



Public Document Pack

Arun District Council
Civic Centre
Maltravers Road
Littlehampton
West Sussex
BN17 5LF

Tel: (01903 737500)
Fax: (01903) 730442
DX: 57406 Littlehampton
Minicom: 01903 732765

e-mail: committees@arun.gov.uk

Committee Manager - Jane Fulton (Ext 37611)

31 January 2022

POLICY AND FINANCE COMMITTEE

A meeting of the Policy and Finance Committee will be held in **The Council Chamber & Blue Room, Arun Civic Centre, Maltravers Road, Littlehampton, BN17 5LF** on **Thursday 10 February 2022 at 6.00 pm** and you are requested to attend.

Members: Councillors Gunner (Chair), Pendleton (Vice-Chair), Cooper, Dixon, Oppler, Roberts, Seex, Stanley and Dr Walsh

PLEASE NOTE: Subject to Covid-19 Risk Assessments members of the public are advised of the following:

Where public meetings are being held at the Arun Civic Centre, in order to best manage safe space available, members of the public are in the first instance asked to watch the meeting online via the Council's Committee pages. The link for this meeting will be uploaded to the Committee's web pages soon:

- a) Where a member of the public has registered a request to take part in Public Question Time, they will be invited to submit the question in advance of the meeting to be read out by an Officer or if they wish they can attend the meeting to ask the question in person. There will be limited public access to this meeting and admission for public speakers will be by ticket only, bookable when submitting questions. Attendees will be asked to sit in an allocated seat in the public gallery on a first come first served basis. Only one ticket will be available for per person.
- b) It is recommended that all those attending take a lateral flow test prior to the meeting.
- c) All those attending the meeting will be required to wear face coverings and maintain safe distancing when in the building/meeting room.
- d) Members of the public must not attend any face to face meeting if they or a member of their household have Covid-19 symptoms.

Any members of the public wishing to address the Committee meeting during Public Question Time, will need to email Committees@arun.gov.uk by 5.15 pm on **Wednesday, 3 February 2022** in line with current Committee Meeting Procedure Rules. It will be at the Chief Executive's/Chair'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**

2. **DECLARATIONS OF INTEREST**

Members and Officers are invited to make any declaration of pecuniary, personal and/or prejudicial interests that they may have in relation to items on this agenda, and are reminded that they should re-declare their interest before consideration of the items 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 interest and/or prejudicial interest
- c) the nature of the interest

3. **MINUTES**

(Pages 1 - 14)

The Committee will be asked to approve as a correct record the Minutes of the Policy and Finance Committee held on 9 December 2021, as attached.

4. **ITEMS NOT ON THE AGENDA THAT THE CHAIR OF THE MEETING IS OF THE OPINION SHOULD BE CONSIDERED AS A MATTER OF URGENCY BY REASON OF SPECIAL CIRCUMSTANCES**

5. **PUBLIC QUESTION TIME**

To receive questions from the public (for a period of up to 15 minutes)

6. **CLIMATE ACTION AND BIODIVERSITY WORK PLAN 2022-2023 [30 MINUTES]**

(Pages 15 - 48)

The Policy and Finance Committee approved a Carbon Neutral Strategy (2022-30) for Arun District Council on 14 October 2021. This report sets out the work plan to achieve the 2030 target.

7. BUDGET MONITORING REPORT TO 31 DECEMBER 2021 [10 MINUTES] (Pages 49 - 66)

The Budget Monitoring Report sets out the Capital, Housing Revenue and General Fund Revenue budget performance to the end of December 2021.

8. COMMITTEE REVENUE AND CAPITAL BUDGET - 2022/2023 [10 MINUTES] (Pages 67 - 74)

The purpose of the report is for this Committee to consider and recommend its revenue budget for inclusion in the 2022/23 General Fund revenue budget, which will be considered by this Committee later on this agenda. In addition, this Committee will consider the overall revenue budget for 2022/23 to make a recommendation to Council on 23 February 2022 on the overall budget to be set, level of Council Tax for the District, Housing Revenue account budget and rent levels for 2022/23.

In addition, Committees must consider and recommend their draft capital budget for inclusion in the overall capital programme, which will be considered by this Committee later on this agenda. Policy and Finance Committee will consider the overall capital programme to make a recommendation to Council on 23 February 2022 on the programme (HRA and General Fund) to be set for 2022/23.

9. THE COUNCIL'S REVENUE AND CAPITAL BUDGETS 2021/22 AND 2022/23 [45 MINUTES] (Pages 75 - 100)

The purpose of the report is for this Committee to make a recommendation to the Special Council Meeting on 23 February 2022 on the overall budget to be set, level of Council Tax for the District, Housing Revenue Account Budget and rent levels for 2022/23.

In addition, the Policy and Finance Committee must consider the overall capital programme to make a recommendation to Council on 23 February 2022 on the overall capital programme (HRA and General Fund) to be set for 2022/23.

10. CAPITAL STRATEGY 2022/23 TO 2026/27 [15 MINUTES] (Pages 101 - 112)

The report allows the Policy and Finance Committee to consider and comment on the Council's Capital Strategy 2022/23 to 2026/27 before adoption by Full Council on 9 March 2022.

11. COUNCIL VISION 2022-2026 [20 MINUTES]

(Pages 113 -
120)

This paper presents the final wording, following public consultation, for the Council Vision 2022-2026.

ITEMS PUT FORWARD FROM SERVICE COMMITTEES

Any recommendations from Service Committees will be circulated separately to this agenda.

OUTSIDE BODIES - FEEDBACK FROM MEETINGS

12. FEEDBACK REPORT FROM JOINT CLIMATE CHANGE BOARD [10 MINUTES]

(Pages 121 -
124)

An Outside Body Feedback Report from Councillor Staniforth following her attendance at a meeting of West Sussex County Council's Joint Climate Change Board held on 13 October 2021 is attached.

13. FEEDBACK REPORT FROM MEETINGS HELD OF THE GREATER BRIGHTON ECONOMIC BOARD [10 MINUTES]

An Outside Body Feedback Report will be circulated separately to this agenda.

14. WORK PROGRAMME - [5 MINUTES]

(Pages 125 -
128)

A copy of the Committee's Work Programme for the remainder of 2022 is attached for information.

Note : If Members have any detailed questions, they are reminded that they need to inform the Chair and 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 [PART 8 - Section 5 Filming Photographic Protocol.pdf \(arun.gov.uk\)](#).

Public Document Pack Agenda Item 3

Subject to approval at the next Policy and Finance Committee meeting

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POLICY AND FINANCE COMMITTEE

9 December 2021 at 6.00 pm

Present: Councillors Gunner (Chair), Pendleton (Vice-Chair), Cooper, Dixon, Oppler, Roberts, Stanley and Dr Walsh

Note: The following Councillors were absent from the meeting during consideration of the matters referred to in the following minutes – Councillors Cooper and Gunner - Minute 500 to Minute 504 [Part] and Councillor Walsh – Minute 507 to Minute 515.

500. WELCOME

The Vice-Chair announced that the Chair was delayed on public transport and so she would be Vice-Chair in the Chair until his arrival.

The Chair then welcomed Members and Officers to the meeting of the Policy & Finance Committee.

501. APOLOGIES FOR ABSENCE

No Apologies for Absence had been received.

502. DECLARATIONS OF INTEREST

Councillor Dixon declared a Personal Interest in Agenda Item 4 [Urgent Items – Levelling Up Fund Projects] in his capacity as a Member of the Bognor Regis Civic Society.

503. MINUTES

The minutes from the meeting of the Committee held on 14 October 2021 were approved by the Committee as a correct record and it was confirmed that these would be signed by the Chair at the conclusion of the meeting.

504. URGENT ITEMS - LEVELLING-UP FUND PROJECTS

The Chair confirmed that there was one urgent item for the Committee to consider which was a report on Levelling-Up Fund Projects. This report had been emailed to Councillors late in the afternoon and uploaded to the Committee's web pages as a supplement, prior to the meeting.

The Chair confirmed that she would adjourn the meeting for a period of ten minutes to provide Councillors with the opportunity to read the report.

Policy and Finance Committee - 9.12.21

The meeting then resumed with Councillor Gunner being present and chairing the meeting.

The Chair introduced this item outlining that with the award of the Levelling-Up Grant there was a Government requirement that the schemes be completed by March 2024. To maintain this programme, it was vital for the Council to progress these projects as quickly as possible and to put into place the relevant resources. This was why this report was being presented as urgent so that recommendations could be forwarded to Full Council on 12 January 2022 for approval.

The Chair then invited the Principal Landscape & Project Officer to present the report. She introduced the report explaining it had been compiled following the very welcoming news that the Council had been successful in its bid for the Levelling-Up Fund totalling a sum of £19,424,597 to fund improvements to the Alexandra Theatre, in Bognor Regis and the public realm along Littlehampton seafront. It was explained that this was the very starting point for both projects and that the first step that the Council needed to take was to ensure that the resources and the project teams were in place to deliver the projects.

The report sought approval to formally accept the grant offer; enter into a funding agreement; and draw down the funding award. The report also sought approval for the heads of terms for the procurement of consultants to progress the projects forward.

The Principal Landscape & Project Officer then worked through other aspects of the report explaining the background surrounding the bid, its submission and grant award; and the scope of the projects. It was important to emphasise that looking at the scope of the overall project, it was clear that it contained service areas that would normally be reported into several different Service Committees. Paragraph 3.1.3 of the Council's Constitution at Part 3 – Responsibilities for Functions read that "Where a function did not clearly fall within the remit of one particular Service Committee, the Policy & Finance Committee would direct which Committee would deal with the function or deal with the matter itself". Due to the different projects and the importance of maintaining the tight programme, it would be impossible to manage dissecting this project and working to different Committee deadlines in place. It was therefore being recommended to Full Council that it would be this Committee that would be responsible for overseeing all aspects of the Levelling-Up Fund project.

The expertise of external resources was needed to progress the design and deliver the projects. The tendering process planned for the appointment of consultants would be on the basis of the RIBA Works Stages 0-7 which was the definitive model for the design and construction process of a project. Due to the scale of the professional fees, tenders for consultants would be invited either through a framework or the Find a Tender Service. Submissions would be evaluated on both price and quality.

Due to the tight delivery programme, which was a Government requirement, it was outlined that in order to maintain this programme it was vital to progress the projects as quickly as possible and to be able to put into place the relevant resources. A further report on this was on the agenda for this meeting and it was explained that reports providing further detail for each project would be presented to future meetings of the Committee.

Finally, there was the need to comply with a range of terms and conditions and so the Council needed to enter into an agreement with the funding body to be able to access the funding with payments being made six months in advance commencing in February 2022. The Heads of Terms for both projects had been set out in the report for the procurement of the consultants, listing the scope, duration of contract and the form of contract for each of the projects.

It was proposed that the Council accepted the grant offer of £19,424,597 and approval be given to enter into the agreement, subject to scrutiny of the Memorandum of Understanding's Terms and Conditions by Legal Services in consultation with the Monitoring Officer. The virements that the Council would need to account for during the delivery of the projects were highlighted.

The Chair invited questions. The Committee welcomed the report confirming that it was delighted that the Council had been awarded this sum with the Government recognising the importance of both projects by awarding the full project sum for their delivery. It was accepted that this would be one of the biggest projects that the Council would be responsible for managing for many years and since the development of the Wave Leisure Centre in terms of capital expenditure. The two projects, spreading across both Towns would have significant regenerative effects for both Towns. Questions were asked about the scope of both projects and whether the lists set out under the project scope of the report was exhaustive, and whether other elements could be factored in. It was explained that this could be a possibility as and when Officers approached working on the designing stage with consultants. The Principal Landscape & Project Officer also stated that the scope set out in the report was broad and summarised what had been included in the bid. As project teams would work through the respective projects there would be engagement with stakeholders to work out the various details required to deliver those projects and invariably other things could be put forward and as long as they met the scope then they would be looked at. Various further questions were asked by Members.

Following further discussion, the Chair also confirmed that with match-funding he was constantly liaising with other bodies to see if additional funding for further works in Littlehampton and Bognor Regis could be confirmed, there was nothing to announce to date.

Councillor Oppler outlined that he had not received a response to two questions he had asked about the Regis Centre roof and the need for a community hall. The Director of Services provided assurance that further updates would be provided to future meetings of this Committee on the detail of both projects.

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Following further discussion, Councillor Cooper then proposed the recommendations were seconded by Councillor Pendleton.

