to provide a further overview to the report and to respond to questions asked by Councillors.

The Cabinet

RESOLVED – That

- (1) The work of the Safer Arun Partnership be endorsed and the importance of partnership working in contributing to reducing anti-social behaviour and addressing crime and disorder in Arun is recognised; and
- (2) Recognition is given to the work of the Safer Arun Partnership in contributing to the delivery of the Council's strategic priority 'supporting you if you need help'.

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The Chairman then invited the Cabinet Member for Neighbourhood Services, Councillor Mrs Staniforth to present the recommendation at Minute 21 [Tree Planting Strategy]. Councillor Mrs Staniforth explained that the Tree Planting Strategy was a 10-year plan covering over 90 sites across the District. The Tree Planting Officer had attended the Working Group meeting to work through the detail of the report and the tree planting strategy. This was an exciting project for the Council as it would help to address some of the climate issues and the aims of the Council in tackling its Climate Emergency declared last year. The Plan detailed where trees would be planted and what species of plants and trees would be involved. Councillor Mrs Staniforth explained that the Council had a very experienced team of Officers working on this Strategy and that they had been working on planting initiatives for a very long time. It was highlighted that there had been a lot of debate on the content of the full plan resulting in the Working Group asking if this Strategy could go ahead and be progressed but that a Plan be formulated in terms of what should happen being returned to the Working Plan before the Strategy was approved. Councillor Mrs Staniforth confirmed that she would like to approve the Strategy with the understanding that it would come back to the Working Group when a Plan was in place for Members ' to comment on and to tweak if necessary and she asked if the Director of Services if Cabinet could approve this now rather than to support the full request from the Working Group.

The Director of Services provided some reassurance confirming that the Council's Tree Officers were all very experienced and had been involved in a massive range of successful tree planting schemes in the past. Once the Strategy had been worked up it could then be brought back to the Working Group or appropriate Committee and that this was the right way forward.

In view of the points raised, the Chairman then proposed a slight change to the wording in the recommendation – which is set out below:

“Arun endorses the principles outlined in the report which would form the basis of a Tree Planting Strategy 2021 to 2031 and an associated tree planting plan which would both be presented to the relevant committee ~~before being approved.~~”

Discussion then focused on this amendment and the Director of Services was asked by some Cabinet Members if she could provide further information. She provided further reassurance confirming that this type of work was the essence of what the Tree service was all about. The Council's Tree Officers had conducted Tree Planting Strategies before and could provide many examples of successful schemes. The team contained experts who would ensure that the tree planting scheme contained the correct species of native plants whilst at the same time promoting diversity and effectively working with a myriad of local groups that the Council then trained, this had been custom and practice for 25-30 years.

There were non-Cabinet Councillors who claimed that the report that had been submitted to the Working Group had contained insufficient detail and no plan of action which was unacceptable. Further information was required as there was widespread

nervousness about the report as it should be for Councillors to set the Tree Planting Strategy and develop ideas for further consideration by the Working Group to approve before the Strategy was implemented. As things stood, agreeing to principles outlined in the report was insufficient; there was not enough information to see to sign off the Strategy.

Having received further reassurance from the Director of Services that there was never any question of everything being delivered and not being brought back to the Working Group; that the tree planting work would be delivered by experts and professionals; and that an associated planting plan would be presented again or to the relevant Committee, the Cabinet

RESOLVED

That Arun endorses the principles outlined in the report which would form the basis of a Tree Planting Strategy 2021 to 2031 and an associated tree planting plan which would both be presented to the relevant Committee.

(The meeting concluded at 7.10 pm)

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ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF CABINET ON 8 FEBRUARY 2021

SUBJECT: Budget Monitoring report to 31 December 2020

REPORT AUTHOR: Carolin Martlew, Financial Services Manager

DATE: January 2021

EXTN: 37568

PORTFOLIO AREA: Corporate Support

EXECUTIVE SUMMARY: The Budget Monitoring Report sets out the Capital, Housing Revenue and General Fund Revenue budget performance to the end of December 2020.

RECOMMENDATIONS

Cabinet is requested to:

- (i) Note the report in Appendix 1;
- (ii) Approve a transfer to earmarked reserves of £7.865m for s31 Grant received in 2020/21 and £1.326m for in year Collection Fund losses; and
- (iii) Note the actions taken to mitigate the Council's net expenditure due to the Covid-19 pandemic.

1. BACKGROUND:

The Council approved a General Fund revenue total net expenditure budget of £25.621 million; a Housing Revenue Account revenue total expenditure budget of £18.425 million; and a capital budget of £17.654 million for the year 2020/21. This report provides information to enable actual spending and income to be monitored against profiled budget for the period to 31 December 2020.

2. PROPOSAL(S):

The Cabinet is requested to note the budget monitoring report in appendix 1. The report provides information on a management by exception basis to enable the reader to understand the overall performance of the council within the context of the budget book summary. The report highlights the significant additional expenditure and loss of income due to the Covid-19 pandemic.

3. OPTIONS:

n/a

4. CONSULTATION:

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		✓
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial	✓	
Legal		✓
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land		✓
Technology		✓
Other (please explain)		✓
6. IMPLICATIONS: <p>The Council had incurred significant additional expenditure and loss of income due to the Covid-19 pandemic and net expenditure will have to be monitored closely for the remainder of the financial year to ensure that corrective action continues to be taken if necessary. Transfers to earmarked reserves are required in relation to Collection Fund transactions that will impact the General Fund in 2021/22.</p>		

7. REASON FOR THE DECISION: <p>To ensure that spending is in line with approved Council policies, and that it is contained within overall budget limits.</p>
8. EFFECTIVE DATE OF THE DECISION: 17 February 2021

9. BACKGROUND PAPERS: <p>Revenue and Capital Estimates 2020-2021. http://www.arun.gov.uk/financial-information/</p>

ARUN DISTRICT COUNCIL BUDGET MONITORING

Financial Position as at end of December 2020

1. Introduction

- 1.1 The speed of the Covid-19 pandemic has led to unprecedented socioeconomic disruption globally. The financial challenges that the Council is facing are also unprecedented with significant loss of income and additional expenditure in 2020/21 and beyond.
- 1.2 The financial position and outlook for 2020/21 has changed significantly since the budget was approved by Full Council on 19 February 2020. Budget performance is presented after taking account of the following:
- Monitoring of additional Covid-19 related expenditure and reductions in income
 - Additional covid-19 government support
 - Spend to date excluding commitments against profiled budgets.
 - Consultation with managers and budget holders on service performance.
 - Virements identified where possible from existing budgets to cover budget pressures.
- 1.3 This report sets out the Capital, Housing Revenue and General Fund Revenue budget performance to end of December 2020 and presents performance information for all aspects of financial risk such as income and expenditure related to the covid-19 pandemic, including any mitigations.
- 1.4 The report links the latest Round 8 Covid-19 return submitted to the MHCLG (DELTA return) to the budget monitoring position and estimated outturn for 2020/21.

2. General Fund Summary

- 2.1 The General Fund performance to end of December 2020 against profiled budget is given in the table below. The table presents only the variances on budget in excess of +/- £20k.

General Fund variance on profiled budget to end of December 2020			
	Variance on Budget Nov £'000	Variance on Budget Dec £'000	Change £'000
Service controllable spend			
Community Wellbeing			
Promenades & Foreshores - concessions/rents	28	30	2
Recreation & Sport - management fee	538	602	64
Neighbourhood Services			
Car Parks - Fees and Charges (including income collection savings)	244	242	(2)
Planning Services			
Planning - Fees and Charges	(151)	(252)	(101)
Residential Services			
Council Tax - Court Costs reduction in fees and charges	63	133	70
Homelessness & Temporary Accommodation	410	466	56
Technical Services			
Land Charges - Fees and Charges	20	20	0
Licenses - Fees and Charges	71	71	0
Pest Control - Fees and Charges	32	32	0
Sundry Properties - Rents	99	200	101
Management & Support Services			
Civic Centre - Working from home	(31)	(31)	0
Computer Services - Working from home	48	48	0
Corporate Training - Training Programme Savings	(12)	(12)	0
Additional Monitoring Officer and associated costs	40	40	0
Other Variances less than +/- 20k	(164)	(260)	(97)
Total Service controllable budget variance	1,235	1,329	93
Corporate controllable budget			
Establishment against savings target	(475)	(408)	67
Covid-19 support/corporate underspend (net) pro rata	(715)	(804)	(89)
Interest and Investment Income	0	(65)	(65)
General Fund net expenditure variance against profiled budget*	45	52	7
Covid-19 Income Compensation scheme (estimated)	(637)	(723)	(86)
Covid-19 support grant (£2.373m pro rata)	(1,581)	(1,779)	(198)
Collection Fund deficit forecast (transfer to reserves)	1,326	1,326	0
	(847)	(1,124)	(278)

2.2 Table 2.1 above shows a general net expenditure variance of (£1,124k) favourable against expected (profiled budget) to the end of December 2020. This is an increase of (£278k) from the previous month. The total variation is comprised of a large number of over and under spends against expected. The adverse variations are mainly due to the Covid-19 pandemic which has resulted in significant additional expenditure (with some smaller reductions in expenditure) and a significant variation to the expected income. Whilst the expenditure related variations are relatively straight forward to identify and predict (e.g. emergency accommodation) the loss of income is more complex by nature. The Council has benefitted significantly from the governments SFC (Sales, Fees and Charges) income compensation scheme which is estimated to contribute (£723k) towards the income shortfall in the relevant areas (2.3.2).

2.3.1 The Council has been awarded £2.373m of non-ringfenced Covid-19 government support in 2020/21 (total £2.438m with £65k received in March). The grant has been applied to the General Fund summary (table 2.1) on a pro rata (monthly) basis. The Council finances have benefitted from a good summer, stringent control of the establishment (4.2) and other controllable spend, in addition to buoyant income streams like Planning (2.6.1). In addition, £1.072m has been identified as in year savings (2.10.2) including New Burdens Funding where the vast proportion of the additional work has been carried out at minimal additional cost. The district moving to Tier 4 during late December 2020 and more recently joining the rest of the country in a third full lockdown from 5 January 2021, has added to the level of uncertainty over income and expenditure for the remainder of 2020/21 and 2021/22. The main financial risk remains around the support to the Leisure provider (2.4.2) and General Fund homelessness (2.7.2), with the loss of income being mitigated by the SFC income compensation scheme which is summarised in table 2.3.2. below.

2.3.2 The SFC Income Compensation Scheme estimate to December 2020:

	December £'000
Car Parks	144
Central Services	106
Leisure Support	421
Regulatory Services	81
Building Control	(29)
Total:	723

2.4 Community Wellbeing

2.4.1 Promenades and Foreshores (promenades sundry properties income) is currently £28k below expected to date. This is mainly due to Covid-19 and the situation is anticipated to continue until the end of the financial year.

2.4.2 The Council's leisure provider was severely affected by the pandemic with the centres forced to close by the government on three occasions. Full Council has approved supplementary estimates totalling up to £598k. A further

supplementary estimate of up to £178k for the final quarter of 2020/21 was approved at Full Council 13 January 2021 (total £778k for 2020/21). The adverse variation against profiled budget of £602k relates to the management fee (£802k full year). The government's income compensation scheme allows £421k of the income lost to date to be recouped (£572k full year).

2.5 Neighbourhood Services

- 2.5.1 Overall Car Park Pay & Display is £242k below its profiled budget (this will be mitigated by £122k from the SFC compensation scheme). Car Park charges ceased on 1 April 2020, due to the Covid-19 situation, and were re-instated on the 15 May 2020. The Town centre car parks have been worst affected. Income from seasonal car parks have remained buoyant through September 2020 due to the good weather, with the exception of Gloucester Road Bognor Regis. This car park is used by Butlins day visitors, however, Butlins are not allowing day visitors for the rest of 2020.
- 2.5.2 It should also be noted that budgeted annual inflationary rise in charges of 2% has not been implemented (full year impact £30k).
- 2.5.3 There has been a small saving of £21k on the contractors (NSL) because of reduced core hours due to Covid-19.

2.6 Planning Services

- 2.6.1 Overall, planning income is overachieved by (£252k) against a profiled budget of £758k (20% up). This is largely due to 14 applications over £20k received to date totalling £430k and a large application that was received towards the end of the last Financial year, which was processed in the current year. Community Infrastructure Levy (CIL) was implemented on 1 April 2020 and five demand notices totalling £59k have been issued to date.