The Committee

RESOLVED – That

- (1) The Heads of Terms of the consultant procurement process be approved as set out in the report for the Alexandra Theatre and Littlehampton Seafront and riverside project, subject to Full Council approval of Recommendation (3);
- (2) The budget virement shown at Paragraph 2.2 of the report in the Proposals Section totalling £19,424,597 be approved to allow the Council to account for the grant award and associated spending, subject to Full Council approval of Recommendation (3).

The Committee

RECOMMEND TO FULL COUNCIL – That

- (3) The Levelling Up Fund grant award of £19,42,597 be accepted for improvements to the Alexandra Theatre, Bognor Regis and the public realm at Littlehampton seafront and riverside;
- (4) Approved authority to enter into a Memorandum of Understanding/funding agreement with Central Government and approve the drawdown and expenditure of external funding and that the terms and conditions of the Memorandum of Understanding/funding agreement are to be reviewed and agreed by Legal Services in consultation with the Monitoring Officer;
- (5) As per Part 4 – Officers Scheme of Delegation (4.3 to 4.7 refers) and under Part 7 of the Council's Constitution, delegate authority to the Director of Place and Director of Services to plan, drawdown as well as make budgetary decisions on the expenditure of external spending of Levelling Up Funds in accordance with the terms and conditions and in consultation with the Chair of the Policy and Finance Committee and Section 151 Officer; and
- (6) Give authority for the Policy and Finance Committee to manage and lead on the Levelling-Up Fund as part of its named key plan objectives and strategies.

505. CHANGE TO THE ORDER OF THE AGENDA

A request was made by Councillor Walsh to change the order of the agenda to receive Item 9 [Levelling-Up Fund Delivery Support] now as this tied in significantly with the previous item.

This request was agreed by the Committee.

506. LEVELLING UP FUND DELIVERY SUPPORT

The Chair invited the Interim Group Head of Corporate Support and Section 151 Officer to present this report. She explained that this item surrounded the project management resources that were required to deliver the Levelling-Up Fund bid discussed at the last item by the Committee.

In discussing the report, the Committee acknowledged that it had no alternative other than to accept the recommendations to appoint the temporary staff that were required to resource the delivery of the projects.

Having had the recommendations in the report proposed by Councillor Cooper and seconded by Councillor Pendleton, the Committee

RESOLVED – That

(1) The virement of up to £55,000 from corporate underspend in 2021/22 be used to fund temporary staff to enable the delivery of the successful Levelling Up fund bid in 2021/22; and

(2) Budget provision is made from 2022/23 for these posts until completion of the projects.

507. PUBLIC QUESTION TIME

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

508. MODERN SLAVERY POLICY STATEMENT

The Chair invited the Council's Safeguarding Officer to present this report. She outlined that the report had provided detail with regard to modern slavery and the Council's duties. This report had been prepared in advance of an imminent amendment to the Modern Slavery Act 2015 requiring local authorities to publish a 'Transparency in Supply Chains' Policy Statement, to prevent exploitation in procurement supply chains.

The report aimed to assist Managers to identify and mitigate any known risks and to ensure that any new contracts complied fully with the new duties.

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The Committee, in discussing the report, was interested to learn what checks and balances were in place prior to contracts commencing with the Council and what type of activities would be put into place to ensure contracts when procured had detailed the necessary tests to ensure compliance with the amended Act. It was explained that the new requirements stipulated that it was necessary for the Council to upload an annual statement of compliance to the home office registry. Training would be offered giving best guidance to current contractors setting out robustly other factors that would be held to account. It was recognised that there were some industries that had a higher likelihood of exploitation and so the Council would be working with its providers to ensure that all necessary checks would be actioned.

This would be assisted by providing training to Officers managing those type of contracts to ensure that the relevant questions to potential suppliers, starting with the larger contacts, would take place.

Concerns were raised as over the high levels of horticultural industry in the District which was often where exploitation could take place. Would the Council proactively inspect some of those premises to ensure compliance or was this a responsibility for the police? It was explained that this was a police function to ensure the safeguarding and welfare was actioned, however, the Council would ensure that the businesses it was contracted with would undergo the required checks with the Council looking at the services it held contracts with to ensure that close working with partner agencies continued and the required checks were undertaken. The Group Head of Wellbeing outlined that through training staff and in undertaking the necessary site visit checks, Officers would be able to report back anything that was of concern.

Having had the recommendations proposed by Councillor Cooper and seconded by Councillor Stanley,

The Committee

RESOLVED - That

- (1) The Arun District Council's Transparency in Supply Chains (TISC) Policy Statement be adopted;
- (2) The Corporate Support Committee be requested to review the Council's Procurement Policy to ensure that supply chain transparency is given appropriate consideration in the purchasing of goods and services;
- (3) A break clause is required in contracts where Modern Slavery and Trafficking is identified and no remedial action is taken;
- (4) A procurement threshold of £100,000 is supported for suppliers to evidence compliance with the Modern Slavery Act 2015; and

- (5) Support is given to training in the principles of due diligence to mitigate any risk of exploitation in supply chains for front line officers and Officers involved in the procurement of goods and services.

509. BUSINESS RATES POOLING

The Chair invited the Interim Group Head of Corporate Support and Section 151 Officer to present this report. She explained the principles behind business rate pooling in that West Sussex would be better off by keeping some of the levy that would have otherwise been returned to Central Government. The West Sussex Business Rate Pool had been discontinued last year due to the financial risks to all of the pool members arising from Covid-19. An invitation had been received from the Department of Levelling-Up, Housing and Communities (DLUHC) to reintroduce a pool for 2022/23. The Committee was therefore being asked to agree to the Council participating in a business rate pool in West Sussex with effect from 1 April 2022 and to grant delegated authority for the Interim Group Head of Corporate Support, in consultation with the Chair of the Policy & Finance Committee, to agree the terms of a business rate pool for West Sussex for 2022/23.

Following some discussion and having had the recommendations in the report proposed by Councillor Roberts and seconded by Councillor Stanley,

The Committee

RESOLVED - That

- (1) Agreement be given to the Council participating in a business rates pool in West Sussex with effect from 1 April 2022; and
- (2) Delegated authority be granted to the Interim Group Head of Corporate Support, in consultation with the Chair of the Policy & Finance Committee to agree the terms of a business rate pool for West Sussex for 2022/23.

510. BUDGET MONITORING REPORT TO 30 SEPTEMBER 2021

The Chair invited the Interim Group Head of Corporate Support and Section 151 Officer to present the Budget Monitoring Report to 30 September 2021.

Members were requested to consider the financial position of the Council as set out in appendix 1 to the report. The report detailed a current General Fund underspend at Quarter 2 of £657k. The main variations had been set out in Table 2.2 resulting in an anticipated outturn General Fund of approximately £7.6m provided conditions continued. The risk in relation to Covid-19 continued to add uncertainty to the forecast. In terms of capital there had been significant slippage in the programme which was being reviewed with a view to deliverability in the current year.

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A range of questions were asked by the Committee, which have been set out below:

- Looking at the Bognor Regis Arcade, was the Council likely to recoup the rent arrears mentioned in the report? It was confirmed that this level of detail was not available to provide an answer to the meeting and so a written response would be circulated to the Committee, following the meeting.
- Concern was expressed that £35k had been spent on undertaking an update review on the Trisanto property company. It was explained that this had been a review of the business case to see if it should be resurrected or not. It was confirmed that the cost of this review was substantially less than that sum.

Having had the recommendation proposed by Councillor Stanley and seconded by Councillor Cooper,

The Committee

RESOLVED – That

- (1) Any specific project related General Fund revenue underspend continues to be transferred to earmarked reserves as per previous policy to allow projects to be completed;
- (2) The Housing Revenue Account repairs and maintenance (Planned and Responsive) budget be closely monitored to ensure that any necessary corrective action is taken if required; and
- (3) The Capital, Asset Management and Projects programme be reviewed to determine future projections and deliverability of current projects.

511. CORPORATE PLAN AND SERVICE DELIVERY PLAN 2018-2022 - QUARTER TWO PERFORMANCE REPORT FOR THE PERIOD 1 JULY 2021 TO 30 SEPTEMBER 2021

In the absence of the Group Head of Policy, the Chair invited the Interim Chief Executive to present this report. He outlined that this was a standard report that was presented to the Committee identifying the key performance indicators that the Council gathered and how they had performed over the last quarter being 1 July to 30 September 2021.

A range of comments and questions were asked by the Committee which have been set out below:

- SDP 1 [Major Applications determined in 13 weeks] – Extension of Time agreements were an issue of concern raised previously at meetings as this SDP showed the Council overachieving this target when in fact it was underachieving due to a constant reliance on Extension of Time agreements (EOTA). Three paragraphs from the Hannaby Review of the Council's Planning Service were read to the Committee to remind Members of what the review had identified. How was the Council going to address this matter? The Director of Place responded referring to the commentary in the report demonstrating what the position was without the use of (EOTAs) and with them. This showed that the Council was being as transparent as it could in terms of how this had an impact on its performance indicators. The Group Head of Planning was working through an exercise looking at why they had and were being used and had given further instructions to the planning team to ensure that (EOTAs) would only be used when necessary. The Director of Place explained the circumstances for their use which had been down to a significant increase in the overall workload in terms of a major increase in the number of planning applications submitted coupled with ongoing staffing issues. This matter had also been discussed by the Planning Committee at briefings held to discuss the recommendations contained in the Hannaby review.
- Concerns were still expressed as the indicators SDP1 and SDP3 still confirmed an overachievement of target which was not accurately being reported. The Director of Place confirmed that indicator was being reported exactly as the Government required. Further explanation was provided setting out examples for when it was necessary to use (EOTAs).

The Chair asked for further clarification as to when the Council would see a reduction in using (EOTAs). It was explained that this was down to a range of factors that had already been identified. The Chair stated that a date to achieve reducing the use of (EOTAs) needed to be set.

- SDP5 [Occupied Retail Units in Bognor Regis] – it was pleasing to see this performing so well at 95% and that Bognor Regis was comparing favourably with other Towns. The changing nature of the high street was acknowledged in that it was becoming ever increasingly important for social activities with a gradual move away from retail.
- CP10 [Total Rateable Business Value for the Arun District] looking at the Saltbox development – what else was there in the pipeline that could assist this figure? The Director of Place explained that this indicator was more of a health check and helped to provide a sense of what was the economy as a whole in the Arun area. There were other employment areas within the broader Bognor Regis area and the Council continued to work with landowners to bring these forward to allow for more Saltbox types of development in the future. It was confirmed that there were still some areas of land on this development to bring forward.

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- CP11 [Household Waste sent for refuse, recycling and composting] referring to the green waste issues experienced earlier in the year, was a compensation scheme planned to compensate for the lack of service delivered? The Director of Services confirmed that this service was fully back on track and that the entire waste collection service was running well. The only risk to date was the risk of Covid-19, with Biffa having combated the driver shortages of earlier. Biffa had placed an invitation on the website for individuals to contact them to discuss concerns over the green waste issues experienced. There was no global compensation scheme on offer, however, Biffa was proposing some green initiatives that would be of benefit to the community as a form of compensation. The Chair confirmed that he had attended several meetings with Biffa and had strongly made his views known on the points raised. He was looking forward to seeing the initiatives that would shortly come forward.
- CP7 [Homelessness applications where homelessness is prevented], CP8 [Number of new council homes built or purchased per annum] and SDP 18 [Cost of emergency accommodation per annum] issues surrounding these indicators were raised in terms of vulnerable housing situations and the situation now that evictions by landlords were no longer banned out of lockdown. Following recent Government announcements around Covid-19, what forward planning was in place to deal with this situation and how could the Council improve the situation? The Director Place reminded the Committee at how effectively the Council had dealt with homelessness during the pandemic, reacting very quickly to Government stipulations. In terms of forward planning, the situation could worsen, and the Council would plans in place to mitigate this. The Council had a good supply chain of social houses purchased; it had a range of commercial deals in place to tackle the cost of emergency accommodation. The Council continued to work well with the homeless and the number of those sleeping on the streets was very low. Work would continue with the voluntary sector and funding was dedicated to this as this was a massive priority for the Council.

The Chair raised a concern over CP11 [Household Waste sent for refuse, recycling and composting] which was not achieving its target. He asked what interventions were in place to improve it. The Director of Place reported the successful outcome of the Food Waste Trial and confirmed that a report would be submitted to the next meeting of the Environment Committee on 20 January 2022 to update Members on the results of the trial.

As this was an update report there were no recommendations for the Committee to consider.