2.7 Residential Services

- 2.7.1 Council Tax income in relation to court costs is below profile by £133k. This is due to courts being closed at the beginning of the pandemic and now recently with the third national lockdown, resulting in a backlog. This situation is anticipated to continue until the end of the financial year. However, it is anticipated that this loss of income will be covered by the SFC compensation scheme.
- 2.7.2 Net expenditure on nightly paid accommodation for homeless households is currently profiled to be £133k (excluding Covid-19 related expenditure of £333k) above the set budget by the end of the year. Whilst the number of placements remains similar to last year, the length of stay in emergency accommodation has increased. This is due to two main factors. At the beginning on Lockdown One, for a period of approximately four months there was a government directive to continue to accommodate households where a negative decision had been issued and who would otherwise have been asked to leave

accommodation. This was to help mitigate the risk of spreading the Covid-19 virus.

- 2.7.3 Furthermore, as a result of the virus there has been a national stay on possession proceedings which has resulted in the supply of private rented accommodation being reduced as landlords have not been able to apply to court to gain possession of their properties. This has impacted on the Housing services ability to move households on from emergency accommodation into the private rented sector.

Nightly paid monitoring - December 2020				
	Actual to Date 2019/20 £'000	Outturn 2019/20 £'000	Original Budget £'000	Actual to Date £'000
Expenditure (exc Covid-19)	1,226	1,652	1,290	1,112
COVID-19 Expenditure	0	0	0	333
Gross Expenditure	1,226	1,652	1,290	1,445
Income	(398)	(516)	(440)	(375)
Net Expenditure	828	1,136	850	1,070
Income including Housing Benefit recovered	32%	31%	34%	26%

2.8 Technical Services

- 2.8.1 License fees and charges are currently below profile by £71k. This is due to the impact of Covid-19 on the service where venues such as public houses and gambling establishments were closed and all inspections on HMO properties and animal licensing inspections ceased.
- 2.8.3 The uncertainty around Covid-19 has meant that estimating rent income is very complex. As a result, property income could see an adverse variance of up to £230k (£150k Bognor Regis Arcade, £50k other sundry properties and £30k Proms & Foreshores) by the end of the financial year. The variance is made up of vacancies, write offs and estimated doubtful debts.
- 2.8.4 Property and Estates are continuing to liaise with tenants to assess the impact of Covid-19 and assess whether additional support is required. Some businesses outside of the retail and hospitality sector may also require financial support, with each case being considered on its own merit.
- 2.8.5 Arun has also been awarded £75k from the DHCLG £30m Covid-19 Local Authority Compliance and Enforcement grant. This is in addition to the £75k grant for Covid-19 prevention interventions from WSCC reported in August 2020. This grant is specific and must be spent on eligible compliance and enforcement activity, including measures to raise public and business awareness and steps to encourage and support compliance. This will principally be delivered through the Environmental Health Team by bolstering existing resources, including appointment of temporary Environmental Health Information Officers.

2.8.6 West Sussex Local Authorities (LA's) and WSCC have been working together on a project to provide greater consistency in the delivery of adaptations to allow people to live independently for longer and to improve the customer journey, in particular to reduce the time it takes to deliver adaptations. A single county adaptations policy was trialled during 2019, revised and adopted in January 2020 by all LA's in West Sussex. Historically the establishment administering these adaptations has been resourced from the General Fund supplemented with agency workers funded from ADC's Better Care Fund (BCF)/Disabled Facility Grant (DFG) allocation. There has now been a shift by other Local Authorities to using their BCF allocations to fund all the establishment administering the adaptations. From 2020/21 Arun will use its allocation to resource the existing establishment delivering adaptations equating to £120k per annum saving to the General Fund. Alongside this, it was agreed to increase the establishment by two posts from 2021/22 to replace the agency works.

2.9 Management & Support Services

2.9.1 There are significant additional costs associated with IT, which is mainly related to one off costs like laptops for working from home. There are also additional costs in relation to administrative buildings to ensure they are Covid-19 safe, with some savings due to staff working from home.

2.9.2 A (£20k) saving has been identified from the Corporate Training programme, as training has been delayed due to C-19.

2.9.3 There have been two attempts to fill the vacant post of Group Head of Council Advice and Monitoring Officer since the vacancy occurred in August 2020. Unfortunately, both attempts have failed to appoint. A further approach, through a consultancy, is planned for January through to March 2021. Because of this vacancy, the CEO has had to appoint interim Monitoring Officers (2) and appoint another consultancy to assist with Information Management requests/Data Protection, both of which are legal requirements for the Council. The net additional costs (net of establishment savings) are anticipated to be in excess of £100k for 2020/21. Although this can be funded from the Vacancy Management allowance (which is currently exceeded by (£408k) (4.2)) it remains an issue of concern. The situation will continue to monitor closely.

2.10 Corporate Underspend – Covid-19 support

2.10.1 Budgets are set based on assumptions about service delivery, which sometimes result in a different actual budget requirement resulting in surplus budget. As these are identified, the surplus budget is vired to a corporate underspend and made available for resource re-allocation. The advantage of this is a reduction in the need for supplementary estimates and managing service delivery within the approved budget and Medium-Term Financial Strategy (MTFS). SMT (Senior Management Team) are expected to exercise their discretion in managing their budgets responsibly and prudently and wherever possible meeting additional cost pressures by virement from within existing budgets.

2.10.2 The budget has been assessed and £1,072k has been identified to support Covid-19 related expenditure and income losses if necessary. £8k has been allocated to fund dog service signage. The administration of the business grants has resulted in some additional costs in service areas like Revenues and Benefits. This additional expenditure is reported as adverse variations in the service areas to help with the completion of Covid-19 expenditure returns. The total of the corporate underspend can be used to offset the anticipated Covid-19 related overspend for 2020/21 and is summarised in the table below:

2.10.3 Covid-19 Support identified to December:

Corporate Underspends Confirmed December 2020			
	Nov 20	Dec 20	Change
	£'000	£'000	£'000
Underspends from services	34	34	0
Underspends from services (Covid-19 Related)	30	30	0
Additional investment income	0	0	0
Underspends from contingencies/miscellaneous budgets / corporate controllable	737	737	0
Additional non-ringfenced grants	279	279	0
Total identified corporate underspend	1,080	1,080	0
Virements actioned/earmarked from corporate underspend	(8)	(8)	0
Corporate Underspends December 2020 (Net)	1,072	1,072	0

2.10.4 It should be noted that there are a significant number of smaller underspends in service areas, with individual items too low for virement. This would include items like car allowance. These underspends are included in the variations below £20k in table 2.1 and will be reported once they reach significant levels later in the financial year. The Covid-19 support budgets have been applied to the General Fund on a pro rata basis straight line (table 2.1).

3. Externally Funded Services

3.1 Arun District Council hosts several services under its stewardship as the Accountable Body. Whilst these services are entirely externally funded, Arun District Council has service provision interests. These services are the Wellbeing team and Car Parking enforcement. There are no budgetary concerns to report on these services.

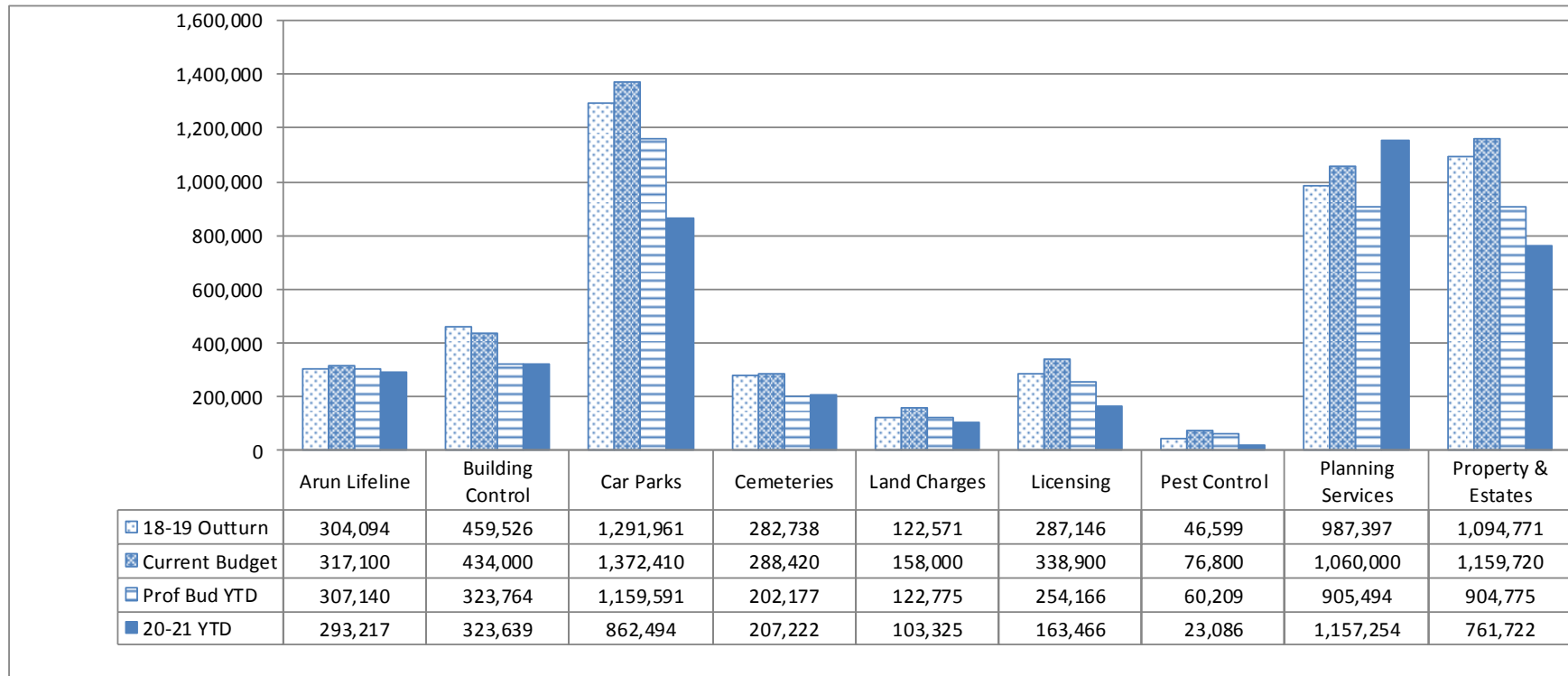
4. Establishment

- 4.1 Each year a vacancy management target is included within the budget to ensure that the establishment complement is scrutinised for efficiency and reflects the needs of on-going service delivery changes. For the Financial Year 2020/21 the target is set at £500k, up from £450k in 2019/20 due to the increase in pension contributions on current contributions (reduction in the lump sum past service cost resulted in a net reduction in budgeted pension contributions).
- 4.2 The establishment vacancy target is currently over-achieved by (£408k). This includes the 2.75% pay award, which was an additional 0.75% above budget of 2% budget. There has been a reduction in recruitment due to lockdown and all vacancies require CMT approval before they are advertised with a view to making efficiency savings. This is due to the financial pressures that the Council is facing in future years as well as the Covid-19 net expenditure pressure in the current year.

5. Income

- 5.1 Income from fees, charges and rents are included within net cost of service. In total this amounts to an overall financing of £5.205m. Income is a key risk area to the budget as it is predominantly externally influenced, without direct link to service cost and each source is unique. Service income has reduced significantly due to the lockdown and subsequent social distancing measures.
- 5.2 The income is currently £345k under achieved against expected to the end of December 2020, a change of (£19k) from the previous month. The improvement is partly due to coming out of the second National Nation Lockdown in Tier 2. The most significant loss of income is for Car Parks £242k (paragraph 2.5.1) where the income lost cannot be recouped. It is also highly unlikely that losses in Land Charges £20k and Licensing £71k (paragraph 2.8.2) can be recouped. However, as mentioned in paragraph 1.6 these income streams have qualified for the governments SFC compensation scheme which is summarised in table 2.3.2. Property & Estates income is £144k lower than expected (Sundry Properties income paragraph 2.8.3 and Promenades and Foreshores 2.4.1) but this consists of rents which could still be collected, over a longer period of time, or rent levels could be impaired by the anticipated economic downturn. Rents do not qualify for the governments SFC compensation scheme. The situation with regard to service income will continue to be monitored closely.
- 5.3 The graph on the following page shows income by source and value, achievement to end of December 2020 against profiled budget, full year budget and outturn last year.

General Fund Income 2020/21



6 Covid-19 MHCLG Returns and Collection Fund losses

- 6.1 The Council has been providing the government with estimates of the adverse effect of the corona virus pandemic on services. The latest (round 8) return, which broadly correlates with the November monitoring statement forecasts additional net expenditure of £3.6m. Significantly, the Covid-19 returns do not take the mitigating actions taken by the Council's management team into consideration, particularly in areas like establishment (which is strictly controlled) and the identification of in year saving (£1.072m paragraph 2.10.3). It also excludes the effect of favourable income variations against budget like Planning.
- 6.2 It is recommended that the £1.326m in year collection fund losses that will fall on the General Fund in 2021/22 will be added to a specific reserve, subject to the current favourable variations continuing to the end of the financial year.
- 6.3 In response to the Covid-19 pandemic the Government awarded new rate reliefs for the retail, leisure and hospitality sectors. These reliefs resulted in a significant reduction in business rate income and the Government compensated local authorities for this loss with grant payments. These grant payments are being made in the current financial year (2020/21) but the corresponding loss of income won't impact on Arun's General Fund until 2021/22 when the collection fund deficit for 2020/21 is distributed. For Arun the grant payments are estimated to be £7.865m and it is recommended that this sum is put into a reserve in the current year and released in 2021/22 to offset the corresponding loss of business rate income.
- 6.3 **Estimated Outturn 2020/21**

General Fund Reserve Movement estimated outturn 2020/21	Original Budget £'000	Current Budget £'000
Net Budget Requirement	26,238	27,155
Financed by:		
Government Grants and Retained Business Rates	(9,036)	(9,315)
Council Tax	(16,585)	(16,585)
Taken From / (Added to) Balances	617	1,254
General Fund Balance 01 April 2020	7,076	7,076
Budgeted draw down from GF Reserve	(617)	(617)
Supplementary Estimates	0	(638)
Current Budget Variation Estimated Outturn 2020/21	0	(52)
Income compensation scheme	0	723
Covid-19 support grant (pro rata)	0	1,779
Estimated Collection Fund deficit earmarked reserve	0	(1,326)
General Fund Balance 31 March 2020	6,459	6,945

- 6.4 The original budget for 2020/21 assumed a reduction in the General Fund Reserves of £617k. The additional costs and loss of income associated with the Covid-19 pandemic has been highlighted throughout this report. The variance against budget is currently (£1,124k) (table 2.1). Full Council has approved supplementary estimates totalling £638k. This results in a favourable against original budget assuming that the current variation continues. There is also a supplementary estimate of £184k for the Sunken Garden scheme in Bognor Regis (full cost £500k) due to be considered by Full Council in January, in addition to the Leisure support for the fourth quarter of £178k. There is also the risk of a worsening position in relation the collection of HB overpayments, which could result in a further adverse position against budget of around £300k (13.5). The Council may also be able to claim under the Local Tax compensations scheme, announced with the provisional Settlement, but the amount will not be known until the Accounts for 2020/21 are finalised. The Council has taken action to mitigate the effects of the pandemic and the situation will continue to be monitored closely.
- 6.5 The table below summarises the supplementary estimates. These will be offset by current budget variations as shown in table 6.3 above:

Reconciliation of Original to Current Budget Reserve Movement December 2020	Original	Current	Change
	Budget	Budget	Change
	£'000	£'000	£'000
Taken from / (Added to) Balances	617	1,255	638
Leisure Contract Covid-19 Support Full Council 15/7/2020		406	
Leisure Contract Covid-19 Support Full Council 26/11/2020		192	
Planning Appeals Full Council 16/09/2020		<u>40</u>	
Total Estimated Supplementary Approvals to end of December 2020			638

7. Earmarked Reserves

- 7.1 Earmarked reserves are amounts set aside from General Fund Reserve to provide financing for specific future expenditure plans and held alongside the General Fund for drawdown as required under the scheme of virement. These reserves are to be reviewed regularly to ensure that they are being drawn down as appropriate or returned to General Fund reserve.
- 7.2 The earmarked reserve balances will have to be closely examined to determine if any planned expenditure can be deferred if this funding is required to support the Council's financial position in the short term due to the Corona Virus pandemic.

8. Housing Revenue Account

- 8.1 The estimated reserve movement for the HRA against original budget and the current estimated outturn reserve movement due to supplementary estimates and budget performance to end of December 2020 is shown in the table below:

Housing Revenue Account Reserve Movement estimated outturn 2020/21	Original Budget £'000	Current Budget £'000
HRA balance 01 April 2020	8,947	8,947
Budgeted deficit for 2020/21	(1,726)	(1,726)
Supplementary approvals		0
Capital slippage		(142)
Revenue slippage		0
Capital Underspend		1,000
Current Budget Variation Estimated Outturn 2020/21		225
HRA Balance at 31 March 2021	7,221	8,304

- 8.2 HRA revenue project slippage £142k for specialist fees related to IT work.
- 8.3 Repairs and maintenance (planned and responsive) expenditure – please refer to 9.2
- 8.4 HRA income consists almost entirely of rents. Current projections forecast rental income in line with the budget forecast.
- 8.5 Loss of income due to right to buy (RTB) disposals and void dwellings still remain a key financial risk. The estimated number of RTB disposals for 2020/21 was set at 12 (there were 4 RTB disposals in 2019/20, 9 RTB disposals in 2018/19, 18 RTB disposals in 2017/18 and 24 in 2016/17). To date there has been 4 disposals in the current year.
- 8.6 Details of the HRA capital, improvements and repairs programmes are shown in paragraphs 8.6 Paragraph 9, covering Capital Receipts also has relevance for the Housing Revenue Account.

9. Capital Receipts

- 9.1 Arun has entered into an agreement with the Government to retain the additional receipts generated by the relaxation of the Right to Buy discount rules, subject to these receipts being used for the provision of new social housing and Arun matching every £30 of receipts with £70 of its own funding (the 70/30 rule). A

further condition is that the receipts must be spent within three years, failing which they must be returned to the Government plus interest at 4% above base rate.

9.2 In June 2020 Arun signed an amendment to that agreement as the Government acknowledged that the Covid-19 crisis had halted or slowed down housing development. An extension was given in December 2020 providing authorities time to catch up with their spending plans by rolling up the next three deadlines (30/06/2020, 30/09/2020 & 31/12/2020) to the end of the financial year 31 March 2021.

9.3 The table below shows Arun's investment requirements under the above terms:

	£'000
"1 for 1" receipts accrued to 31 December 2020	5,597
Arun's 70% contribution (70/30 X £5,597k)	13,060
Total investment requirement	18,657
Less amount already invested to 31 December 2020	15,259
Remaining investment requirement	<u>3,398</u>
By 31/03/2021	1,095
By 30/06/2021	881
By 30/09/2021	703
By 31/12/2021	211
By 31/03/2022	0
By 30/06/2022	0
By 30/09/2022	343
By 31/12/2022	0
By 31/03/2023	8
By 30/06/2023	48
By 30/09/2023	109
By 31/12/2023	0
Total	<u>3,398</u>

9.4 One of the key priorities of Arun's HRA Business Plan is a development programme to enable the delivery of an additional 250 new Council dwellings over a ten-year period.

9.5 In order to protect the Council's investment in the provision of new social housing, exemption from capital receipt pooling has been obtained in respect of all Arun's new dwellings in the current investment programme.

9.6 Exemption from pooling will be sought for all future newly built or acquired dwellings. This will enable Arun to retain 100% of the receipts from any future

right to buy disposals in respect of these new dwellings (although it's worth noting that these receipts will be net of any discount entitlement).

- 9.7 In November the final payment was made for the 14 units at Windroos, Littlehampton and in December land at Chichester Road, Bognor Regis was purchased which will see the delivery of 8 units once completed.
- 9.8 There was one right to buy in the quarter but because of its low value it resulted in no 1-4-1 receipts (see paragraph 8.5).

10. Capital, Asset Management and Other Project Programmes

- 10.1 The Council's budget for 2020/21 included several projects which although included in the Capital budget for project management and monitoring purposes cannot, under current accounting regulations, be charged to the capital accounts.
- 10.2 The capital and projects budget will continue to be monitored on a corporate level as this provides better information and control of the budget.
- 10.3 The table on the next page has been restated to include Capital and Revenue Expenditure for both General Fund and Housing Revenue Account.

General Fund

- 10.4 There have been some delays to the IT replacement programme in this financial year to enable the Council's cloud strategy to kick in. This has resulted in £459k of scheduled replacements being deferred to 2021/22 (SAN £324k, server, edge switch and VMware replacement at £135k).
- 10.5 The contract has just been awarded for preconstruction services to the Littlehampton Public Realm Scheme which has two main sources of grant funding. In October, a variation was agreed with the main grant funder to reduce the number of phases of the scheme to allow the main improvements to the High Street to proceed as a result of tenders coming in over budget.
- 10.6 The Place St. Maur scheme report will be considered at Full Council for approval in January 2021. Since the report was written it has been confirmed that we have been awarded £1.2m towards the scheme by Coast to Capital 'Getting Building Fund'. Once the gross budget is approved, including the Council's additional contribution of £370k to the scheme, this will be reflected in the monitoring report.
- 10.7 The tender for Worthing Road Play area will be awarded in December. If approved this project will be funded from S106 receipts set aside for this purpose.

Housing Revenue Account

- 10.5 The Housing Improvements budget has been reduced by £1m to reflect the estimated underspend at the end of Financial Year.
- 10.6 The report for a supplementary estimate for the replacement of the QL Housing Management System will be considered at Full Council on 13 January 2021.

Asset management and other projects monitoring - December 2020

	Original Budget £'000	Current Budget £'000	Actual to date £'000
General Fund			
<i>Technical Services</i>			
Asset Management	903	2,052	376
Works to Public Conveniences	150	549	195
Cemetery Buildings & Walls	250	262	6
Fitzleet Car Park	250	310	138
Bognor Regis Bandstand	-	140	74
Reactive Maintenance	295	193	114
Disabled Facilities Grants	1,500	1,500	1,194
<i>Corporate Support</i>			
Computer Services	180	245	-
GDPR	-	54	12
Storage Area Network (SAN)	350	350	25
Wireless Infrastructure	50	50	-
Digital Strategy	-	200	3
Arun Improvement Programme (AIP)	-	102	12
Web/Integration	-	118	5
EH System	-	61	-
E5 upgrade	-	80	43
<i>Community Wellbeing</i>			
Littlehampton Wave	-	212	73
<i>Economy</i>			
L'ton Public Realm Phases 1-2	-	2,285	45
L'ton Public Realm Phase 3	200	750	39
<i>Neighbourhood Services</i>			
Keystone Centre	-	250	-
Place St. Maur	-	237	7
Play Areas	100	87	-
Linden Rec	-	32	31
Canada Road Play Area	-	46	41
Canada Road Skate Park	-	83	-
Goldcrest Play Area	-	16	-
Rose Green Play Area	-	22	-
Worthing Road Play Area	-	82	-
Total General Fund	4,228	10,368	2,433

	Original Budget £'000	Current Budget £'000	Actual to date £'000
Housing Revenue Account			
Stock Development	9,341	8,396	4
Longford Road	-	41	33
Windroos, Worthing Rd L'ton	-	502	349
Summer Lane, Pagham	-	4,254	419
Cinders Nursery, Yapton	-	1,800	6
Maltravers Old Social Club, Littlehampton	-	2,050	2,050
Quiet Waters, Angmering	-	1,250	1
Chichester Road, Bognor Regis	-	1,450	13
Canada Rd & Ellis Close	-	-	3
Housing IT	-	142	2
Housing Improvements	820	520	167
Domestic Boiler Installations	625	525	455
Commercial Boiler Rooms	100	50	11
Reroofing Programme	300	225	127
Kitchen & Bathroom Replacement Programme	400	75	67
Fire Compliance	300	300	331
Windows & Doors	1,200	1,050	863
Aids & Adaptations	250	250	186
Housing Repairs	1,850	1,850	1,621
Day to Day General Repairs	1,293	1,293	1,171
Voids	750	750	664
Total Housing Revenue Account	17,229	26,773	8,767
Total Programme	21,457	37,141	11,200
Please note Housing Improvements, Adaptations & Repairs expenditure includes QL commitments taken from the Housing Mgmt. System			
Total programme comprises Capital, Asset Management and other projects budget plus Housing Repairs. Although Housing Repairs forms part of the HRA revenue budget it is included here because of the close link with the Housing Improvements Programme.			

11. Section 106 sums

- 11.1 Section 106 (s106) agreements, also known as planning obligations, are agreements between developers and Arun District Council as the local planning authority that are negotiated as part of a condition of planning consent. The Town and Country Planning Act 1990 enables Arun to negotiate contributions towards a range of infrastructure and services, such as community facilities, public open space, transport improvements and/or affordable housing.
- 11.2 The Council currently holds £8.814m on deposit for s106 agreements, plus £3.184m held on behalf of other organisations (e.g. the NHS and WSCC). The total held on deposit is £11.708m.
- 11.3 Most s106 sums are time limited in that the Council is required, under the terms of the agreement to spend the amount received on the project specified in the

agreement within a set time scale. It should be noted that there are currently £17k of receipts that are required to be spent within the next 5 years.