512. RESIDENTS' SATISFACTION SURVEY 2021

In the absence of the Group Head of Policy, the Chair invited the Interim Chief Executive to present this report. He confirmed that the Council did undertake a residents satisfaction survey annually and this was treated as a key tool for the Council to use in assessing the effectiveness of the services that it provided. The Interim Chief Executive confirmed that it was an aim for the Council to steer towards achieving private sector excellence in terms of service delivery and this was a key tool used to achieve this as the results of the survey would inform service development over the next twelve months. Plans were already underway looking at how next year's survey would be delivered to include methods to increase returns.

The Interim Chief Executive highlighted that the survey returns for 2020 had shown a significant upturn in terms of improvement of services with the survey being viewed very positively despite the challenges of the pandemic. The results for this year had shown a return to pre-pandemic levels and so this provided the Council with an opportunity to strive to return to achieving the same satisfaction levels shown for 2020. It was pleasing to see how this reflected the excellent performance of the Council's staff during lockdown and in meeting the challenges of the pandemic.

The Committee in discussing the survey results for 2020 felt that in terms of distribution, this had not been representative of the whole District as the western side of the District had been under-represented with the eastern side being over-represented. This could have affected the results shown, it was felt that the results of this year's survey were a far more accurate representation. Concerns raised were over the cleanliness of residential roads which were often littered due to seagulls splitting open refuse sacks. Was there a way this could be addressed? The Director of Services acknowledged that this was a big issue and as the Council still collected its refuse using black sacks which sat on streets on collection day. This would be a matter for negotiation when the Council retendered its waste contract.

Another issue raised was that of communication and how the Council listened and communicated externally. It was felt that there was a significant difference in satisfaction between non homeowners and homeowners and why this could be?

The Interim Chief Executive responded agreeing with these points made. He outlined that the Council needed to work very hard to ensure it achieved a positive perception of what it did. This would be a key issue that it would focus on over the coming months. The Director of Services acknowledged that many areas in the District were deprived areas facing many challenges and this was why satisfaction was lower as this correlated around social housing and the rented sector. There was a lot of work for the Council to tackle on wellbeing issues to address in adopting a new Council Vision.

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The Chair alerted Members to an issue of concern in the survey results which confirmed that 41 per cent of people were using or dealing with drugs in the area that they lived. This was a disturbingly high number and he hoped that the Housing & Wellbeing Committee could add this as an item for its Work Programme to address in the future as this was not acceptable.

As this was an update report there were no recommendations for the Committee to consider.

513. ENVIRONMENT COMMITTEE - 17 NOVEMBER 2021

The Chair confirmed that the Minutes from the Environment Committee held on 17 November 2021 were being presented to this Committee as there were recommendations for it to consider. The Chair explained that these recommendations had evolved from the budget consultation exercise that was agreed by this Committee on 1 September 2021. The timeline for the decision making process in respect of these recommendations was:

20 January 2022 - The recommendations referred to three service bids (as set out in the minutes) and would be included in the Environment Committee's proposed Budget for 2022/23, which would be discussed by that Committee on 20 January 2022.

10 February 2022 - All Service Committees would consider their draft budgets in the same way. Each of the Service Committee's budgets would then be presented and considered by this Committee on 10 February 2022 when it would consider the Full Council Budget.

23 February 2022 - The Budget for 2022/23 would then be recommended onto the Special Meeting of the Council on 23 February 2022.

The recommendations from the Environment Committee therefore stood deferred in light of the procedure set out above.

514. OUTSIDE BODIES

There were no feedback reports from Outside bodies to present to this meeting

515. WORK PROGRAMME

The Committee received an updated version of its Work Programme covering the remainder of the Municipal Year.

The Committee Services Manager outlined that the work programme would be updated further to include regular updates and reports on the Levelling-Up Fund projects, as discussed earlier.

Having received no further suggestions, the Chair thanked Members for their input.

(The meeting concluded at 7.46 pm)

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ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF POLICY AND FINANCE COMMITTEE ON 10 FEBRUARY 2022

SUBJECT: CLIMATE ACTION AND BIODIVERSITY WORK PLAN 2022-2023

REPORT AUTHOR: William Page, Climate Change and Sustainability Manager
DATE: January 2022
EXTN: 01903 737982
AREA: Community Wellbeing Service

EXECUTIVE SUMMARY: The Policy and Finance Committee approved a Carbon Neutral Strategy (2022-30) for Arun District Council on 14 October 2021. This report sets out the work plan to achieve the 2030 target.

RECOMMENDATIONS:

It is recommended that the Policy and Finance Committee approve the Climate Action and Biodiversity Work Plan 2022-2023 and subject to the approval of the Council's Budget for 2022/2023, £200,000 for the following:

1. £50,000 per annum for an officer to support the Climate Change and Sustainability Manager;
2. Up to £60,000 for building audits;
3. £7,500 for carbon emission monitoring and supporting the assessment of supplier carbon calculations;
4. £2,000 for training and accreditation; and
5. Authority for the Group Head of Community Wellbeing in consultation with the Group Head of Corporate Support (Section 151 Officer) to delegate unallocated sums within the budget to fund projects detailed in the Work Plan.

1. BACKGROUND

- 1.1 In January 2020 Full Council declared a Climate Emergency and announced its ambition for Arun District Council to be carbon neutral by 2030 (Decision Notice C/029/091219). A Climate Change and Sustainability Manager was appointed in February 2021 and following the completion of a carbon audit, a Carbon Neutral Strategy (2022-30) was adopted in October 2021.
- 1.2 The carbon audit identified and calculated the Council's carbon emissions and categorised them using the Greenhouse Gas Protocol (ghgprotocol.org) into three types:

- Scope 1 (emissions directly attributed to burning of fuels),
- Scope 2 (indirect emissions from the generation of purchased electricity and directly controlled by the council)
- Scope 3 (from the activities of the council but occur from sources not owned or controlled by the council)

1.3 To achieve the Strategy an action plan has been prepared to set targets for carbon emission reduction in each of the Scope 1, 2 and 3 categories in line with the 2030 carbon neutral target. The Climate Action and Biodiversity work plan 2022-2023 can be found at Appendix 1.

2 KEY ACTIONS

2.1 The Climate Action and Biodiversity Work Plan contains actions to reduce carbon emissions across all service areas and all three categories to ensure that the Council is fully addressing its impact on the climate.

2.2 Scope 1 & 2 emissions will be addressed by undertaking improvements to the Council's corporate estate to help reduce energy consumption. A fabric first approach will be adopted to maximise the impact of any upgrades undertaken to heating and ventilation systems. However, before commissioning detailed audits a building needs assessment will be carried out to review the Council's medium to long term estate requirements.

2.3 The Council is already planning to transition the vehicle fleet to Electric Vehicles (EVs) and studies are being undertaken to determine the suitability of installing PV on the roofs of council owned properties. Both activities will help reduce scope 1 and 2 emissions which make up 1.90% of all emissions or 392.02 tonnes of CO₂e.

2.4 Scope 3 activities make up 98.10% of emissions or 17,942.98 tonnes of CO₂e. The largest source is in the Council's supply chain with purchased goods/services making up 86.88% of emissions followed by leisure centres at 5.09%. Reviewing and updating the Council's procurement strategy and tendering requirements to favour contractors/companies who are already providing net zero products/services, or can prove they are working towards this goal, will be key in reducing Scope 3 emissions.

2.5 The Council's ownership of the leisure centres and the established contractual relationship with Freedom Leisure will foster partnership working to drive down the emissions associated with these facilities. The Council will also work with local businesses and SMEs to help them become more informed on the importance of reducing emissions and becoming carbon neutral.

2.6 Though the initial focus of the Climate Action and Biodiversity Work Plan is to reduce the Council's own emissions it will continue to undertake projects to help the wider community reduce their emissions. This work includes providing funding support via the Local Authority Delivery Scheme (LAD), Local authority Flex funding and Safe and Warm homes support.

2.7 The work plan will also ensure that biodiversity and green space is protected and enhanced within the district. Both play important roles in reducing the impacts of climate change; whether this be through favouring nature-based solutions or increasing tree coverage on the council's land as illustrated in the recently adopted Tree Planting Strategy.

3 EXCLUSIONS TO THE 2030 TARGET

3.1 A high-level desk top assessment of the Council's housing stock has been undertaken in respect to the HM Government 2030 Energy Performance Certificate (EPC) target and the 2050 net zero carbon target. Over the coming months more detailed analysis will be carried out to inform the Council's strategic approach to the Council's housing stock and provide a roadmap on how these targets will be achieved. At the current time no emissions generated from the Housing portfolio have been included in the work plan or audit. Additionally, only waste produced directly by the Council has been included within these emissions.

4 RESOURCES

4.1 The Council's concern for the environment can be seen in its ambitious target to become Carbon Neutral by 2030 a full 20 years ahead of the HM Government legal requirement. A sum of £200,000 was endorsed by the Policy and Finance Committee (formally Cooperate Policy & Finance Committee) on 14 October 2021 to support carbon reduction projects for the 2022/23 financial year. Subject to the Budget being approved by the Council the following sums have been identified: up to £60k to undertake audits on the Councils cooperate buildings (item 2), £7,500 for monitoring carbon emissions and support with calculating individual supplier emissions (item 11), £2,000 for training (item 34) and £50,000 to provide additional officer support (item 62) for the Climate Change and Suitability Manager. The remaining £80,500 will be used for project delivery and pump priming. This will ensure that the Council can adequately resource projects and seek further grant funding to deliver the interventions required to reduce carbon emissions at the earliest opportunity. This includes a range of options including procuring specialist advice and training.

5 CONCLUSION

5.1 The Climate Change and Sustainability Manager has worked with officers across the organisation to formulate the Climate Action and Biodiversity Work Plan. It will be the responsibility of the Climate Change and Sustainability Manager to regularly review and report on progress to achieving the Council's 2030 target. Furthermore, the work plan will be an evolving document that captures developments in best practice, new funding streams and the latest technological advancements to improve the Council's drive to net zero.

5.2 By formally adopting a Climate Action and Biodiversity Work Plan 2022-23 the Council will demonstrate real commitment to tackling this global issue.

2. PROPOSAL(S):

It is proposed that the Policy and Finance committee approve the Climate Action and Biodiversity Work Plan 2022-23

3. OPTIONS:

- a) Approve the actions as set out within the Climate Action and Biodiversity Work Plan 2022-23 to achieve the 2030 carbon neutral target; or
- b) To consider further recommendations.

4. CONSULTATION:		
Members of the Policy and Finance Committee.		
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)		
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>FINANCIAL: The financial implications are shown in 4.1</p> <p>ASSET MANAGEMENT: improvements and investments will be required.</p> <p>PROCUREMENT: revisions will be required for the procurement policy to ensure the supply chain is environmentally aware.</p>		

7. REASON FOR THE DECISION:
To achieve the council's objective of achieving carbon neutrality by 2030.

8. BACKGROUND PAPERS:
Need links to the following:
Environment and Leisure Working Group minutes (November 2019)
Environment and Leisure Working Group Paper (December 2020)
[Energy Efficiency and Fuel Poverty Strategy \(2020 to 2025\)](#)
Carbon Neutral Strategy (2022-2030)

Climate Action and Biodiversity Work Plan

2022 - 2023

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Introduction

The council declared a climate emergency in January 2020 and stated its aim to be carbon neutral by 2030, twenty years ahead of the current UK government target. To analyse the council's carbon emission a detailed carbon audit was carried out in 2021. This analysis is outlined in the council's Carbon Neutral Strategy (2022-30) which was adopted in October 2021.

The carbon audit provided a baseline to measure future carbon reductions and savings. This Climate Action and Biodiversity Work Plan has been produced to sit alongside the Carbon Neutral Strategy and provide a schedule of all the projects and plans which must be undertaken in the coming months and years to reduce the emissions generated by the council in order to achieve the 2030 target.

This work plan is also aligned to the Council Vision 2022-2026 which has a key aim of 'Supporting the environment', improving sustainability, biodiversity and protecting habitats.

Emission Baselines

The council commissioned a carbon audit to calculate its carbon emissions and to set baselines. The audit used data from the financial years 2019-20 and 2020-21. This allowed for comparison of emissions pre-pandemic and during the restrictions to assess any incomplete or missing data from either year. The carbon emissions were categorised as Scope 1, 2 and 3 in accordance with the Greenhouse Gas Protocol.

Category	Description	Example
Scope 1	Indirect emissions from sources owned/controlled by the council	Burning of fuels for heating and petrol/diesel for our fleet
Scope 2	Indirect emissions from the generation of energy purchased by the council	Purchase of electricity and the associated emissions
Scope 3	Indirect emissions that result from activities occurring in the supply chain of the council, both upstream and downstream	Purchased goods and services, leased assets, business travel, employee commute, investments

Source: The Greenhouse Gas Protocol (ghgprotocol.org) categorises emissions into three groups or scopes as defined above.