- 11.4 Pagham Harbour is designated as a Special Protection Area and Ramsar site, meaning that it is recognised at an international level in terms of playing an important role linked to the movement of species, specifically waders and wildfowl. Arun and Chichester District Councils have jointly agreed that in order to provide mitigation measures they will jointly fund at least one Warden who will be employed by RSPB, who will help promote, protect and educate the community in relation to the birds in Pagham Harbour. Planning applications for new housing developments within the Pagham Harbour zone are required to pay a contribution under s106 towards this initiative. The first contributions from applications in the Arun District, in the sum of £339k have been paid to Chichester District Council towards the scheme.

12. Cash Flow and Treasury Management

- 12.1 The Council is not foreseeing any cashflow problems due to the significant grants that have been paid early or up front by the Government to aid Local Authority cashflow. However, the interest paid on new cash investments have dropped significantly since the start of the pandemic. Returns are mainly holding up due to investment decisions made in previous years and partly due to the significant cash injections by the government to aid cashflow. The estimated outturn is currently around £65k above original budget. The introduction of the CCLA diversified fund at rates of approximately 3% have enhanced the value achieved in this low interest rate environment.

13. Risk Analysis

- 13.1 Corporate and Operational risk registers are reviewed and updated for financial implications as part of the Council's risk management process on the criteria of probability of occurrence and materiality of impact upon balances. The single most significant risk, which has been highlighted throughout the report is the additional service expenditure and loss of income and the effect on the Collection Fund (Council Tax and Retained Business Rates which will have significant effects from 2021/22) due to the Covid-19 pandemic.
- 13.2 Other risks which are inherent within the overall budget are analysed below.
- 13.3 Paragraph 11.2 above outlines the situation with regard to the additional receipts generated by the relaxation of the Right to Buy discount rules ("1 for 1" receipts). The key risk here is that failure to make the necessary level of investment within the required timescale will lead to the Council having to repay to the Government some or all of these "1 for 1" receipts, together with interest at a penalty rate of base rate (currently 0.10%) plus 4%. We are experiencing a significant reduction in new "1 for 1" receipts, the sums repaid might not be replaced by new receipts. If the programme slips, this might lead to Arun having to borrow a greater proportion than 70% of the total cost of the schemes, leading to increased loan servicing costs.

- 13.4 Housing Benefit claims are gradually being transferred to the Universal Credit scheme (approximately 100 per month) which will eventually level out. There will be claims handled by the local authority which will not transfer to the Universal Credit scheme. These will include pensioners and claimants who require supported accommodation.

The cost to the local authority will largely depend on how many landlords provide this service in the area, however, at present the cost to Arun District Council is steadily increasing, £323k 2018-19, £452k 2019-20 and current estimate £561k 2020-21.

- 13.5 As a result of courts being closed during the Covid-19 outbreak, implementation of Universal Credits and unable to secure debts with DWP it is proving more difficult to collect Housing Benefit overpayments. As a result, the collection rate to date is currently 50% down on the previous year. This could result in an additional overspend within the service by as much as £300k by year end.

14. Conclusions and Recommendations

- 14.1 The significant financial effect of the Covid-19 pandemic to the end of December is detailed in the report. These financial pressures will continue for the remainder of the financial year and into 2021/22. The government's SFC income compensation scheme continues to have a significantly favourable effect on the Council's financial position. The Council has also identified £1.072m (2.10.3) of its own resources to support the additional net expenditure due to C-19. The Council is also aware that there will be Collection fund losses in the current year that won't be distributed to the General Fund until future years. It is, therefore, recommended that £1.326m is transferred to a specific reserve to be applied in from 2021/22 (phasing over 3 years in accordance with government direction). The Tax compensation scheme will have a favourable effect on the Council's finances, but the full effect will not be known until the end of the Financial Year. There are also smaller budget savings, which cumulatively, will become more significant in the later part of the year. The financial position will continue to be monitored closely and the loss of income and additional expenditure forecasts updated as more and better quality information becomes available.

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF CABINET ON 8 FEBRUARY 2021

SUBJECT: Arun District Council Budget 2021/22

REPORT AUTHOR: Alan Peach, Group Head of Corporate Support

DATE: January 2021

EXTN: 37558

PORTFOLIO AREA: Corporate Support

EXECUTIVE SUMMARY: The report sets out the Revenue and Capital Budgets for 2021/21 for both the General Fund and the Housing Revenue Account.

RECOMMENDATIONS:

Cabinet is requested to **note**:

- that the Group Head of Corporate Support, in consultation with the Deputy Leader of the Council and Cabinet Member for Corporate Support, has approved a Council Tax base of 62,628 for 2021/22;
- the budget report in **Appendix A, 1,2 and 3**;

Cabinet is requested to recommend to **Full Council** that:

- i. The General Fund Revenue budget as set out in Appendix 1 is approved;
- ii. Arun's Band D Council Tax for 2021/22 is set at £191.52, an increase of 2.65%;
- iii. Arun's Council Tax Requirement for 2021/22, based on a Band D Council Tax of £191.52, is set at £11,994,514 plus parish precepts as demanded, to be transferred to the General Fund in accordance with statutory requirements;
- iv. The HRA Budget as set out in Appendix 2 is approved;
- v. The HRA rents for 2021/22 are increased by 1.5% (CPI plus 1%) in accordance with the provisions of the new rent standard;
- vi. HRA garage rents are increased by 5% to give a standard charge of £12.93 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

vii. The Capital budget as set out in Appendix 3 is approved.

1. BACKGROUND: Prior to the start of each financial year, the Council sets its budget, Council Tax levels and housing rent levels for the year.		
2. PROPOSAL(S): The Cabinet is requested to consider the report and to approve the recommendations.		
3. OPTIONS: n/a		
4. CONSULTATION:		
Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify) Overview Select Committee	✓	
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial	✓	
Legal		✓
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land		✓
Technology		✓
Other (please explain)		✓
6. IMPLICATIONS: The budget will form the main reference point for financial decisions made in 2021/22.		
7. REASON FOR THE DECISION: To ensure that the council has a firm financial basis for conducting its business in 2021/22.		
8. EFFECTIVE DATE OF THE DECISION: 8 February 2021 and 17 February 2021		

9. BACKGROUND PAPERS:

Financial Prospects 2020/21 to 2025/26 report link:

[Agenda for Cabinet on Monday 21st September 2020, 5.00 pm - Arun District Council](#)

Correspondence from the MHCLG (Ministry of Housing Communities and Local Government) and Department for Work and Pensions. Budget Working Papers (held by Accountancy).

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ARUN DISTRICT COUNCIL BUDGET 2021/22

REPORT BY THE GROUP HEAD OF CORPORATE SUPPORT

1.0 Introduction

- 1.1 The Covid-19 pandemic which hit at the end of the 2019/20 has had significant and far reaching consequences for the 2020/21 expected outturn and the budget for 2021/22. The wider reforms of local government funding (the Fair Funding Review) have been further delayed (until 2022/23 at the earliest).
- 1.2 The 2021/22 provisional local government finance settlement was issued on 17 December 2020 and introduced a significant number of changes to government funding, which are covered in detail in the report. The consultation period finishes on 16 January and the final settlement is anticipated late January or early February 2021.
- 1.3 This report sets out the Capital, Housing Revenue and General Fund Revenue budget for 2021/22. These budgets have been prepared taking account of the following:
- The Medium Term Financial Strategy 2021/22 to 2025/26 considered at Cabinet on 21 September 2020.
 - Housing Revenue Account Business Plan update 2020 considered at Cabinet on 11 January 2021.
- 1.4 The Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of the estimates made for the purposes of calculating Council Tax and housing rent levels, and the adequacy of the proposed financial balances. I am satisfied that the estimates, as presented in the draft budget, are sufficiently robust and that the reserve balances proposed for 2021/22 are adequate. However, there is a significant risk in the medium term for the General Fund when the Council's Funding Resilience reserve is anticipated to be depleted. In addition, the HRA Business Plan and future years budgets need to be closely monitored to ensure that the stock acquisition programme and enhanced repairs and improvements programme remain affordable.

2.0 Local Government Finance Settlement and Council Tax

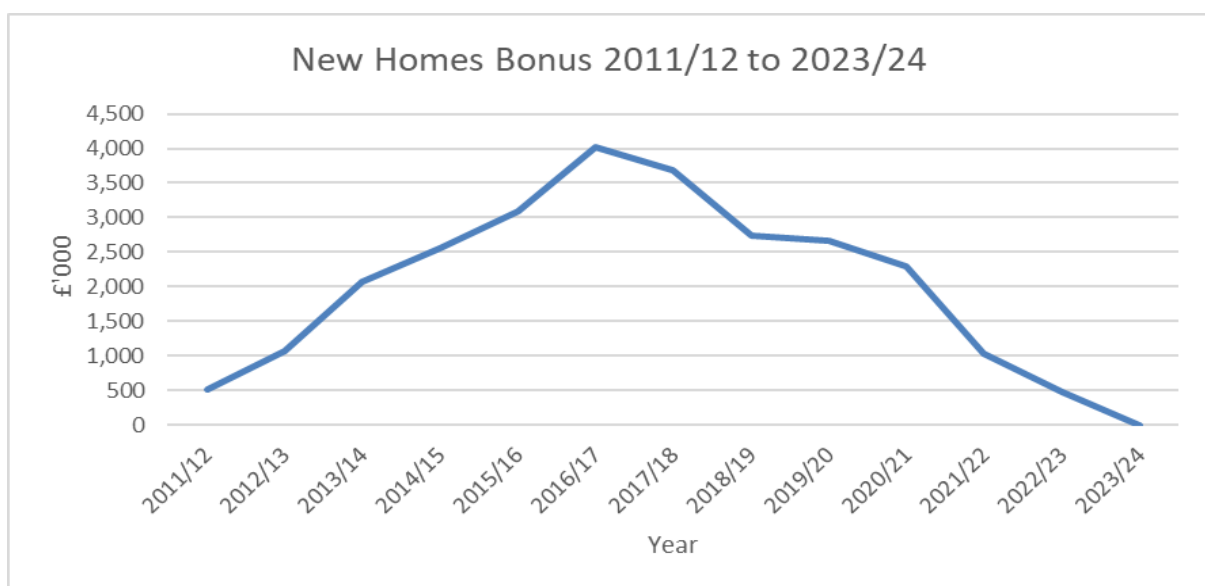
- 2.1 The provisional settlement for 2021/22 introduced a number of significant funding changes including the Lower Tier Services Grant, of £677k which is designed to ensure that no authority receives a reduction in CSP (Core Spending Power). This grant is heavily weighted towards district councils, like Arun, that are losing funding due to the changes in the New Homes Bonus (NHB). It is likely to be a one off grant that will be rolled up in the Better Funding Formula potentially from 2022/23.

2.2 The NHB was introduced in 2011/12. The aim of the grant was to create an incentive which rewards local authorities that deliver sustainable housing growth in their areas. The NHB is shared between Arun (80%) and WSCC (20%). The scheme has undergone major reviews and changes having started off with 6 years of payments, which was reduced to 4 years and now only guarantees legacy payments.

2.3 The NHB for 2021/22 is £1.040m and is based on year 8 and 9 legacy payments (reduction of £1.255m). The one off £30k NHB for 2021/22 is for the affordable homes premium. The Council did not qualify for any other one-off NHB because growth in properties (263 band D equivalent or 0.35%) was below the baseline or deadweight adjustment for growth deemed to have happened anyway set at 0.4 percent of tax base for 2021/22. The level of NHB is summarised in the table below and, again the withdrawal of this funding stream constitutes a significant depletion of the Council's finances:

NHB Payment relating to:	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
2011/12	509	509	509	509	509	509	0	0	0	0	0
2012/13		556	556	556	556	556	0	0	0	0	0
2013/14			1,000	1,000	1,000	1,000	1,000	0	0	0	0
2014/15				484	484	484	484	0	0	0	0
2015/16					539	539	539	539	0	0	0
2016/17						926	926	926	926	0	0
2017/18							728	728	728	728	0
2018/19								540	540	540	540
2019/20									470	470	470
2020/21										557	0
2021/22*											30
Total	509	1,065	2,065	2,549	3,088	4,014	3,677	2,733	2,664	2,295	1,040

2.4 The New Homes Bonus, which is anticipated to be zero by 2023/24 is summarised and projected in the chart below:



- 2.5 The settlement also announced the allocations for tranche 5 of the Covid-19 support grant of £831k.
- 2.6 The negative RSG of £430k (payment to the Government) anticipated from 2019/20 continues to be funded by Government
- 2.7 The Business Rate Retention scheme was introduced in April 2013. The scheme focuses on promoting economic growth through the local retention of business rates. The scheme has also transferred a considerable risk to the council by linking MHCLG support directly to the local economy. This is a strong incentive for the Council to ensure that the business ratings list is fully inclusive and to encourage a buoyant local economy. It is also important to note that any significant negative changes in the value of the ratings list will directly reduce the level of funding received in future, such as valuation appeals which can be backdated.
- 2.8 The Council has benefitted from, comparatively, large increases in its business rates base due to the substantial growth in the area. There has been a delay, due to Covid-19, in the introduction of the new system, which has significantly benefited the Council.
- 2.9 It should be noted that the Retained Business Rates budget for 2021/22 has been adjusted for a £7.865m earmarked reserve contribution in relation to a s31 grants received in 2020/21. This is to enable better comparison between budgets. The technical reason for this adjustment is the phasing of Government support for the loss of income due to additional business rate reliefs. In response to the COVID-19 pandemic the Government awarded new rate reliefs for the retail, leisure and hospitality sectors. These reliefs resulted in a significant reduction in business rate income and the Government compensated local authorities for this loss with grant payments. These grant payments are being made in the current financial year (2020/21) but the corresponding loss of income won't impact upon Arun's General Fund until 2021/22 when the collection fund deficit for 2020/21 is distributed. For Arun the grant payments are estimated to be £7.865m and it is recommended that this sum is put into a reserve in the current year and released in 2021/22 to offset the corresponding loss of business rate income. Once again it is worth noting that the proposed Business Rate reset will have significant adverse implications for future years.
- 2.10 The business rates pool consisting of West Sussex County Council, Adur, Arun and Horsham will not be continued into 2021/22 because of the increased risk due to the covid-19 pandemic.
- 2.11 The provisional allocation and methodology for the Local Council Tax Support (LCTS) grant was published on 18 December. The grant is based on the total number of working-age claimants. This grant is non-ringfenced.
- 2.12 The settlement also introduced a Local Tax Income Guarantee scheme. The Council may be able to claim some funding in 2020/21 under the scheme but the amount won't be known until the Accounts are closed as it will be influenced by changes in Council Tax and Business Rate liability between now and the end of the financial year.

2.13 Non ringfenced grant income is summarised in the table below:

Non-Ringfenced Grant Income			
	Budget 2020/21	Budget 2021/22	Change
	£`000	£`000	£`000
Retained Business Rates including s31 grant from earmarked reserve*	6,028	5,866	(162)
New Homes Bonus:	2,295	1,040	(1,255)
Other non-ringfenced grants:			
Lower Tier Services Grant	0	677	677
Covid-19 Tranche 5	0	831	831
Local Council Tax Support (LCTS) Grant	0	209	209
Housing Benefits Administration Grant	360	373	13
Localising Council Tax Support Administration Grant	168	143	(25)
Business rates collection allowance	185	183	(2)
Total Other Non-ringfenced grants:	713	2,416	1,703
Total non-ringfenced grant income	9,036	9,322	286

*restated: including s31 grants, Tariff and Levy and earmarked reserve contributions

2.14 An earmarked reserve contribution of £442K has also been included in the budget for 2021/22 to help smooth out the impact of the phasing of certain other elements of the collection fund deficit over 3 years (the phasing is a statutory requirement). A transfer of £1.326m to earmarked reserves will be actioned in 2020/21 to fund the contribution in 2021/22 and subsequent years.

2.15 Council Tax Income – Arun excluding Parish Councils is summarised below:

Actual 2019/20	Arun excluding Parish Councils	Budget 2020/21	Budget 2021/22	Change
61,281	Tax base *	62,244	62,628	384
£181.62	Band D Tax	£186.57	£191.52	£4.95
	Percentage increase			2.65%
£11,130,000	Council Tax Income (excluding parishes)	£11,613,000	£11,995,000	£382,000

*the tax base represents the number of Band D equivalent dwellings in the district adjusted for exemptions, discounts, council tax reduction and the collection rate percentage

The Council Tax income of £11.995m for Arun (excluding Parish/town Councils) referred to in the General Fund Summary (appendix 1) is based on an Arun Band D Council Tax of £191.52, which represents an increase of £4.95 or 2.65% (£4.95 or

2.73% 2020/21). Arun's tax base for 2020/21 shows an increase of 384 from 2020/21 (963 previous year). This is mainly due to the completion of new dwellings in the District. The government's calculation of the Council's spending power is based on a £5 increase in band D Council Tax.

3.0 Budget Assumptions

- 3.1 The budget for 2021/22 assumes a pay freeze for basic pay above £24k and a 1% pay award for pay below this level. As in previous years, no provision has been made for price increases in goods, services and contracts except where there is clear evidence of the need for it.
- 3.2 With regard to fees and charges, increases have been applied either in accordance with statutory provisions, or, where the Council has discretion, by inflation, having regard to specific service circumstances. No allowance has been made in service budgets for any continuing impact of covid-19 on income in 2021/22. The government has announced that the sales, fees and charges compensation scheme would continue into the first quarter of 2021/22. However, there is no detail on how this would work in practice in relation to profiling of income and the 5% deductible.
- 3.3 HRA rents have been set at 1.5% (CPI plus 1%). Garage rents have been set at 5%.

4.0 General Fund Revenue Budget

- 4.1 A summary of the General Fund Revenue budget showing 2020/21 Original Budget and 2021/22 proposed budget, summarised by Service Portfolio is shown in **Appendix 1**. A summary of the projected movement on General Fund Reserve is shown in the table below:

General Fund Reserve Movement	Original Budget £`000	Current Budget £`000	2021/22 Budget £`000
Net Budget Requirement	26,238	27,155	25,733
Financed by:			
Government Grants and Retained Business Rates	(9,036)	(9,315)	(9,113)
Council Tax (including collection fund surplus/deficit)	(16,585)	(16,585)	(16,620)
Taken From / (Added to) Balances	617	1,255	0
General Fund Balance 1 April	7,076	7,076	6,668
Supplementary Estimates		(638)	
Current Budget Variation Estimated Outturn 2020/21*		847	
Original Budget addition to / (draw down from) General Fund	(617)	(617)	0
Total (Taken From) / Added to Balances	(617)	(408)	0
General Fund Balance 31 March	6,459	6,668	6,668

* November 2020

- 4.2 The Covid-19 pandemic has caused a significant shift in the way the Council has had to utilise its resources during 2020/21. The continuing changes to the Covid-19 restrictions (made necessary by the spread of the virus) has made additional costs and loss of income extremely difficult to forecast. The most significant budget pressures for 2020/21 relate to the Leisure operator, expenditure on homelessness and rough sleeping and the loss of income. The timing of the announcements for government support has added to the level of uncertainty. The SFC (sales, fees and charges) compensation scheme has made a significant contribution to the Council's budget position as it covers 75% of any losses after a 5% deductible. However, the scheme does not cover loss of rents (£1.2m budget 2020/21).
- 4.3 The original budget for 2020/21 assumed a drawdown of £617k from General Fund Reserve. Full Council has approved supplementary estimates totalling £638k (table 4.4 below). Offsetting this is a favourable variation, as at November 2020, of (£847k) (providing this continues). However, the budget position is anticipated to worsen over the winter as further covid-19 restrictions are imposed. There are also supplementary estimates totalling £362k due to be considered by Full Council in January 2021, comprised of £184k for the Sunken Garden scheme in Bognor Regis (full cost £500k) and £178k for support for the Leisure operator for the fourth quarter. The centres have been subject to a number of closures during the year and social distancing rules has made their business model which relies on a high turnover unworkable. The Council has made a bid to the National Leisure Recovery Fund, which covers losses from December to March 2021. The Council may also be entitled to some funding under the Local Tax compensation scheme, announced with the Settlement, but this figure won't be known until the Accounts are finalised. These changes result in an anticipated General Fund balance of around £6.7m at the end of 2020/21, subject to the positive current budget variation continuing. The General Fund balance is anticipated to remain at this level until the end of 2021/22 (£4m minimum balance).
- 4.4 The table below summarises the supplementary estimates. These will be offset by the current budget variation as shown in table 4.1

Reconciliation of Original to Current Budget Reserve Movement November 2020	Original Budget £'000	Current Budget £'000	Change £'000
Taken from / (Added to) Balances	617	1,255	638
Leisure Contract Covid-19 Support Full Council 15/7/2020		406	
Leisure Contract Covid-19 Support Full Council 26/11/2020		192	
Planning Appeals Full Council 16/09/2020		<u>40</u>	
Total Estimated Supplementary Approvals to end of November 2020			638

- 4.5 The Council is anticipating the receipt of significant one-off s106 sums for maintenance in perpetuity in respect of a number of sites. However, the receipt of these sums will also lead to the requirement for additional revenue expenditure in respect of maintaining the relevant sites. These sums are not included in the budget for 2021/22

or the estimated outturn for 2020/21 as the timing of the receipts is not certain. These receipts will be used for the future development / maintenance of the Council's assets.

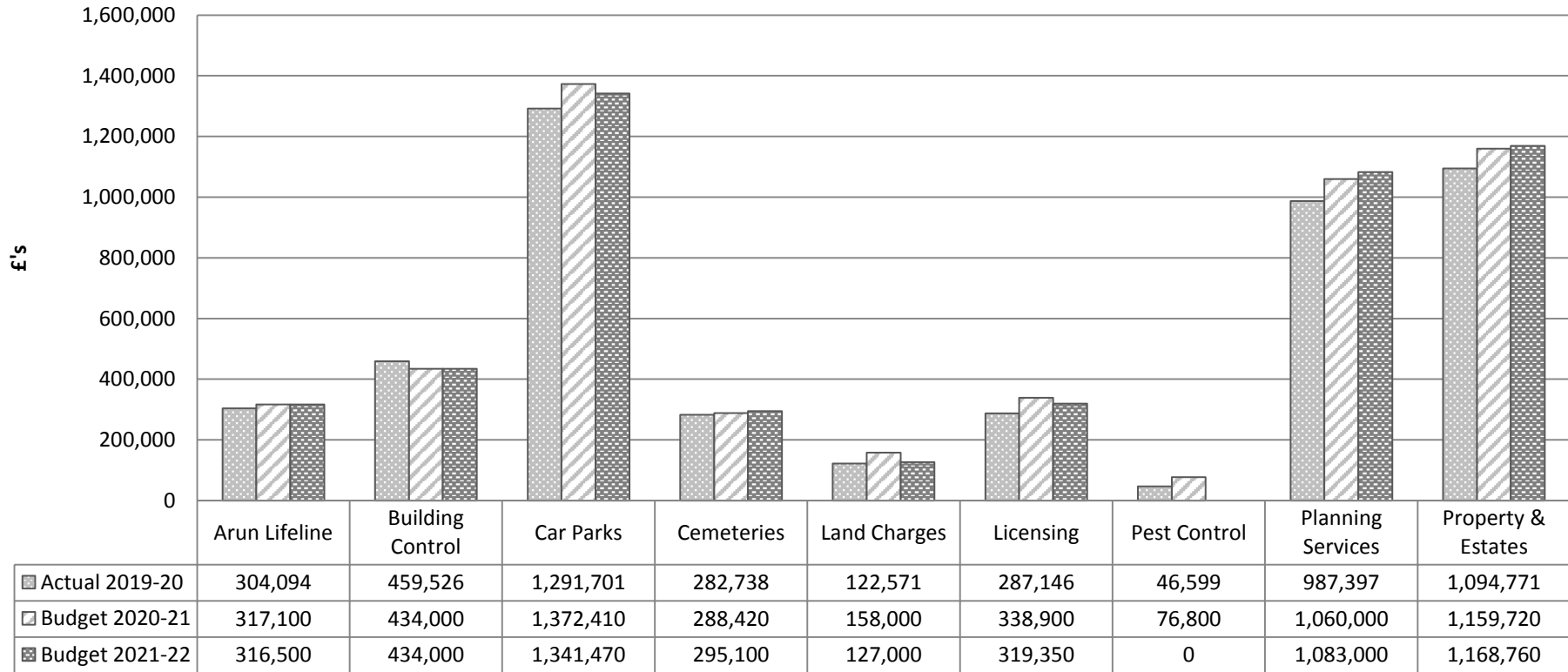
4.6 A summary of headline changes is given in the table below:

General Fund Budget 2021/22	Changes +/- > £ 80k	£`000
Pay award (additional 0.75% from 2020/21)		98
Pay - increments (reduction)		(73)
Establishment savings (FTE post changes)		(122)
Better Care Fund (net)		(120)
Major Contracts inflation (including property growth)		154
Change in Local Plan Expenditure		127
Housing Benefit Increase in Rent Allowances (net)		172
Decrease in Interest and Investment Income		207
Decrease in fees and charges		120
Net Reduction in Contingency items		(336)
Reduction in Pension deficit contribution (second year)		(97)
Reduction in New Homes Bonus		1,255
Change in Retained Business Rates (including reserve contributions)		(245)
Lower Tier Services Grant		(677)
Covid 19 support grant - tranche 5		(831)
Local Council Tax Support Grant		(209)
Other changes +/-<£80k		(40)
Net change in budgeted reserve movement		(617)

- 4.7 The budget for 2020/21 was based on a pay award of 2% for all staff. The actual pay award of 2.75% has resulted in an additional £98k budget growth. It should be noted that there is a pay freeze anticipated for 2021/22 for basic salaries above £24k per annum, with a 1% pay award for pay below this level (anticipated cost £27k)
- 4.8 There are currently a significant number of vacancies which are budgeted at the bottom of grade resulting in a (£73k) budget reduction.
- 4.9 The reduction in the establishment of (£122k) is comprised of Revenues and Benefits (£78k); Planning (£19k) and Technical Services (£25k). The establishment and budget has also been increased by a total of £91k for Littlehampton Community Wardens. The community wardens initiative is scheduled to commence in March 2021 and run for 18 months. The cost of the project is funded by Littlehampton Town Council (£90k) and the Safer Arun Partnership (SAP) (£90) with Arun hosting the project and contributing £20k (£10k per annum).
- 4.10 Two posts have been added to the permanent establishment, which were previously agency staff funded from the Better Care Fund (BCF) to achieve better value for money. The remainder of the BCF has been utilised to fund existing establishment delivering adaptations, resulting in an overall saving of (£120k).