Arun District Council Baseline Emissions

Scope	Carbon (tonnes of CO2e)	Spend (£)	% of emissions	% of spend in £
1 and 2	392.02	726,115	1.90	1.457
3	20,259.45	49,111,516	98.10	98.543
TOTAL	20,651.47	49,837,631	-	-

As can be seen from the diagram below (Figure 1), emissions generated from the council’s housing stock and the waste produced by residents and businesses were excluded from the core carbon footprint of the council. This was due to these emissions not being within the direct control of the council, however it should be noted that improving the fabric of council housing stock and the efficiency of heating and lighting systems are included in this Climate Action and Biodiversity Work Plan.

The Carbon Reduction Strategy identified 3 priority areas that will be addressed to ensure that there are reductions across all scopes.

- Priority 1 Supply Chain
- Priority 2 Energy
- Priority 3 Other emitters

The largest single emitter was the council’s supply chain (86.88% of total emissions), therefore working closely with suppliers and contractors will be essential in ensuring that the 2030 target is reached.

It will also be important to reduce energy demands and usage in all corporate buildings, reduce non-electric vehicle usage and car mileage, whilst increasing the amount of renewable energy generated and ensuring that biodiversity within the district is enhanced and protected.

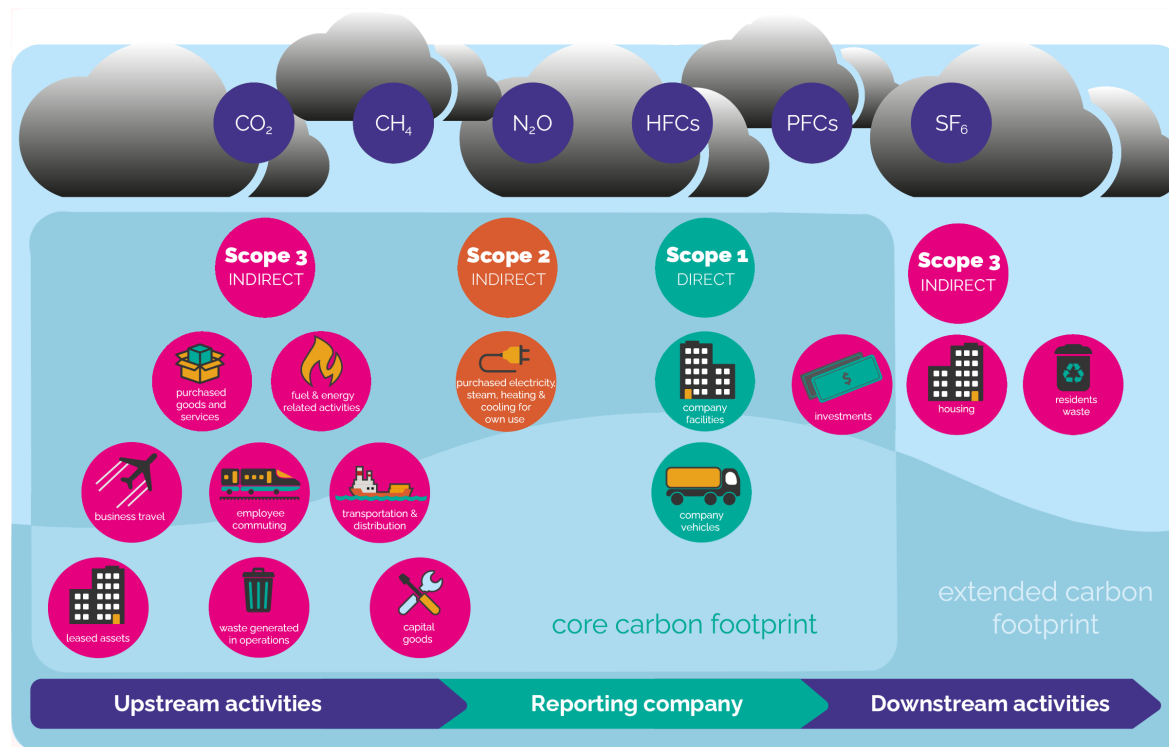


Fig.1: Graphic to showcase what emission sources have been included within the council’s carbon footprint.

Business as usual

Figure 2 (below) indicates how the council’s emissions will change if a business-as-usual approach is adopted, with only a 3.5% year on year reduction included to show the impact of the predicted economic decarbonation. As can be seen from the emission levels a significant amount of additional work is required for the council to reach its 2030 target.

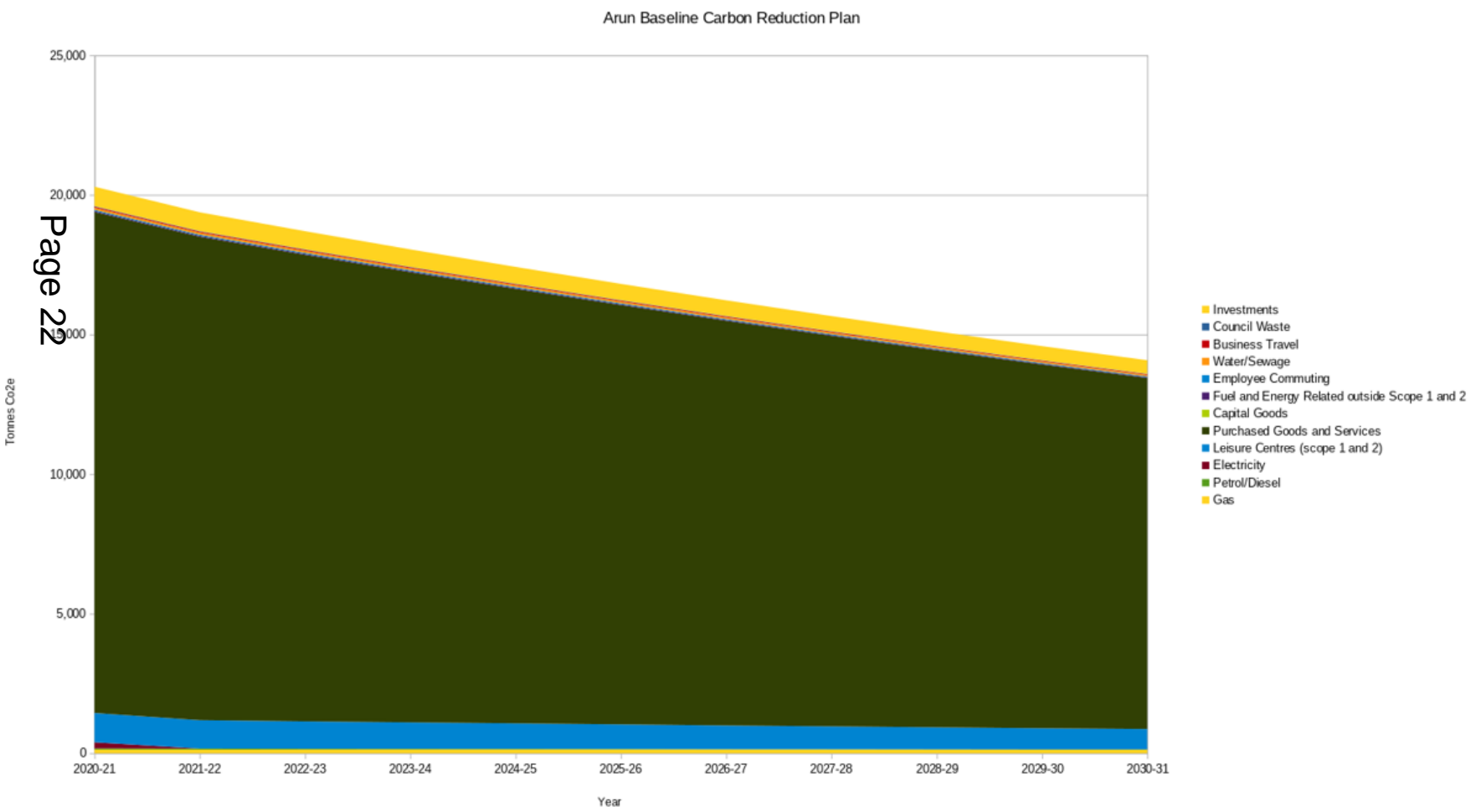


Fig 2: graphic showing how a ‘business as usual’ approach will result in the council not reaching its 2030 target



Carbon reduction to 2030 taking the actions identified in the work plan

The graph below (Figure 3) shows a course which will allow the council to reach its 2030 target, also taking into consideration predicted offsetting figures provided by tree planting and current renewable electricity generation via the PV installed on the Civic Centre. As expected, there will need to be reductions across all three scopes with a significant focus on Scope 3, as this makes up the majority of the council's total emissions. Suggestions include a

10% year-on-year drop in emissions associated with the council's supply chain, transitioning all council used vehicles to EV in 2022, where possible, and limiting the emissions associated with business travel, employee commute, water/waste usage and fuel/energy usage outside of Scope 1 and 2. The council will also be working closely with Freedom Leisure which is actively addressing its energy consumption and emissions.

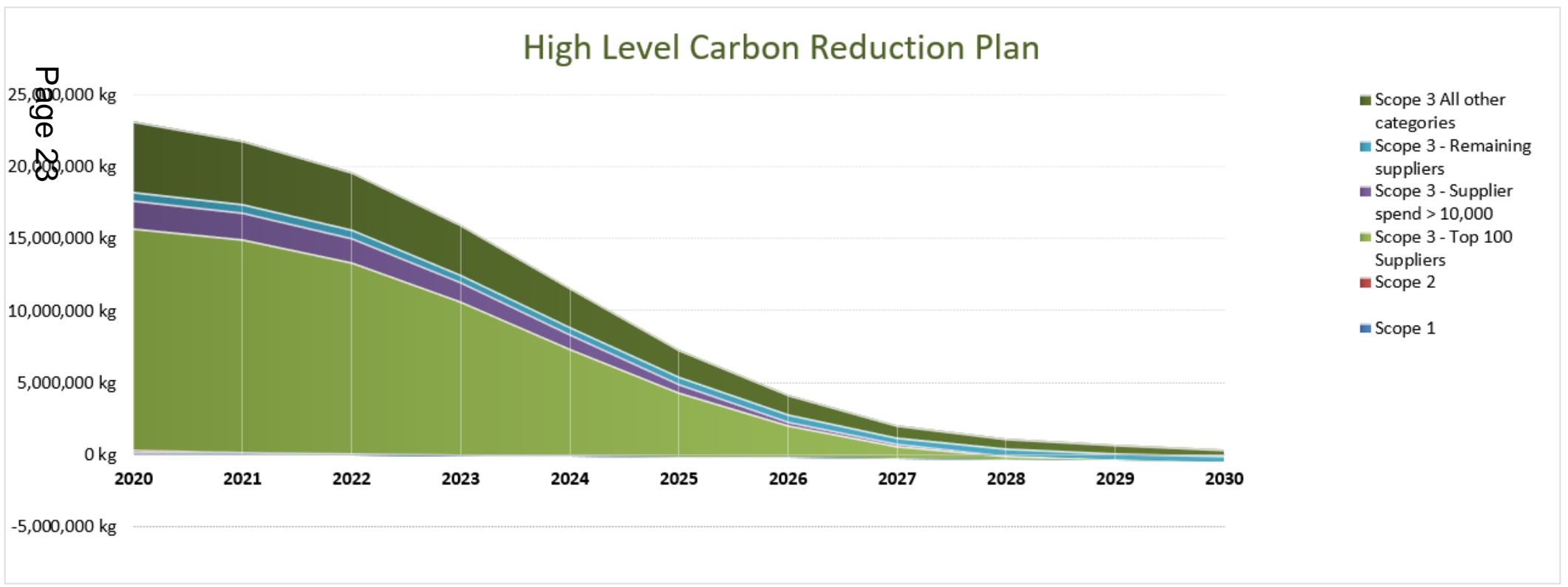


Fig 3: graphic showing that by reducing emissions from all 3 Scopes the council will reach its 2030 target.

This Climate Action and Biodiversity Work Plan is a document that will record the progress of projects that have been identified and evolve to incorporate innovation in the field of carbon reduction and management. This document highlights the work that the council will need to undertake and the challenges it will need to overcome. The Climate Action and Biodiversity Work Plan will also help the council identify priorities to reduce emissions and help support us to develop policies to reduce emissions across the district.