- 4.11 Major contracts are anticipated to increase by £154k (comprised of £84k inflation and £70k for an increase in the number of properties).
- 4.12 The budget for 2020/21 contained £194k for Local Plan review work. The budget for 2021/22 contains £321k for Local Plan review work, an increase of £127k. The total cost of the work is estimated to be around £959k (to 2023/24).
- 4.13 The continuing roll out of Universal Credit has resulted in lower recoveries from ongoing benefit as claimants transfer to the Department for Work and Pensions (DWP). There is also a continuing trend for the use of accommodation with additional services, for which the Council cannot claim subsidy. These factors have resulted in a £172k increase in the Rent Allowances budget
- 4.14 The reduction in interest and investment income £207k is mainly due to the collapse of interest rates and the gradual dropping out of longer term investments that have been made at slightly higher rates.
- 4.15 The General Fund budgeted pension deficit contribution has reduced by (£97k) (for the annual lump sum payment for past service costs). This is the second year of a three year phased reduction which resulted from the triennial valuation of the fund.
- 4.16 The increase in Government funding is summarised in table 2.13 with further detail in section 2.
- 4.17 The Contingencies and Special Items budget is assessed each year as a provision for known possible service changes that have not been sufficiently developed to fully cost into the budget. The budget contains a £538k for potential additional covid-19 related losses.
- 4.18 Income from fees, charges and rents are included within net cost of service. In total this amounts to overall financing of £5.085m (£5.205m 2020/21), a decrease of £120k. When comparing the two years it is important to note that the Pest control Service is planned to be outsourced from April 2021 with no income accruing to the Council from that date (£77k budget 2020/21), though with a corresponding reduction in expenditure. Income is a key risk area to the budget as it is predominantly externally influenced, without a direct link to service cost and each source is unique. It is anticipated that all discretionary fees and charges will be increased by at least the rate of inflation unless there is good reason not to in order for the Council to become more self-sufficient. However, the income does not reflect any continuing Covid-19 reductions as these will be mitigated by the governments SFC compensation scheme for the first quarter of 2021/22 (subject to the details of the scheme). The graph below shows income by source and value and demonstrates trend. The income estimates included in 2021/22 appear reasonable

Income 2021-22



5.0 Earmarked Reserves

Earmarked Reserves are amounts of money specifically identified for operational purposes and held alongside the General Fund for drawdown as required. The total value of earmarked reserves at the end of 2019/20 financial year was £15.768m (£15.394m previous year), with approved in-year virements from reserves of £4.720m plus the Business Rate and Council Tax virements to earmarked reserve virements (paragraph) of £9.191m during 2020/21. The carry forward balance into 2021/22 will therefore be a minimum of £20.239m, depending upon the amount of budget variation during 2020/21. It should be noted that the increase is mainly in relation to the S.31 grant which was received in 2020/21 which is required to cover the Collection Fund loss in 2021/22. Budget expenditure relating to these reserves is isolated from the cost of service for General Fund financing purposes. Earmarked reserves are drawn down into the budget as required through the virement approval process.

6.0 Risk analysis

- 6.1 Corporate and Operational risk registers have been reviewed for financial implications as part of the budget process on the criteria of probability of occurrence and materiality of impact upon balances.
- 6.2 There continues to be huge uncertainty over the impact of the Covid-19 pandemic on the Councils income and expenditure. This includes the Leisure operator as mentioned in the report and Homelessness (6.9). This will have to continue to be monitored closely in 2021/22.
- 6.3 Income: the budget includes £5.085m (£5.205m previous year) from fees, charges and rents; these have been set on the basis of achievement of the level of predicted income and previous outturn, including known changes in environment. However, no account has been taken of the effect of the Covid-19 pandemic. This risk is mitigated by the SFC compensation scheme. However, there are additional risks like a poor summer resulting in lower car park income.
- 6.4 The budget contains an assumption of a pay freeze for staff earning £24k, with a 1% pay award for staff earning below this sum. Any increase above this level will place additional strain on the Council's budgets.
- 6.5 The future of the NHB is extremely uncertain.
- 6.6 The reset of the retained business rates baseline has been postponed again. This could effectively wipe out all or a proportion of the past gains through growth, built up since the inception of the scheme. The significant adverse effect of a full baseline reset is mentioned in 2.8 above. However, the magnitude of the change will be subject to potential damping.
- 6.7 No further significant risks have been identified relating to 2020/21. However, some lesser risks are inherent within the overall budget. These are discussed below.
- 6.8 The vacancy management factor has been kept at £500k.

6.9 The Homelessness Reduction Act, in addition to a general increase in homelessness, has had a significant impact on nightly paid accommodation since 2018/19. The budget has not been increased to allow for additional covid-19 related expenditure and there is the risk that demand continues to stay at or exceed current levels.

7.0 Housing Revenue Account Budget

7.1 A summary of the Housing Revenue Account (HRA) budget, including Major Repairs Reserve, is shown at Appendix 2.

7.2 The 2021/22 budget reflects the priorities of the HRA Business Plan 2020 update. The HRA Business Plan identifies how the Council intends to deliver its strategic target of 250 new affordable homes over a ten year period. The additional properties will help improve the quality, supply and affordability of accommodation available to the residents on the Council's waiting list in urgent need of accommodation.

7.3 A budget of £15.000m was approved in 2018/19 for the acquisition/new build programme, with a further £9.341m being approved in 2020/21. This level of budgetary provision will allow the necessary amount of flexibility in terms of planning the programme of new affordable homes.

7.4 However, it should be noted that each new scheme will be subject to a full financial appraisal before it can proceed, and contractual commitments made. This is to ensure that the relevant schemes are affordable in terms of maintaining the minimum recommended level of HRA balance of £2m. The issue of affordability is critical especially in the light of the declining level of right-to-buy receipts which could lead to Arun meeting up to 100%, rather than 70%, of the cost of some of the new schemes.

7.5 For 2021/22 HRA rents will be increased by 1.5% (CPI plus 1.0%) in accordance with the provisions of the rent standard. Garage rents will be increased by 5%.

8.0 Capital, Asset Management and other projects Budget

8.1 A summary of the Capital, Asset Management and other projects budget is shown at Appendix 3.

Full council will be asked to approve the capital strategy on 13 March 2021 (after consideration by Audit and Governance Committee on 25 February 2021). The capital strategy forms the policy framework for capital investment decision over the next three years informing the detailed annual capital budgets over this period. The strategy aims to balance capital expenditure needs and expectations with the scarcity of available resources

8.2 The new capital programme for 2021/22, together with the proposed method of financing, is set out in the table below.

Capital Programme 2021/22	£'000
General Fund:	
Capital/Project Programme 2021/22	827
Asset Management	1,001
Disabled Facilities Grants	1,400
Total General Fund	3,228
Housing Revenue Account:	
Improvements	4,632
Stock Development	100
Total Housing Revenue Account	4,732
Total Programme	7,960
Financed by:	
Capital Grants	1,400
Capital Receipts	117
Charge to General Fund (RCCO)	1,711
Charge to Housing Revenue Account	4,732
Total Financing	7,960

- 8.3 The capital budget for 2021/22 and future years is limited by the funding that is available. The Medium Term Financial Strategy (MTFS), approved by Cabinet on 21 September 2020 identified the requirement to allow for business-critical IT systems and infrastructure systems that fall out of maintenance/support and become life expired to be replaced. The capital budget for 2021/22 includes £120k (£580k previous year) for business critical IT. The funds that the Council has identified are clearly insufficient to cover all its capital expenditure requirements. The condition of the Council's General Fund assets was reviewed during 2019/20 and the schemes were ranked in order to establish a 5 year programme which would ensure that the Council's assets are maintained in an appropriate condition (prioritising expenditure on grounds of health and safety, service reliability etc.). The second year of the prioritised programme is summarised in table 8.4.
- 8.4 The capital budget for 2021/22 identifies £827k for high priority projects which are summarised below:

Capital/Project Programme 2021/22 detail			
	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Fitzleat Car Park	266	49	327
Public Conveniences	150	165	20
Car Park Resurfacing	165	150	200
Play Areas	100	255	100
Essential IT Infrastructure	120	315	200
Chipper	26	0	0
Total	827	934	847

8.5 It should be noted that the the review of the Council’s general fund assests in 2019/20 revealed that they require significant funding to ensure that they are maintained at an acceptable standard. This will require the use of capital receipts and s106 contributions.

9.0 Capital Receipts

9.1 Capital receipts are an important source of funding for the Council’s capital programme. There are two categories of capital receipts: “1 for 1 replacement” receipts and general receipts. “1 for 1 replacement” receipts are those accrued under the terms of Arun’s agreement with the Government to retain the additional receipts generated by the relaxation of the Right to Buy discount rules. Under the terms of this agreement these receipts can only be used for the provision of new social housing and Arun must match every £30 of receipts used with £70 of its own funding. A further condition of the agreement is that receipts must be spent within three years, failing which they must be returned to the Government plus interest at 4% above base rate. There are very few restrictions relating to the use of general receipts. On the whole these can be used for any capital purpose and there are no time constraints relating to their use.

9.2 The Council’s available capital receipts totalled £2.815m at 31 March 2020 (£2.791m previous year). The total is comprised of £1.812m “1 for 1 replacement” receipts and £1.003m general receipts. The retained right-to- buy receipts (“1 for 1” receipts) can only be spent on the provision of new social housing, failing which they must be returned to the Government. One of the approved priorities of the Council’s Housing Revenue Account Business Plan is a significant new development programme and the implementation and phasing of this programme will be a key factor in determining whether or not the Council spends its unused receipts within the required time scale. These receipts held, together with any new receipts accruing during 2020/21 and 2021/22 (net of amounts paid to the Government under pooling), will be used to support the Council’s capital programme. The “1 for 1 replacement” receipts will be used towards funding the HRA acquisition/new build programme. General capital receipts can be applied for any capital purpose.

10.0 Conclusion

10.1 The General Fund revenue budget and Capital budgets are set within the medium term financial strategy. However, the budget for 2021/22 is subject to a significant level of uncertainty caused by the Covid-19 pandemic. The Council has significant reserves to ensure financial resilience, however, balances are anticipated to reduce significantly in the medium term. The Council's Corporate Management Team (CMT) are working with members to identify efficiencies and income generating ideas, which will continue to be worked on during 2021/22.

11.0 Recommendations:

11.1 Cabinet is requested to note that the Group Head of Corporate Support, in consultation with the Deputy Leader of the Council and Cabinet Member for Corporate Support, has approved a Council Tax base of 62,628 for 2021/22.

11.2 Cabinet is requested to recommend to Full Council that:

- i. The General Fund Revenue budget as set out in **Appendix 1** is approved.
- ii. Arun's band D council tax for 2021/22 is set at £191.52, an increase of 2.65%.
- iii. Arun's Council Tax Requirement for 2021/22, based on a Band D Council Tax of £191.52, is set at £11,994,514 plus parish precepts as demanded, to be transferred to the General Fund in accordance with statutory requirements.
- iv. The HRA budget as set out in **Appendix 2** is approved.
- v. The HRA rents for 2021/22 are increased by 1.5% (CPI plus 1%) in accordance with the provisions of the new rent standard.
- vi. HRA garage rents are increased by 5% to give a standard charge of £12.93 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.
- vii. The Capital budget as set out in **Appendix 3** is approved.