The council is committed to achieving its 2030 target and this document is designed to help plan projects and monitor the results. However, there are limitations to what we can achieve on our own and we will need to help others work towards carbon neutral goals of their own.

Project commencement	
Ongoing	Being undertaken
Imminent	Within 1 year
Short	1-3 years
Medium	3-5 years
Long	5-10 years



	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Buildings					
1	Undertake a building needs review of all the council's corporate buildings	Commission a study on the council's corporate estate to determine the space requirement for the efficient function of the council. Results will be used to confirm what space/building can be sold off/rented out for extra income and reduction in emissions. This study should also provide details around the age and status of buildings to help inform retrofit plans.	CMT / Technical Services	Immediate	No direct impact but will provide detail of next steps.	Officer time to review the council's future requirements. Further study and options appraisal will be required for the estate.
2	Commission an in-depth efficacy audit of the council's corporate estate	<p>To help determine what building upgrades and retrofits are required to improve the efficiency of the council's corporate estate, and to help with decarbonisation. This will focus on fabric improvements such as glazing and insulation as well as increasing energy efficacies by upgrading heating systems, building management systems, lighting and reviewing zonings and controls standards. The council will ensure that a fabric first approach is taken to ensure benefits are maximised.</p> <p>If found to be suitable, suggested costing for heat pumps to be installed: £500-1000/kW for non-domestic buildings. Compared with £60-100/kW for gas boilers.</p>	Technical Services	Immediate – to be commenced once the building needs review has been undertaken.	No direct impact but will provide detail on where upgrades should be undertaken.	<p>Commission building audits plus officer time.</p> <p>Initial estimate cost of £60K sourced from the approved 200k climate change budget.</p>

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Buildings					
3	Undertake building upgrades and retrofits according to results from the audit	<p>Review options for upgrades across the council's corporate buildings and agree on the most impactful path going forward. There should always be a fabric first approach when undertaking upgrades.</p> <p>External funding options could include - SALIX, ECO, Capital Budget, Reserves, Prudential borrowing, commercial borrowing.</p>	CMT / Technical Services	Long	There will be a reduction in emissions across the buildings being upgraded.	<p>Officer time will be required to monitor and manage the project.</p> <p>Budget requirements will be subject to audit findings and phased over a number of years.</p>
4	Review opportunities to install batteries in the council's corporate buildings	<p>The installation of batteries in the council's corporate estate would allow for the storage of renewable electricity.</p> <p>It will be important to monitor the feasibility of battery systems and to include these in projects involving heat pumps, PV installations and EV charging points. Battery systems can be profitable when they combine the income from peak shaving. Storage will also help reduce grid dependency.</p>	Technical Services	Ongoing	Battery storage will not deliver direct emissions reductions however will help to improve the efficiency of other systems, such as PV, and will also allow for an increase in on-site renewable electricity usage.	<p>Officer time to investigate opportunities for battery installation.</p> <p>The cost will be factored in over time, taking advantage of grant funding.</p>
5	Review opportunities to install additional PV on the council's estate and car parks	<p>Investigate potential/viability of installing additional solar PV on the council's estates, including car parks and leased buildings.</p> <p>This would increase the provision of locally sourced renewable electricity for use in buildings, for resale and to charge EVs.</p>	Technical Services	Ongoing: Spring 2021 - Autumn 2022	There will be reductions in emissions associated with transmission losses.	Officer time to investigate opportunities to install PV and consider funding opportunities.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Buildings					
6	Review options to reduce water consumption in the council's corporate buildings	<p>A review on the council's water usage will help highlight areas where water saving systems could be installed.</p> <p>Examples range from using low water use WCs and no water use urinals to increasing flow restrictors on taps/showers and ensuring leak detection systems are installed. Additional water savings could be made by installing grey water/ rainwater systems, however retrofit systems can have a high cost.</p>	Technical Services	Short	Low emissions reduction, although it does offer important benefits environmentally and reduces costs associated with water usage.	Officer time to undertake this work based on #1 above.
7	Link building audits with planned preventative maintenance (PPM) schedules for corporate buildings	Ensure that any upgrading schedules generated from audits are listed within maintenance documentations for each building.	Technical Services	Short	No direct impact but will ensure documentation and records are connected across the council.	Officer time to review and revise PPM schedules.
8	Develop an estate-wide carbon management plan	This document will contain the specific measures being incorporated into each of the corporate buildings that the council owns or operates. It will be important that this is linked to any maintenance/upgrade/repair or replacement plans and must be kept updated when projects progress.	Technical Services	Ongoing	No direct impact but will ensure documentation and records are connected across the council.	Officer time
9	Ensure that all electricity purchased by the council is 100% renewable	The council will look to move over purchased electricity to a 100% renewable tariff. Effective 01 April 2020.	Technical Services	-	-	-

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Buildings					
10	Mandate consumption data from business tenants	<p>The council should work with tenants to gather carbon footprint and energy consumption data. This will ensure that any progress made can be assessed and tracked. It is likely that current methods will not allow for reductions to be correctly monitored and reported.</p> <p>A template will be developed by the council to aid tenants in reporting their emissions.</p>	Financial services	Short	No direct savings but will ensure proper monitoring and reporting is undertaken by business tenants.	Officer time to engage with tenants.
11	Undertake yearly monitoring of the council's emissions	CO2A will undertake a yearly audit of the council's emissions to track reductions for Scope 1, 2 and 3 activities.	Community Wellbeing	Continuous	No direct saving but will ensure proper monitoring and reporting of the council's emissions.	<p>CO2A to provide proposal to undertake this work.</p> <p>Estimate £7.5K PA, sourced from the approved 200k climate change budget.</p>
12	Case study: Alexandra Theatre, Bogner Regis	<p>The council has been awarded a sum of money as part of the 'levelling up fund'. Part of this funding will be used to carry out works on the Alexandra Theatre, which will include upgrades to the building's energy efficiency. A fabric first approach will be taken by improving insulation and installing high-performance glazing on the development; as well as installing PV on the roof. There will also be LED lighting installed along with natural ventilation and the option for installing an ASHP will be investigated. On top of all these measures there will be a push to reduce waste where possible, and procure materials locally.</p>	-	Medium: 2021-2024	There will be a reduction in emissions produced by the building.	A total of £12.19 million worth of funding has been secured for this project from the 'Levelling Up Fund'.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Buildings					
13	Case study: Littlehampton Seafront Scheme	The council has been awarded a sum of money as part of the 'Levelling up Fund'. Part of this funding will be used to carry out the regeneration of Littlehampton seafront. During this project the council will ensure that, where possible, materials will be obtained locally and only from sustainable sources. The waste hierarchy will also be followed to help reduce waste being sent to landfill and high-quality, long-lasting materials will be selected to ensure that repairs are kept to a minimum. All planting will ensure biodiversity is protected.	Neighbourhood services	Short	Carbon footprint of works will be minimised and offset where possible. No overall net increase in carbon use due to the ongoing management of the completed works.	A total of £7.23 million of funding has been secured for this project from the 'Levelling Up Fund'.
14	Installation of a heat network	Aim to consider if the installation of a new leisure centre in the west of the district would allow for a heat network to be incorporated nearby.	Community Wellbeing and Technical Services	Long	Reduction in emissions associated with heating homes.	At this stage there is no indication of cost.
	Waste					
15	Carry out internal waste audits on council activities to produce waste reduction plans	This document will help quantify the waste produced by the council and highlight which waste streams contribute the most to this. Stemming from this guidance and measures will be introduced to help reduce waste production.	Neighbourhood Services	Short	Current waste only makes up 0.08% of council emissions, however there will be other environmental benefits in reducing waste sent to landfill.	Officer time
16	Review opportunities to move away from single use plastics (where possible) across all council activities	The council will look to produce guidance on reducing the reliance on single use plastics across all its activities. Banning single use plastics will help reduce both pollution and emissions.	Neighbourhood Services and Community Wellbeing	Short	No direct emission reduction for the council however this will help reduce pollution across the district and waste sent to landfill.	Officer time

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Waste					
17	Work with council suppliers, concessions and tenants to reduce waste sent to landfill, food waste and the reliance on single use plastics	The council will look to produce guidance and support suppliers and concessions to reduce the amount of waste they send to landfill and help them to reduce food waste. It will also be important to reduce their use of single use plastics and packaging.	Technical Services and Business Development	Ongoing	No direct emission reduction for the council however this will help reduce pollution across the district and waste sent to landfill.	Officer time would be required to produce material to help increase the awareness of these issues and to help inform businesses about how these can be addressed.
	Biodiversity + Offsetting					
18	Commission an assessment of opportunities for offsetting residual CO2e emissions	<p>Commission an option appraisal of offsetting projects and opportunities to offset those emissions that cannot be removed. Projects could include investing in large-scale renewable energy generation, woodland creation, or rewilding projects.</p> <p>The council will aim to offset only those emissions which cannot be removed and where possible invest in local projects.</p> <p>It is predicted that by 2030 carbon will cost roughly £700 per tonne.</p>	Community Wellbeing, Planning and Neighbourhood Services	Long	No direct savings but will help inform the council on offsetting opportunities.	<p>Commission a study when the offsetting requirement is known.</p> <p>Estimate to be: £10K - 30k, depending on scope.</p>