General Fund Revenue Budget Summary

Actual 2019-20 £'000	Description	Budget 2020-21 £'000	Budget 2021-22 £'000
	Cost of Service		
619	Community Wellbeing	(148)	(113)
399	Corporate Support - Direct	251	271
257	Economy	321	304
5,144	Neighbourhood Services	6,163	6,348
972	Planning	856	1,080
3,906	Residential Services	3,287	3,377
670	Technical Services	380	270
8,162	Management & Support Services	8,599	8,763
0	Vacancy Management	(500)	(500)
(1,396)	Recharges to Housing Revenue Account	(1,466)	(1,426)
18,733	Total Cost of Service:	17,743	18,374
	Corporate Cost		
4,534	Parish Precepts	4,832	4,832
206	Other precepts and levies	208	278
(851)	Interest & investment income	(551)	(344)
0	Contingencies / miscellaneous	1,589	1,008
374	Contribution to/(from) earmarked reserves	(1,454)	(963) *
188	Capital expenditure financed from revenue	2,728	1,711
1,689	Pension deficit contributions	1,143	1,046
6,140	Total Corporate Cost:	8,495	7,568
24,873	Total Net Budget Requirement	26,238	25,942
	Financed By		
(5,348)	Retained Business Rates	(6,028)	(5,866) **
(2,664)	New Homes Bonus	(2,295)	(1,040)
(1,151)	Other non ringfenced grants	(713)	(2,416)
(11,268)	Council Tax Income - Arun Excluding Parishes	(11,613)	(11,995)
(4,396)	Council Tax Income - Town & Parish Councils	(4,832)	(4,832)
(46)	Collection Fund deficit/(surplus)	(140)	207
(24,873)	Total External Finance:	(25,621)	(25,942)
0	Transfer (to) / from General Fund Reserve	617	0

* Excluding £7.865m S31 Grant received in 2020/21

** Including £7.865m S31 Grant received in 2020/21

Housing Revenue Account Budget Summary

Actual 2019-20 £'000	Description	Budget 2020-21 £'000	Budget 2021-22 £'000
	Expenditure		
4,944	Supervision and management	5,277	5,199
4,521	Repairs and maintenance	3,893	3,887
1,649	Financing of capital expenditure	4,095	4,732
5,172	Net loan charges	5,160	5,162
16,286	Total Expenditure:	18,425	18,980
	Income		
(15,924)	Rents (dwellings, garages, hostels, other property)	(16,066)	(16,391)
(889)	Charges for services and facilities	(633)	(632)
(27)	Interest on Balance Payable / (Receivable)	(1)	10
(16,840)	Total Income:	(16,700)	(17,013)
(554)	HRA (surplus) / deficit	1,725	1,967
	Housing Revenue Account Reserves		
(8,394)	Balance brought forward	(8,948)	(8,081)
(554)	HRA (surplus) / deficit	1,725	1,967
	Budget Changes (December 2019)	(858)	
(8,948)	Balance carried forward	(8,081)	(6,114)

Appendix 3

Capital, Asset Management and other projects Budget Summary

Actual 2019-20 £'000	Description	Budget 2020-21 £'000	Budget 2021-22 £'000
Capital expenditure by portfolio			
763	Community Wellbeing	0	0
175	Corporate Support	580	120
36	Economy	200	0
406	Neighbourhood Services	100	126
5,733	Residential Services	13,336	4,732
2,750	Technical Services	3,348	2,982
9,863	Total Expenditure:	17,564	7,960
Summary			
4,432	General Fund	4,228	3,228
5,431	Housing Revenue Account	13,336	4,732
9,863	Total Expenditure	17,564	7,960

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ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF CABINET ON 08 FEBRUARY 2021

SUBJECT: Electricity Supply Contract for Corporate and Residential sites.

REPORT AUTHOR: Nat Slade – Group Head Technical Service

DATE: 06 January 2021

EXTN: 37683

PORTFOLIO AREA: Technical Services

EXECUTIVE SUMMARY:

To authorise entering into contract with LASER Framework Agreement, for the Procurement and Managed Service of electricity to the Council's Corporate and Residential sites.

RECOMMENDATIONS:

Cabinet is requested to:

- (1) approve the appointment of LASER for a new electricity supplier by running a Mini Competition from an existing Framework Agreement;
- (2) approve LASER for the managing of the resulting contract with the supplier on behalf of the Council;
- (3) following the initial contract set up with a new supplier of 12 month fixed period, to approve the continued appointment of LASER to negotiate an Evergreen contract for the year on year supply of electric rather than repeating the tender and appointment process ever few years;
- (4) approve the supply contract for an Evergreen Period via LASER; renewable every 12 months following the initial 12 month fixed rate agreement period; and
- (5) give delegated authority to the Group Head of Corporate Support to enter into the necessary contracts.

1. BACKGROUND:

The current electric supply contract for Corporate and Housing sites is due to end 31/3/2021.

The Council has approached existing Framework Agreement (LASER & Crown Commercial Services) to negotiate with energy suppliers on our behalf. The available Framework Agreements were tendered in accordance with OJEU regulations.

On comparison and with consultation with the Group Head of Corporate Support, and the Procurement Officer it was jointly agreed LASER offered the council a better package and support to Arun. CCS did not offer the opportunity to go 100% green in the future. CCS offer bill validation as an additional package to the electrical supply where LASER pay the supplier direct, resolve any bill discrepancies and invoice the council once they have agreed bill validity.

LASER is a procurement organisation wholly owned by Kent County Council whose purpose is the specialist procurement of energy on behalf of other local authorities and public bodies.

It should be noted that this report also seeks authority to extend the electricity supply contract after the initial 12 month fixed period and move to an Evergreen contract. This will also be run and managed by LASER on behalf of the council. The Evergreen contract gives the council the opportunity to extend the existing agreement without the need to keep renewing contracts or sourcing new suppliers every couple of years as we do at the moment.

To assure best market unit prices for the electrical supply LASER will run a mini competition and advise our preferred supplier for the 12 month fixed term.

LASER following the fixed period would review options available for the extended Evergreen contract and automatically switch suppliers.

2. PROPOSAL(S):

- (1) approve the appointment of LASER for a new electricity supplier by running a Mini Competition from an existing Framework Agreement.
- (2) approve LASER for the managing of the resulting contract with the supplier on behalf of the council.
- (3) following the initial contract set up with a new supplier of 12 month fixed period, to approve the continued appointment of LASER to negotiate an Evergreen contract for the year on year supply of electric rather than repeating the tender and appointment process ever few years.
- (4) approve the supply contract for an Evergreen Period via LASER; renewable every 12 months following the initial 12 month fixed rate agreement period.
- (5) give delegated authority to the Group Head of Corporate Support to enter into the necessary contracts.

OPTIONS:

- (1) Procure a new contract directly with electricity suppliers. This was not pursued as Arun has less purchasing power acting alone than if it procures via a Framework which is expected to provide better rates.
- (2) To take no action and run the risk of variable rate supply which will be more expensive than an agreed contract rate.

3. CONSULTATION:.		
Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		No
Relevant District Ward Councillors		No
Other groups/persons (please specify) Procurement, Finance & Legal	Yes	
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial	Yes	
Legal	Yes	
Human Rights/Equality Impact Assessment		No
Community Safety including Section 17 of Crime & Disorder Act		No
Sustainability	Yes	
Asset Management/Property/Land		No
Technology		No
Other (please explain)		
6. IMPLICATIONS:		
<p>Financial: If the Council does not enter into a new contract there is a risk of inflated purchase prices due to our limited purchasing power. Existing Frameworks provide greater purchasing power. The Council is not in a position to negotiate with suppliers due to limited resources and limited purchasing powers.</p> <p>The new agreement will be similar to the current supplier in that the tariff will hold sufficient Renewable Energy Guarantees of Origin (REGOs) for green energy. Both REGO & 100% Green come with additional costs over and above standard supply which is not green or renewable.</p> <p>The Framework will run a mini-tender process to ensure best current market prices are obtained for the electrical supply.</p> <p>LASER ensure best value for wholesale energy prices by tendering the market on a periodic basis with the major suppliers. This is to ensure customers are paying the best price available at the time of placing the contract. The market is volatile and ever changing. LASER offer energy users an opportunity to purchase energy at a better rate when the Evergreen renewable anniversary date is due if there is one.</p> <p>Legal: The Council have obligations to ensure that best value is obtained at all times and formal agreements are in place.</p> <p>The new agreement will be signed underhand and electronically using DocuSign.</p>		

Sustainability: The proposed supply contract commencing 01 April 2021 uses electricity generated from Renewable Energy Guarantees of Origin (REGO) sources. REGO is an industry scheme to assure customers that a certain percentage of the energy provided to them comes from a renewable source. The industry issues the certificate from the supplier, but it cannot wholly guarantee its origin. The option for 100% guaranteed renewable energy will be available after 31st October 2021.

7. REASON FOR THE DECISION:

To ensure the Council continues to pay the most advantageous unit price for its electric supply to Corporate and Housing sites. To contribute to the Council's resolution on 15 January 2020, alongside the declaration of a climate emergency, to work towards making the activities of the Council carbon neutral by 2030. If the contract is not renewed, the Council will also pay additional charges for billing and standing charges.

8. EFFECTIVE DATE OF THE DECISION: 17 February 2021

9. BACKGROUND PAPERS:

[Agenda for Full Council on Wednesday 15th January 2020, 6.00 pm - Arun District Council](#)

ARUN DISTRICT COUNCIL

REPORT TO CABINET ON 8 FEBRUARY 2021

SUBJECT: THE COUNCIL'S RESPONSE TO THE COVID-19 PANDEMIC SITUATION

REPORT AUTHOR: Nigel Lynn, Chief Executive
DATE: 22 January 2021
EXTN: 37600
PORTFOLIO AREA: Corporate Support

EXECUTIVE SUMMARY: This report updates Cabinet on the Council's response to the pandemic situation and possible proposals for economic recovery.

RECOMMENDATIONS:

Cabinet is requested to resolve to:

- (1) note the actions taken to date.

1. BACKGROUND:

- This report provides an update on progress since the last Cabinet report of 14 December 2020 in relation to the Covid-19 response by the Council. Members are asked to note that due to the report being written in advance of the Cabinet meeting, the actual date range that this update is for, is from 17 November 2020 (the date of writing the report to Cabinet on 14 December 2020) to 22 January 2021 (the date of writing this report).
- A National Lockdown was declared by the Prime Minister on 4.1.21. The impact on the Council is (at the time of writing this report):
 - **Office presence** - Due to the new variant of Covid and how quickly this is being transmitted, CMT agreed that staff attendance at the Council's buildings should be at an absolute minimum, with staff ONLY attending a Council building if they have agreed this with their manager. Councillors are not permitted to enter any Council building at the current time.
 - **Emergency Management Team** - The Emergency Management Team are meeting weekly (each Monday) to consider all current issues in relation to the Covid response. The EMT and CMT regularly review the capacity in each service area due to work pressures and staff absences. It should be noted that staff are under increased pressure to perform existing workloads as well as responding to the Covid pandemic.

- **Play areas and skateparks** - Play areas have been identified to remain open, usage is being monitored, new signage is being erected and risk assessments reviewed. Recent guidance from both Skateboard GB & Sport England states that they have interpreted recent Government guidance as requiring skate parks to close under the latest restrictions. Alongside this there have been numerous instances within Arun of users congregating at skate parks and failing to adhere to social distancing. Sea Road skate park has been closed off using fencing, other skate parks will have signs put up and will be closed as practically as they can be.
- **Covid Marshalls** – Arun will working with East Hants to assist with this role including officers patrolling the District including hotspot areas such as promenades, parks, recreation areas and skate parks, ensuring compliance. Arun’s Environmental Health team will patrol the smaller supermarkets, garden centres, click and collect premises, where they receive complaints from the public and where there are positive cases confirmed. The major supermarkets will be covered by the H&S executives. East Hants will provide daily feedback reports to Arun after patrols; looking at number of interactions, businesses visited and notes on hotspot areas. These reports will be considered by Arun officers so that appropriate action can be taken where necessary.
- **Events** - Dominic Raab has indicated that we are likely to see a return to the local tier system post lockdown. Communications from Arun to include message that although we can’t be sure what restrictions will be in place, in the spring/summer months, it would be useful if event organisers refer to the tier system restrictions when making plans
- **Environmental Health & Enforcement** - Work by Environmental Health continues advising and enforcing the business restrictions which have changed twice over the past two weeks and managing workplace-based outbreaks.
- **Implementing Guidance** - The Council is working to ensure that all Government Guidance is adhered to in relation to other service areas and is ensuring that all procedures for dealing with Covid related matters including grants, enforcement etc are followed.
- **Leisure Centres** - Our leisure centres and leisure facilities such as adventure golf have been closed as required by government and the Council will work with Freedom Leisure to address the significant financial implications of this.
- **Vulnerable assistance** - We are providing the necessary support to the most vulnerable in conjunction with WSCC via the community hub.
- **Rough Sleepers** - We are working with partners such as Stonepillow and Turning tides over rough sleepers.