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
Biodiversity + Offsetting						
19	Consult on the options for delivering offsite CO2e emissions savings	Based on the options appraisal and any other information, the council should discuss the 'offset' options and agree on its approach.	Community Wellbeing, Planning and Neighbourhood Services	Long	The council's emissions which cannot be removed will be offset with these projects.	The cost of purchasing carbon credits will be reviewed when the 'offset' requirement is known.
20	Review all chemicals used in ground maintenance	Many chemicals used for weed control can have negative impacts on wildlife, especially insects and key pollinating species. To help reduce the council's impact on wildlife it will be important to move away from these harmful chemicals and find alternatives where possible and to restrict the use of damaging chemicals.	Neighbourhood Services	Short	There will be positive impacts on biodiversity.	Officer time built into the monitoring of contracts.
21	Encourage more woodland and greener infrastructure within Arun	<p>The council has recently developed a 10-year tree planting strategy, which aims to plant roughly 30,000 whips and 500 standard saplings on council owned land in the next 10 years.</p> <p>These trees will not only provide offsetting opportunities but will also help protect, improve and maintain biodiversity within the district by providing habitats for many species.</p> <p>Adopted by the Environment Committee on 17/11/2021.</p>	Neighbourhood Services	Ongoing	Figures estimate that there will be an offset value of 1911 tonnes of CO2 based off the proposal in the current strategy.	This strategy was produced in-house. It is predicted that whips will be sourced freely via the woodland trust. Any costs associated with the purchase of standards, materials (stakes, mulch etc.) and maintenance will be covered by existing service budgets or external funding.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Biodiversity + Offsetting					
22	Creation and protection of wildflower meadows and areas of long grass	<p>Wildflower meadows and areas of long grass provide essential sources of food and habitat for insects, birds and small mammals. The council will continue to actively enhance and expand wildflower meadows (aim of 10% per year) on council owned land.</p> <p>There is currently approximately 6500 sq./m of meadows sown within Arun.</p>	Neighbourhood Services	Ongoing	There will be positive impacts on biodiversity and habitat enhancement.	£1.10 per sq./m is budgeted for the preparation, seed purchase and sowing of new flower meadows – this is funded out of existing contingency budgets.
23	Produce a Biodiversity Action Plan	This plan will provide baselines for species richness and habitat diversity in Arun and showcase improvement opportunities and potential threats to this biodiversity. This information will feed into a guidance document to allow for stakeholders to implement targeted actions and projects.	Planning	Ongoing: Sept 21 – March 22	There will be positive impacts on biodiversity and habitat enhancement.	Officer time as this is being produced in house.
24	Undertake a Biodiversity Net Gain Study	As above, this work will set out an evidence base on the state of biodiversity in Arun LPA to inform Biodiversity Net Gain statistics and policy implementation via development decisions. There is also intention for this study to be used to help highlight some offsetting opportunities in the future.	Planning	Ongoing: Sept 21 – March 22	There will be positive impacts on biodiversity and help identify local offsetting opportunities.	£10k – this sum has been identified in the Planning budget.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Supply Chain					
25	Review and update the procurement policy	<p>Most of the council's emissions lie within the supply chain. Therefore, the council will review and rewrite the procurement policy to ensure that there is a requirement for contractors to be carbon neutral or have a plan in place to address their emissions.</p> <p>The council will aim to make this a requirement across all its procurement channels to include all contractor types.</p>	Financial Services	Short	This will help reduce the council's Scope 3 emissions.	Officer time
26	Work with current suppliers to increase their understanding of emission data	<p>To aid the council in getting a better understanding of its Scope 3 emissions, more detailed information will be needed from suppliers in relation to emissions associated with the service being provided.</p> <p>This will need to be discussed with existing suppliers and incorporated into any new contracts going forward.</p>	Financial Services	Short	No direct emission reduction, however, will help inform suppliers of their impact.	Officer time to produce material to help improve emission awareness and inform businesses about how they can reduce their emissions.
27	Define a framework for requesting standardised carbon emission data from suppliers	<p>The council will aim to develop a framework which will require all contractors to undertake carbon reporting as part of the procurement process and provide yearly updates on emission reductions.</p> <p>CO2A have produced a toolkit to aid this work.</p>	Financial Services	Short	No direct emission reduction, however, will help inform suppliers of their impact.	Officer time to promote toolkit.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Supply Chain					
28	Support waste reduction and water conservation measures in leased and tenanted properties	The council will work with all corporate tenants to identify and incorporate waste reduction strategies and water conservation initiatives. This will further build on the work being undertaken within the council's own corporate buildings. Measures could include promoting good recycling and reuse practices and improving water efficiency.	Community Well-being with appropriate officers	Medium	There will be environmental benefits associated with reducing water usage and waste sent to landfill.	Officer time promoting and informing tenants about the importance of waste reduction and recycling.
29	Provide support to business and Small and Medium Enterprises (SMEs) that the council works with around reducing emissions and understanding their impact on the environment	<p>The council will look to produce guidance documentation and information packets to SMEs to help them gain a better understanding on what emissions are and how they can be reduced. Included within this will be a tool which allows for a basic analysis of emissions to be undertaken, helping set baselines, provided by CO2A.</p> <p>On top of the above support the council could also look to provide training, help find funding opportunities and help with efficacy improvements.</p>	Business Development	Medium	This will help reduce the council's Scope 3 emissions.	<p>Officer time to produce material to help improve emission awareness and inform businesses about how they can reduce their emissions.</p> <p>Any financial assistance would require budget approval.</p>
30	Support the local economy	The council is working to produce a street trading policy which will look to favour local businesses when providing a service to help drive down food and physical mileage. This document will also aim to reduce packaging and restrict the provision of plastic goods and other goods which have an adverse environmental impact.	Technical Services and Business Development	Ongoing: 2022	There will be environmental benefits associated with a reduction of packaging and food mileage.	This policy is being produced in-house and any costs will be recovered from operators.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Supply Chain					
31	Support the uptake of building integrated PV by SMEs	The council will support PV installations on private buildings in the district by providing information and guidance.	Business Development	Short	No direct impact for the council however there will be an increase in renewable electricity used within the district, helping grid stability.	Officer time to produce guidance, marketing materials and support to SMEs.
32	Investigate the potential to use business rates to drive energy performance	If applicable the council should consider providing discounted rates for business who have high EPC/DEC ratings and/or where buildings can show an improvement through investment in energy efficiency.	Revenues and Benefits, Community Wellbeing and Business Development	Medium – awaiting HM Government guidelines to help inform the council's approach.	No direct impact for the council.	Officer time to review and apply guidance.
33	Case study: Freedom Leisure. Engage with the council's leisure operators to work with the council to undertake improvements as identified in audits and to switch to renewable energy suppliers and reduce its gas consumption.	Similarly to the council's approach to its corporate buildings, Freedom Leisure will be conducting energy audits on its leisure centres, undertaking staff training to help improve carbon literacy and monitoring their emissions. The council will continue to work closely with Freedom Leisure to provide guidance and support where needed. Please review Appendix B for further detail on the plans Freedom Leisure will aim to put in place.	Community Wellbeing	Ongoing	Freedom Leisure will see a reduction in scope 1 & 2 emissions and a reduction in energy bills.	Officer time will be required to liaise with Freedom Leisure and as projects develop, review funding opportunities and cost benefits to the council.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Staff					
34	Undertake carbon literacy training within the council	Gain a bronze certification from the Carbon Trust and provide Carbon Literacy training to the council's staff and members. This will help instigate behavioural changes within the council.	Community Wellbeing and HR	Immediate	Behavioural changes will lead to a reduction in emissions and increased awareness of our impact on the environment.	Carbon Literacy training £10 per person and a cost associated with becoming a certified local authority. Estimate cost of £2K, sourced from the approved £200K Climate Change budget.
35	Produce a comms plan detailing climate change actions occurring within the council	Generate a comms plan to ensure that residents are kept up to date on what the council is doing to tackle climate change. Within this there will be opportunities to provide educational materials to residential and non-residential sectors on low carbon technologies, energy efficiency, and sources of funding to encourage behaviour change & greater uptake of low-carbon technology.	Comms	Immediate	No direct impact but will ensure residents are informed on what the council is doing.	Officer time
36	Identify officers and members to champion the programme and key projects	Change will not happen overnight and will require a group effort. By identifying those who are capable of supporting change there will be a large impact.	Council Wide - Senior staff, Sustainability Champions and Members	Immediate	No direct impact for the council but will ensure project process is monitored.	Officer time

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Staff					
37	Ensure small behavioural change is encouraged within the council – to include both staff and council members	By instigating behavioural change within the council important steps towards large emission reductions can be started. These could be as simple as encouraging people to walk before driving short distances, turning off lights and reducing single use plastics.	Council Wide - Senior staff, Sustainability Champions and Members	Immediate	Behavioural changes will lead to a reduction in emissions and increased awareness of our impact on the environment.	Officer time
	Transport					
38	Transition the council's fleet to low emission or EV	When the current lease period for the council's vehicle fleet comes to an end in April 2022, the fleet replacement vehicles will be fully electric where possible. Where this is not an option hybrid or low emission vehicles (Euro 6 engine standards) will be selected. The council will also look to reduce its vehicle fleet from 21 LCV to just 16.	Neighbourhood Services	Short: April 22- July 22	Estimated CO2 saving per annum is 37 metric tonnes if vehicles are replaced with full electric. All vehicles are currently diesel run and are under 3.5 tonnes (LCV).	Officer time
39	Install EV charging infrastructure to support the council's EV fleet	To support the transition of the council's fleet to EV it will be important that charging points are installed in the council's corporate building car parks to allow for charging to take place during working hours and overnight. This will support the council's fleet of EV as well as council officers and members. Currently 4 are being installed at Harewood Road and there is a plan to install 6 at the Civic Centre.	Technical Services	Ongoing - Immediate	There will be a reduction in emissions associated with vehicle usage.	Cost TBC

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Transport					
40	Encourage the transition of the council's contractors and taxis to move over to low emission/electric vehicles	<p>Where applicable the council should actively support and encourage contractors to transition over to electric vehicles. This should include moving over HGVs /larger vehicles to hydrogen when technology becomes available.</p> <p>The council is currently undertaking revisions of the taxi policy to include incentives to encourage drivers to switch to electric vehicles. Part of this will include half licence fees for 3 years (fleet consists of 265 vehicles).</p>	Client Officers and all services that employ contractors	Short	There will be a reduction in emissions associated with vehicle usage.	<p>Officer time</p> <p>The work being undertaken around the taxi policy is being produced in-house. If incentives are to be considered funding will be required.</p>
41	Countywide EV charging point network	<p>The council will look to install 1000's of EVCPs across the county (in partnership with WSCC and other D&Bs) to facilitate transition of EV for residents without off-road car parking.</p> <p>This will support the increase in EV within Arun ahead of the 2030 ban of new diesel/petrol cars.</p>	Technical Services and Neighbourhood Services	Ongoing: 2019 to 2041	No direct impact for the council but will help support reduction in emissions associated with vehicle usage in the wider district.	At this stage officer time will be needed on operational and strategic boards to develop the network plan and provide project oversight, as well as to change parking orders and issue leases. There is no other cost to the council.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Transport					
42	Reduce mileage of fleet and other vehicles	<p>The council should seek to address vehicle movement and user behaviour.</p> <p>This could include reducing the number of journeys the council needs to take and reviewing usage patterns and routes to ensure efficacy is optimised.</p> <p>Behaviour changes could include encouraging staff to take other methods of transport (bus, train, carpooling) for business travel and commuting.</p>	HR	Medium	There will be a reduction in emissions associated with vehicle usage.	Officer time
43	Develop a programme to incentivise staff to change to low emission vehicles or use public/ active travel methods	<p>By providing incentives to staff around using alternative transport methods emissions associated with commuting could be reduced. This could include financial incentives such as cycling schemes or loans for purchasing low emission/EV only. Incentives can also help reduce staff commuting costs and help integrate low carbon actions across other areas of the council's operations.</p> <p>It will be important to clearly communicate these incentives within the council.</p>	HR	Short	There will be a reduction in emissions associated with vehicle usage and a reduction in congestion on the road.	Officer time. However, if monetary incentives are to be considered funding will be required.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Planning					
44	Support decarbonisation of the national grid through planning policy	Provide support through planning policy for strategic energy infrastructure developments that seek to deliver and support the national decarbonisation target.	Planning	Short	There will be benefits associated with grid wide decarbonisation.	Officer time
45	Challenge planning requirements and produce a Climate Change & Sustainable Design Study	<p>This work will set out an evidence base for the local plan update in order to guide on the practicality and feasibility of policy standards for carbon reductions and energy efficiency of developments. This will also support a move to a decentralised energy supply.</p> <p>Improvements could range from requiring an increase in on site renewable energy production (PV), installation of heat pumps (where possible), and ensuring a fabric first approach is followed by improving u-values.</p> <p>There is current work being undertaken to review the impact of forthcoming building regulation requirements to inform whether changes are needed to the existing planning condition requiring EVCPs be installed in housing and other developments. It will be important to ensure that designs and layouts allow for low-carbon energy solutions and passive warming/cooling options and to require that materials are used in a sustainable way with waste kept to a minimum. This will help inform the local plan when it resumes.</p>	Planning and Environmental Health	Ongoing: Nov 21 – May 22	There will be a reduction in emissions associated with residential heating and waste produced during the construction of homes.	£30k - this sum has been identified in the Planning budget.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
Planning						
46	Active Travel Study	To help set out the priorities for the delivery of safe active travel routes (walking and cycling) and to help reduce car-based emissions, congestions and increase health and wellbeing within Arun.	Planning	Phase 1 completed	There will be a reduction in emissions associated with vehicle usage and a reduction in congestion on the road.	£38.7k – funding derived through Development Management decisions -s.106 contributions and CIL projects.
47	Require developers to incorporate/retrofit resilience and adaptation measures into developments	This will ensure that any new developments have measures incorporated into them to help reduce the impact on the climate, it will be important to ensure this is also the case for existing developments.	Planning	Short	There will be a reduction in emissions.	Officer time
48	The council should ensure access to sustainable transport routes are considered in planning applications	For any new or future housing developments safe cycle/walking routes should be incorporated into development layouts along with possibilities of public transport hubs. These should always link up to other cycle/walking networks.	Planning	Immediate	There will be a reduction in emissions associated with vehicle usage and a reduction in congestion on the road.	Officer time
Building Control						
49	Building control and the built environment	The council will also aim to support building regulation changes for new and existing domestic and non-domestic buildings by carrying out inspections to ensure that legislation is being followed by developers. This will include, but is not limited to, the requirements to install EVCPs in certain developments from 15 June 2022.	Building Control	Short	There will be a reduction in emissions associated with building usage across the district.	Officer time

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Housing					
50	Bid for Wave 2 of the Social Housing Decarbonisation Fund	Apply for Wave 2 Social Housing Decarbonisation Fund to allow for upgrades to be undertaken in the council's housing stock.	Residential Services	Short: Spring 2022	No direct impact but will allow for large emission reduction from the council's housing stock.	Officer time to bid for funding (Spring of 2022).
51	Install EVCP's in new homes built or acquired by the council	The council will ensure that EVCP's and the associated infrastructure is installed in council-owned housing to ensure residents are able to move away from petrol/diesel vehicles.	Residential Services and Technical Services	Ongoing	No direct impact for the council but will help support reduction in emissions associated with vehicle usage in the wider district.	See #41 above. Officer time to develop the network plan and provide project oversight. There is no other cost to the council.
52	Add HRA owned car parks/communal parking spaces to WSCC county wide project for installation of EVCP	The council will ensure that there are EVCP's available to residents.	Residential Services and Technical Services	Ongoing	No direct impact for the council but will help support reduction in emissions associated with vehicle usage in the wider district.	Officer time
53	Formulate strategy for delivery of 2030/2050 targets	In 2021 a very high-level audit on the council's housing stock was undertaken, this was the start of the work that will be carried out to upgrade the housing stock to an EPC level of C (by 2030) and to net zero carbon standards by 2050, in line with the government targets.	Residential Services	Short: April 22 – December 23	There will be a reduction in emissions produced by the council's housing stock.	Officer time

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Other					
54	Provide Local Authority Delivery Scheme (LAD) 1 parts a and b funding to support residents of Arun	This funding was used to help support residents who are struggling with fuel poverty by providing funding to improve the energy efficiency of their homes, through the installation of cavity/floor insulation and heating systems. By undertaking these upgrades there will also be a reduction in emissions. To date, 120 households have received this funding.	Technical Services	LAD1a Dec 2020 – August 2021 LAD1b April 2021 – March 2022	No direct impact for the council however there will be a reduction in emissions within the district.	External funding was LAD1a (£3 million) and LAD1b (£6.2 million, with an additional external of £8.5million). Funding is shared across several authorities.
55	Provide Local Authority Flex funding	LA Flex is an energy saving scheme that utilises Energy Company Obligation (ECO) funding for insulation. The scheme and the eligibility criteria have been set by the West Sussex Affordable Warmth Partnership, a partnership of all the West Sussex district and borough councils. The council aims to support those households in most need, and who are vulnerable to living in a cold home. A total of 170 properties in Arun have had access to free energy measures in the last 2 years. In total 152 cavity wall insulation and 39 loft insulation measures have been installed. The combined savings amount to approximately £21,066 per year.	Technical Services	2013- ongoing There will be a consultation in April 2022 (ECO4) which may result in a change in intent for this process, details TBC.	No direct impact for the council however there will be a reduction in emissions within the district. The total carbon saving per year these measures amount to is 86,505kg of carbon.	There is no cost to the council save for the administration of the scheme. Approximate grant funding accessible to residents amounts to approx. £126,000.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Other					
56	Solar Together Sussex Scheme	To provide residents who are able to pay with access to Solar PV systems, battery storage and EV charging points through collective purchasing, resulting in an increase in renewable technologies. This also helps to build confidence in this technology. For 2020 the auction had 52 interested households with 33 installs completed and 18 in progress.	Technical Services	Ongoing: 2020-2021 possible auction in Autumn 2022, details TBC.	No direct impact for the council however there will be a reduction in emissions within the district. Approximately 36,256 kg of carbon has been offset.	An initial investment of £2521 was provided and recouped by the council in 2020, this was reinvestment for 2021.
57	Safe and Warm Homes - Heating support	To support the most vulnerable residents to heat their homes with heating grants. This is to install energy efficient heating for those on a low income/benefits and with health conditions. The council is supporting around 52 households per year. Roughly £500,000 has been spent on boiler upgrades over the last 2 years via the fund.	Technical Services	Ongoing (started 2016) - budget dependent - reviewed each April	No direct impact for the council however there will be a reduction in emissions within the district.	Funded via the Disabled Facilities Grant from Public Health.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Other					
58	Safe and Warm Homes - External Wall Insulation to park homes	<p>To support the most vulnerable residents to insulate their homes with fully funded external wall insulation grants. This is for park home residents. These properties are not well insulated and often owned by residents on a low income/benefit and with health conditions.</p> <p>Residents receive an estimated saving of £240 per year per park home. More than 130 park homes have been insulated with a combined energy saving of roughly £31,200, and in the region of £500,000 has been spent on park home insulation over the last 2 years.</p>	Technical Services	Ongoing (started 2019) - budget dependent - reviewed each April	No direct impact for the council however there will be a reduction in emissions within the district.	Funded via the Disabled Facilities Grant from Public Health.
59	Empty Property Financial Assistance Scheme - Improve energy efficiency of vacant domestic properties	The council ran an Empty Property Financial Assistance scheme where residents are awarded grants and/or loans to improve their vacant properties and make them habitable. Improvements include installing double glazing and loft insulation.	Technical Services	Ongoing (started 2020)	No direct impact for the council however there will be a reduction in emissions within the district.	Funding provided by the council from existing budgets. £200,000 is available for loans, £50,000 available on grants.
60	Undertake public engagement	This will help the council get an understanding of what residents would like to happen within Arun and give them an opportunity to have their say.	Community Well-being	Medium	There will be a reduction in emissions for the wider district, but no impact will be seen for the council's own emissions.	Officer time and funding will be required.

	Action	Aim	Service area	Project commencement	Environmental impact	Cost
	Other					
61	Invest in Green Bonds	The council should investigate in purchasing Green Bonds to allow for further investment in Climate Change actions.	CMT	Long	Will be project dependent.	At this stage there is no indication of cost.
62	Officer time	Support for the Climate Change & Sustainability Manager to achieve the Action Plan across all service areas.	Community Well-being	Short/Medium	-	Estimate £50,000, sourced from the approved £200k Climate Change budget.

Appendix A

List of corporate buildings

- Civic Centre
- Phoenix House
- Bognor Regis Town Hall
- The Lodge & the Yard (Hotham Park)
- Bersted Park Community Building
- Harewood Road
- The Laburnum Centre
- Arun Leisure Centre (wet and dry side)
- The Wave
- The Windmill
- Foreshore buildings x 3

Appendix B

Freedom Leisure plans

Aim	Action	Projected time scale
Reduce Freedom Leisure's Scope 1, 2 and 3 emissions	<ul style="list-style-type: none"> Undertake annual audits on all leisure centres operated by Freedom Leisure (FL) to identify and plan for correction of inefficient technologies and practices to optimize energy and resource efficiency. 	01/2022 – 06/2022
	<ul style="list-style-type: none"> Set up Environmental Sustainability Teams at each site, provide training and communication plans for information sharing, monitoring of activities and improvements. 	03/2022 – 06/2022
	<ul style="list-style-type: none"> Undertake Environmental Awareness training for Freedom Leisure staff to ensure they are aware of their impact on the environment and carbon reduction activities 	Management: 100% by second half of 2022 All staff: 85% by end of 2022
	<ul style="list-style-type: none"> Set up Carbon Reduction Site Plans (aligned with findings of audits and Councils targets) 	09/2022
	<ul style="list-style-type: none"> Ensure that all electricity used by FL is 100% renewable/ where possible install PV onto our roofs to allow for on-site electric generation 	01/2022 – 06/2022
	<ul style="list-style-type: none"> Implement meaningful and verifiable measuring and reporting at site level of energy use, waste and resource management, water use and carbon emissions. 	01/2022 – 06/2022
	<ul style="list-style-type: none"> Conduct waste audit and identify practices to minimise waste generation and increase recycling. 	Second half of 2022
	<ul style="list-style-type: none"> Implement carbon emission savings-based league / scorecard 	Second half of 2022

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF POLICY AND FINANCE COMMITTEE ON 10 FEBRUARY 2022

SUBJECT: Budget Monitoring Report to 31 December 2021

REPORT AUTHOR: Carolin Martlew, Interim Group Head of Corporate Support and S151 Officer

DATE: January 2022

EXTN: 01903 737568

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 2021.

RECOMMENDATIONS:

It is recommended that the Policy and Finance Committee approve that:

- (i) Earmarked reserves are reviewed before the end of the financial year as per previous policy to ensure that they are available to fund future years expenditure or returned to the General Fund if no longer required
- (ii) The Housing Revenue Account repairs and maintenance (Planned and Responsive) budget continue to be closely monitored to ensure that any necessary corrective action is taken if required.

1. BACKGROUND:

The Council approved a General Fund revenue total net expenditure budget of £25.733 million; a Housing Revenue Account revenue total expenditure budget of £18.980 million; and a capital budget of £7.960 million for the year 2021/22. This report provides information to enable actual spending and income to be monitored against profiled budget for the period to 31 December 2021.

2. PROPOSAL(S):

The Committee 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 and any other factors.

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:

Financial

It is sound governance to monitor spending against budget during the financial year. Such control allows the Council to take prompt corrective action if spending or income significantly varies from the approved budgets.

The Council continues to incur additional expenditure and loss of income due to the COVID-19 pandemic and net expenditure is monitored closely to ensure that corrective action continues to be taken if necessary. Transfers to earmarked reserves were required in 2020/21 in relation to Collection Fund transactions that impact the General Fund in 2021/22. These are also reviewed and monitored as part of the process.

7. REASON FOR THE DECISION:

To ensure that spending is in line with approved Council policies, and that it is contained within overall budget limits.

8. BACKGROUND PAPERS:

Revenue and Capital Estimates 2021-2022. <http://www.arun.gov.uk/financial-information/>

ARUN DISTRICT COUNCIL BUDGET MONITORING

Financial Position as at end of December 2021

1. Introduction

- 1.1 This report sets out the Capital, Housing Revenue and General Fund Revenue budget performance to end of December 2021 and presents performance information for all aspects of financial risk such as income and specific savings targets.
- 1.2 Budget performance is presented after taking account of the following:
 - Spend to date excluding commitments against profiled budgets.
 - Consultation with managers and budget holders on service performance.
 - Budget savings identified where possible from existing budgets to cover additional expenditure.
- 1.3 Following the vaccine roll out programme, most Covid-19 restrictions had ended on 19 July 2021 and most of the Government support had been tailing off by 30 September 2021. The government has issued significant additional business support grants which the Council will be administering. No further general grants are anticipated for 2021/22 and, budget performance will need to be carefully monitored. The Council has set aside contingency funding which is anticipated to cover any further general fund budget pressures in the current year. The Government is continuing to monitor Covid-19 related expenditure, reductions in income and reserves.
- 1.4 From May 2021 a Committee Structure has been put in place. The Budget Monitoring Report has been completed on this basis.

2. General Fund Summary

- 2.1 The 2021/22 budget was approved by Full Council on 17 February 2021.
- 2.2 The General Fund performance to end of December 2021 against profiled budget is shown in the table below. The reporting threshold has been reviewed taking account of materiality and officer delegation levels and has been increased from +/- £20k to variances of +/- £50k more accurately reflect strategic risk to budget performance.

General Fund variance on profiled budget to end of December 2021			
Service controllable spend	Variance on Budget Sep £'000	Variance on Budget Dec £'000	Change £'000
Environment Committee			
Building Control - Fees & Charges	(78)	(85)	(7)
Car Parking - Fees & Charges	0	(58)	(58)
Cemeteries - Fees & Charges	(36)	(59)	(23)
The Arcade, Bognor Regis - Rent	69	129	60
Planning Committee			
Planning - Fees & Charges	(355)	(680)	(325)
Housing and Wellbeing Committee			
Council Tax - Court costs collection	(92)	(120)	(28)
Nightly paid accommodation	32	82	50
Leisure Centres - Freedom Leisure	310	73	(237)
Other Variances less than +/- 50k	(174)	(150)	25
Total Service controllable budget variance	(391)	(868)	(476)
Corporate controllable budget			
Establishment against savings target	30	(78)	(108)
Corporate Underspends	0	(59)	(59)
General Fund net expenditure variance against profiled budget	(403)	(1,005)	(601)
Covid-19 Income Compensation scheme 1st Quarter 2021-22	0	(173)	(173)
	(403)	(1,178)	(774)

2.3 Table 2.2 above shows a general net expenditure variance of (£1,178k) favourable against expected (profiled budget) to the end of December 2021. Variations on services first, followed by corporately controlled budgets.

2.4 The Council was awarded (£831k) of non-ringfenced Covid-19 government support in 2021/22. This was included in the original budget for 2021/22. No additional general grants are anticipated in 2021/22. The Council has been in receipt of New Burdens Funding which is either vired to service if required or made available as corporate underspend (2.8)

2.5 Environment Committee

2.5.1 Building Control fees and charges are currently (£85k) above profile. Work and income have been very buoyant over the last 12 months despite the vagaries of Covid-19 and its impact on the local construction economy. Notwithstanding this buoyancy, the Council has seen that new workflow has been subject to some ebbs and flows. This is put down to recent issues such as sharply increasing building materials costs and local labour shortages leading to higher build costs. It would be fair to say this has had some softening on customers' propensity to undertake Building Control work.

2.5.2 Income on Car Parks is currently (£58k) above profile. This is largely due to visitors to the seasonal car parks because of the continuing pandemic. It is worth noting that St. Martin's car park in Littlehampton has a Covid-19 Test Site occupying a small part of the car park and the Ice Rink at the Regis Centre car park in Bognor Regis is taking up 93 out of the 173 parking bays.

2.5.3 Income on Cemeteries is currently (£59k) above profile due in part to an increase in demand for burial of cremated remains and the catch up of delayed burials during the lockdown periods.