Communications

- Contact via social media continues to be a popular means of gathering information. Weekly reminders of our news bulletins and social media posts are issued including regular reminders about social distancing, avoiding busy places and considerate use of our beaches and town centres. The public are being kept well informed of all key messages.

- Councillors, Partners of Arun and the Town and Parish Councils have been updated with new information from partners, other authorities and Government bodies via emailed briefing notes from the Leader of the Council and the Chief Executive since the start of the pandemic in March 2020. These are issued every week.

Welfare of Staff, Members and the Public

- Following the announcement of the new National Lockdown, staff must work from home unless they have made specific arrangements with their Manager to attend the Council offices. Staff attending an office location must take all Covid precautions set out by the Council including attending the office for the minimum time, not being in contact with other staff and wearing face coverings.
- The Council has not opened its reception areas (apart from providing a service to homeless presentations), meeting rooms or communal areas in line with Government guidance and officers are working hard to ensure that the public can access all services either online or via our contact centre.
- With the potential for an increase in residents seeking support or advice due to the new National Lockdown, Arun is continuing to liaise with the County Council so that assistance is coordinated via the West Sussex Community Hub. Directing enquiries to the Community Hub as a single point of contact will ensure that residents are properly identified and their issues logged so that their enquiry can be directed to the most appropriate service to meet their individual needs. The number of referrals into the WS Hub are relatively low and none have been referred to the Arun Hub for a local response.

Covid-19 Prevalence

- Councillors, Partners of Arun and the Town and Parish Councils have been updated on the prevalence of Covid in West Sussex by way of the regular briefing notes.
- The West Sussex Covid Health Protection Board continues to monitor prevalence of Covid-19 cases. The Corporate Management Team, relevant Group Heads and our Communications Team are being informed of the numbers of Covid cases in both Arun and the whole of West Sussex and this is being communicated to officers and Councillors on a regular basis. Covid prevalence in the District is currently high with some areas in the District having the highest rates in the country (due to Care Home Covid outbreaks). Data is being collated and analysed every day to identify setting based outbreaks. Where setting based outbreaks are identified, interventions to support and guide the setting in managing the outbreak are delivered by WSCC Public Health or District and Borough Environmental Health
- In December, WSCC agreed to provide an additional £75k for each District & Borough (in addition to the £75k already received) in relation to the management of local outbreaks of COVID-19. This will be used to supplement the capacity of the Environmental Health team over the next twelve months. That team works with businesses and organisations where there appears to be a workplace based outbreak. WSCC undertake the same role for care homes, clinical settings and schools.

- Public Health England gave their approval for local contact tracing to begin in West Sussex. A collaborative approach is being used to prepare to implement this service; West Sussex County Council is working in partnership with colleagues in East Sussex, and District and Borough Councils across the county with support from Public Health England. West Sussex County Council's Customer Experience Service are managing the Local Tracing process with dedicated Community Hub staff undertaking the contacts for both West Sussex and East Sussex. The Community Hub was established in response to the first wave of the pandemic and incorporates a full ranging customer service centre approach. To ensure a fully localised approach despite operating consistently across both Counties the phone number seen by the individual contacted will be a local number. Out of the positive cases referred to WSCC by NHS Track and Trace, some of these resulted in requests to District and Boroughs for Council tax contact information and this was provided.
- Arun's Environmental Health team has been working in collaboration with The Health and Safety Executive (HSE) to carry out Covid-secure spot checks on business premises where we are responsible for the enforcement of health and safety legislation. Since the start of the spot checks, the Council has assisted with follow up visits where required. The Council publicised this through our social media channels.
- West Sussex County Council has worked in partnership with the Department of Health and Social Care and our District and Borough Councils to implement a wide range of Covid testing sites across the County to control the Covid rate of reproduction (R), reduce the spread of infection and save lives. An NHS walk through testing facility was opened in St. Martins car park in Littlehampton in early December 2020 and Council officers assisted with the set up of this.
- The Council is ensuring that social media and our website communications are regularly updated with information relating to the roll out of the vaccination programme so that the public are aware that their GP surgeries will contact them directly to arrange for a vaccination to take place.

Financial Impact of Covid-19

- The financial effects of Covid-19 have been severe for the Council, in common with other local authorities across the country. The new lockdown will have further financial implications for the Council.
- Government announced the funding allocations for the 4th tranche of Covid funding to local government to address wider cost pressures. Arun's allocation to date is £498,760.00.

First Tranche of Covid-19 Funding	Second Tranche of Covid-19 Funding	Third Tranche of Covid-19 Funding ²	Fourth Tranche of Covid-19 Funding	Total Covid-19 Additional Funding
£64,612	£1,609,640	£264,767	£498,760.00	£2,437,779

- Details of all funding received by the Council as a result of the Covid Pandemic are listed in Appendix A which is attached to this report.
- The Council will be working with Freedom Leisure to address the further financial implications this Lockdown and Cabinet approved further financial assistance to Freedom at their meeting on 14 December 2020.
- The Council is applying to a new £100 million National Leisure Recovery Fund in January to assist with the costs of keeping our leisure centres open. The fund will help meet the additional costs of operating the centres whilst the buildings have limited capacity due to Covid restrictions. This Fund is a most welcome development and will help to ensure that our Centres remain open so that the community can continue to access safe and warm facilities throughout the winter months to maintain and improve their physical and mental wellbeing.
- Business premises forced to close in England are to receive grants under the Local Restrictions Support Grant (LRSG) and Discretionary Grants via the Additional Restrictions Support Grant (ARG). The Local Restrictions Support Grants (LRSG - rateable value based mandatory grants) will be dealt with by the Revenues Team. The Additional Restrictions Support Grant (ARG - Discretionary Grants) will be dealt with by the Economic Development Team. In addition, people who have to self-isolate can receive a payment of £500 (for those on lower incomes who cannot work from home and have lost income as a result) and the Council continues to make payments receipt of a valid application. The Council will also be administering the new grants announced by Government on 5.1.21 which are grants for businesses in the retail, hospitality and leisure sectors. These one-off top-up grants will be provided on a per property basis to businesses closed as a result of the latest restrictions. As of 18/19 January 2021, the following payments have been made:

The Local Restrictions Support Grant (LRSG - rateable value based Mandatory Grants) and Christmas Support payment to Wet-Led Pubs (data as of 19.1.21):

Grant Type	No. of Applications received	No. of Applications paid	Value	No. of Applications awaiting assessments
Tier 2 Restrictions Grant for Closed Businesses	32	19	£10,953.50	8
Tier 4 Restrictions Grant for Closed Businesses	437	134	£69,551.00	299
Business Support Package for Lockdown from 5.1.21	371	2	£12,002.00	369
Christmas Support Payment for wet-led pubs (AAA) Fixed Value: £1,000	49	43	£43,000.00	6
Grant for Closed Businesses – 2.12.20-25.12.20	42	32	£25,339.00	5

National Grant – November 2020	Restrictions	699	581	£923,942.00	61
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The Additional Restrictions Support Grant (ARG - Discretionary Grants) (Data as of 18.1.21):

- **Additional Restrictions Discretionary Grants Round 2 – now closed**
 - Total applications = 358
 - Approved = 211
 - Approved since 11th January = 9
 - Total Value = £269,507
- **Additional Restrictions Grants Round 3 – opened Thursday 14th January**
 - Total Applications = 161
 - Approved = 53
 - Total Value = £175,250
 - High number of applications v approvals as many businesses incorrectly applied for this grant when they were entitled to the grant for a closed business and others where we require further information.
- **Local Restriction Support Grants (Open)**
 - Total Applications = 256
 - Approved = 107
 - Approved since 4th January = 74
 - Value - £104,872.02
 - Total paid £549,629.20. Payment details have been extracted from the system for payment today.
 - The current Discretionary Grant application window will last until 15th February.
 - LRSG(Open) is now suspended until we go back into Tier 2,3 or 4.
- Coast to Capital Local Enterprise Partnership announced further grants of between £1,000 and £3,000 (up to £5,000 in exceptional circumstances) for specialist advice or equipment to aid smaller businesses adapt to trading though the pandemic. Funding was provided by European Regional Development Fund (ERDF) as The Visitor Economy (Kickstart Tourism) and Wider Economy (Restart & Recovery SME) grant and was subject to eligibility criteria. Applications were invited by 7 December 2020 and the Council publicised this scheme to local businesses.

2. PROPOSAL(S):

Cabinet is requested to note the actions taken to date.

3. OPTIONS:

To note this update report or
To request further information

4. CONSULTATION:		
Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		X
Relevant District Ward Councillors		X
Other groups/persons (please specify) - Cabinet	✓	
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial	✓	
Legal		X
Human Rights/Equality Impact Assessment		
Community Safety including Section 17 of Crime & Disorder Act		X
Sustainability		X
Asset Management/Property/Land		X
Technology		X
Other (please explain)		
6. IMPLICATIONS:		
<p>6.1 The Council also has very limited funds to be able to make direct interventions to assist the public and businesses. The Council has, therefore, focussed on good communication and Government grants that are available. The Council has also been facilitating the recovery process and helping to provide community leadership.</p> <p>6.2 The Government has supported local government with grants to assist our budgets, which covers a proportion of our losses, but there remains a significant shortfall of our income, which is concerning as we look to the future. This shortfall will affect the Council's finances significantly going forward, and, although the 2021/21 budget is balanced, this has been partly due to reduced spending to help cover our losses.</p> <p>6.3 This new (January) Lockdown has further implications on staff workload, capacity and mental health as we strive to continue to provide day to day services, whilst working from home, many with childcare issues (now that schools are closed). Members need to understand that the continuing pandemic is having a negative effect on normal officer duties, although, in the main, front line services remain fully operational.</p>		
7. REASON FOR THE DECISION: For Cabinet to note the Council's response to the Covid-19 Pandemic.		
8 EFFECTIVE DATE OF THE DECISION: 8 February 2021 – as this is an information item.		
9. BACKGROUND PAPERS: None		

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Appendix A – Covid Grants received by Arun District Council to 19.1.21

	Amount (£)	Comments
Grants announced Since October 2020		
Local Restrictions Support Grants (Closed) Addendum (LRSG)	3,893,606	Mandatory
Local Restrictions Support Grants (Closed) Addendum (LRSG); national restrictions grant	2,583,864	Mandatory
Closed Business Lock down payments	7,749,000	Mandatory
Christmas Support Package	51,200	Mandatory
Local Restrictions Support Grants (Open) Addendum (LRSG)	359,011	Discretionary
Additional Restrictions Support Grant allocations.	4,643,182	Discretionary
Surge enforcement funding for local authorities (Ring fenced)	75,314	MHCLG, Mandatory; spend includes commitments
Covid prevention planning (WSCC)	75,000	WSCC; spend includes commitments
Covid prevention outbreak work (WSCC)	75,000	WSCC
Test and Trace support grant (self-isolation)	162,800	£33,318.47 allocated, yet to be received
Sales, fees and services support grant	722,888	Up to 31/12/2020
From March 2020 to September 2020		
Council Tax - Hardship fund	945,239	
Covid-19 Support grant (2019/20) 1st trench	64,612	This was received in 2019/20
Covid-19 Support grant (2020/21) 2nd to 4th trench	2,373,167	5th Trench in April 2021
Rough sleeping Initiative	21,000	
New burdens payment associated with SBGF, RHLGF	270,463	
Re-opening the High Street Safely Fund	143,718	To be claimed
Business Support Grants Fund (SBGF) Retail, Hospitality and Leisure Business Grant Fund (RHLBG)	30,025,000	Finished
Local Authority Discretionary Grants Fund	1,523,500	Finished
BID Covid-19 support grant	6,990	Paid to Bognor Regis BID
Leisure Funding (Bid to the National Leisure Recovery fund)	310,000	Bid submitted
Lottery funding for Consultancy advice for Leisure services	4,980	
DWP Northgate Covid-19 changes	330	
Tax Income Compensation - up to 75% loss of Council Tax and NDR loss of income in 2020/21		Amount to be calculated at year end
Allocated for 2021/22		
Local Council Tax Support Grant (LCTS)	209,000	for 2021/22; not directly Covid-19
Additional C-19 support grant	831,000	for 2021/22
Total Covid-19 Grants	57,119,864	

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