2.5.4 Income from The Arcade, Bognor Regis is £129k below current expectations. This is largely due to current rent arrears of £115k with other small variances making up the remaining £14k (vacancies less additional income from previously vacant units). It should be noted that prior year arrears are £133k (previously £192k in September 2021).

2.6 Planning Policy Committee

2.6.1 Currently, planning income is (£680k) above profile. This is largely due to income from three commercial and ten residential planning applications over £30k each in year to date. At present, £90k has not yet been validated and therefore, could still be refundable.

2.7 Housing and Well Being Committee

2.7.1 Council Tax court costs received to date are (£120k) above the full year profile. This is largely due to the backlog of court cases from the previous year.

2.7.2 To date, the overall spending variance for nightly paid accommodation and homelessness is £82k above profile.

The £82k over profile consists of a number of items, shown below:

	£'000
Cost of nightly paid accommodation	288
Remaining Ex-offenders grant	(30)
Prevention Covid-19 grant received	(170)
Underspend on flex grant	(22)
Unanticipated spend on COVID items	26
Other items	(10)
Total over/(under) spend	82

2.7.3 Demand for emergency accommodation continues, with many clients losing their homes as a result of landlords seeking to regain possession of their properties. The number of households placed is holding steady, but the length of stay is increasing due to moving on options being more challenging to source. Other opportunities are being explored as to how we can influence this moving forward.

2.7.4 In conjunction with the above we are continuing to access and bid for additional in year funding opportunities that become available to help alleviate some of the pressures the council is facing.

2.7.5 Since the last report and due to the increase in Covid-19 cases, a further grant of £170k was received in December 2021 to assist the most vulnerable with rent arrears and reduce the risk of eviction. One of the conditions of the grant is that it cannot be put towards temporary accommodation.

2.7.6 The recovery continues to be challenging for Freedom Leisure (FL), the Council's leisure provider and income levels are anticipated to be at their pre-lockdown level by the financial year end. No direct financial support has been required in the current year. The Council successfully applied to the Government's Sales, Fees and Charges compensation scheme for the first quarter of 2021-22. The scheme covers 75% less deductibles, leaving a shortfall of £73k for the first quarter. The remaining Leisure Management fee which has been deferred to help with Freedom Leisure's cashflow will start to be collected from January 2022. A report will be presented to the Housing and Wellbeing committee on 17 March 2022 providing a further update to members.

2.8 Corporate Underspend

2.8.1 The corporate underspend relates to identified unrequired contingency and corporately controlled budgets and Government grants that are available for potential resource allocation. 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 account 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). Senior Management Team (SMT) 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. The corporate net underspend is £59k at the end of December 2021 and the breakdown is shown in the following table:

Corporate Underspends Confirmed December 2021			
	Sep 21	Dec 21	Change
	£'000	£'000	£'000
Underspends from services	0	10	10
Additional investment income	75	97	22
Underspends from contingencies/miscellaneous	0	61	61
Additional non-ringfenced grants	166	166	0
Total identified corporate underspend	241	334	93
Virements actioned/earmarked from corporate underspend	(113)	(275)	(162)
Corporate Underspends December 2021 (Net)	128	59	(69)

2.8.2 There has been an additional £93k contribution to the corporate underspends.

2.8.3 The corporate underspend has so far been used to fund the following items:

	£'000
Trisanto Update (Arun District Council's property company)	35
Economic Regeneration Project Delivery Role	30
Coast Protection Update	30
Palmer Road Community Sports Hub Review	18
Election iPads (Modern Democracy)	72
A27/Ford Road Junction Study	15
Levelling up fund delivery support	55
Law & Governance Recruitment Advertising	20
Total	275

2.8.4 The Group Head of Council Advice and Monitoring Officer has tendered their notice and will leave the Council's employment at the end of January 2022. Recruitment to the post has proved difficult in the past. The role will be advertised and the process will likely continue into early 2022/23. The Council is legally obliged to have a Monitoring Officer in place. The CEO has authorised engagement of an Interim Monitoring Officer while the permanent recruitment progresses and engage a specialist recruitment company to find a permanent replacement. The net additional costs (net of establishment savings) are anticipated to be £53.1k (spread over the remainder of 2021/22 and 2022/23). This overspend can be funded from anticipated Corporate Underspend and Establishment savings (see paragraph 4.2 below).

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 2021/22 the target is set at £500k.

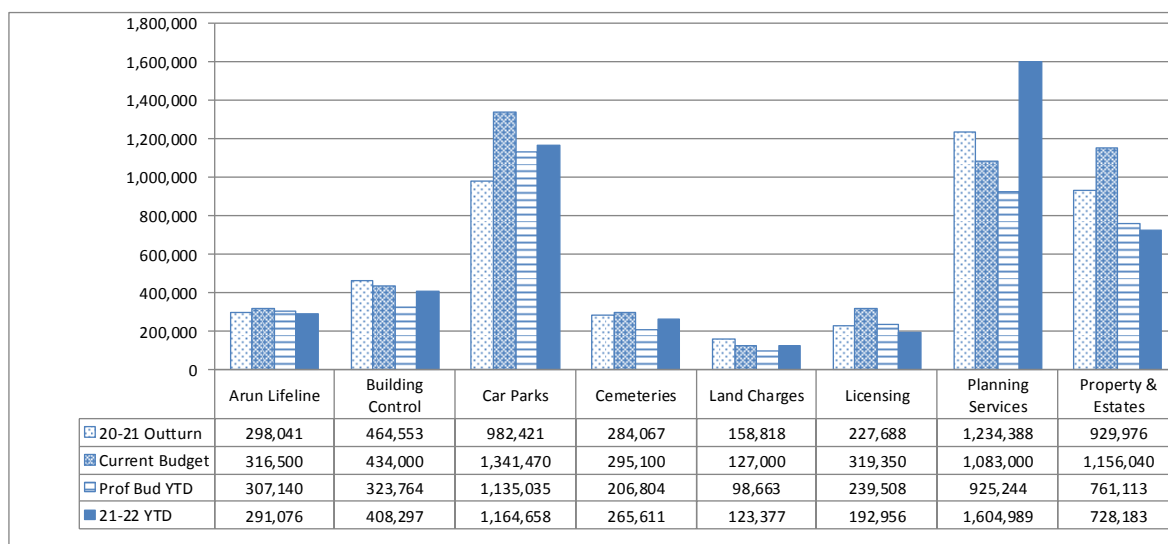
4.2 The current vacancy allowance is (£78k) above profile to December 2021 (£32k above profile to September 2021), however, this allows for the estimated backpay in relation to the anticipated minimum pay award of £167k and £33k to cover the additional cost of an Interim Monitoring Officer. The latest situation is that the National Employers for local government services made a final pay offer to the unions representing the main local government NJC workforce of 1.75%. The current offer has been rejected by the unions so the final figure could be higher. The rejection of the offer could lead to a dispute which will further delay the implementation. This will make budget monitoring more difficult.

5. Income

5.1 Income from fees, charges and rents are included within net cost of service. In total, the original budget amounted to an overall financing of £5.085m. However, since the original budget was approved, a reduction was made to a revised figure of £5.072m using contingency budget. This was because of an agreed reduction for customers with Beach Huts due to lockdown measures during April 2020 to June 2020. 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 General Fund income is currently overachieving by (£782k), largely due to additional Building Control income (£85k - paragraph 2.6.1) and Planning income (£680k - paragraph 2.7.1).

5.3 The graph below shows income by source and value, achievement to end of December 2021 against profiled budget, full year budget and 2020/21 outturn.



5.4 A claim has been submitted to DLUHC for (£173k) for Sales, Fees and Charges Compensation for Quarter 1 of 2021/22. The funds will be received later in the year. The scheme is ceasing, and it is likely that no further support will be receivable. The claim is subject to audit.

6. Estimated Outturn

- 6.1 The table below shows the approved supplementary estimates up to 31 December 2021, which will be funded from balances:

Reconciliation of Supplementary Approvals		
	Estimates	Total
	£'000	£'000
Fitzalan Road acoustic fencing FC 14/07/2021	25	
Planning Appeal P/58/19/PL	26	
Planning Appeal BN/142/20/OUT	50	
West Bank Strategic Allocation FC 15/09/2021	50	
Recruitment of permanent CEO	30	
Recruitment of an interim CEO	<u>97</u>	
Total Supplementary Approvals to end of December 2021		278

- 6.2 The change in the planned original budget General Fund Reserve movement due to budget performance to end of December 2021 is shown in the table below:

General Fund Reserve Movement estimated outturn 2021/22	Original Budget	Current Budget
	£'000	£'000
Net Budget Requirement	18,122	19,704
Financed by:		
Government Grants and Retained Business Rates	(1,457)	(2,761)
Council Tax	<u>(16,665)</u>	<u>(16,665)</u>
Taken From / (Added to) Balances	(0)	278
General Fund Balance 01 April 2021	7,076	7,076
Budgeted draw down from GF Reserve	0	(278)
Current Budget Variation Estimated Outturn 2021/22	<u>0</u>	<u>1,178</u>
General Fund Balance 31 March 2022	7,076	7,976

This result is an estimated General Fund Balance of £8.0m at the end of the financial year provided that the current favourable budget profile variations continue. A review of reserve balances will be carried out before the end of the financial year. A further update will be provided in the budget 2022/23 report to be considered at Policy and Finance Committee on 10 February 2022.

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 Council held £29.162m in earmarked reserves at 1 April 2021. This balance is anticipated to reduce to £13.829m at the end of the financial year. The reduction is mainly due to s31 grants that were received in 2020/21 as compensation for business rate discounts having an adverse effect on the collection fund in the current year being applied. The Council earmarked this funding as the General Fund Balance would have been significantly overstated.
- 7.3 To mitigate covid related financial risk £538k was earmarked for covid catch up work at the end of 2020/2021 and it is unlikely that the full sum will be required in 2021/22. To date £125k has been drawn down with an additional draw down of £154k anticipated before the end of the year. The remaining balance of £259k will result in some savings. For example, the review of the corporate complaints process has been completed and the decision has been made to appoint a Complaints Manager to manage the process. This will lead to significant service improvements. The post will be funded through resource switching and is subject to approval through the budget 2022/23 process. The £51k earmarked for a part time temporary resource will not be required. The additional Environmental Health officer time, temporary toilets at Littlehampton and Bognor Regis and the Emergency Out of Hours scheme are funded from COMF grant. However, there has been some virement to allow for additional costs pressures in other areas.
- 7.4 The contingency budget for 2021/22 includes £538k for Covid Support. Although it is difficult to forecast with the continuing effect of covid and receipt of additional grant funding in areas like Housing and Revenues and Benefits. Corporate income levels have held up but there are budget pressures in relation to Homelessness and Leisure Management (2.7.3 and 2.7.6). It is therefore unlikely that the full amount of the contingency will be required.
- 7.5 It should be noted that the budget for 2022/23 does not contain any general contingency items in relation to the pandemic. The Covid reserve and contingency budget (7.3 above) will be analysed as part of the year end process to ensure that there is adequate funding available in 2022/23. The Council's establishment is under significant pressure with problems in recruitment in a number of areas

8. Housing Revenue Account (HRA)

- 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 2021 is shown in the table below:

Housing Revenue Account Reserve Movement estimated outturn 2021/22	Original Budget £'000	Current Budget £'000
HRA Balance 01 April 2021	8,081	8,835
Budgeted deficit for 2021/22	(1,967)	(1,966)
Capital Slippage from previous year		(1,363)
Current Budget Variation Estimated Outturn 2021/22 (YTD)		(583)
HRA Balance 31 March 2022	6,114	4,923

* The current budget shows the actual The HRA balance 01 April 2021 .

- 8.2 The Capital slippage of £1.363m from 2020/21 relates to £363k for a Housing IT system and £1m in the Housing improvement programme. This is as a result of delayed or deferred works due to the pandemic.
- 8.3 Repairs and maintenance (planned and responsive) expenditure has a current over commitment of £448k against profiled budget. At this point, it is difficult to forecast a full year position and there have been problems receiving commitment information from the new responsive and voids contractor.
- 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 remain a key financial risk. The estimated number of RTB disposals for 2021/22 was set at 12 (there were 4 RTB disposals in 2020/21 and 4 disposals in 2019/20). To date there has been 10 disposals in the current year.
- 8.6 Details of the HRA capital, improvements and repairs programmes are shown in Paragraph 9 and 10.

9. Capital Receipts

- 9.1 There have been major changes since the 2012 retention agreement from 1 April 2021. These changes are listed below:
- Pooling of RTB receipts will take place annually. This replaces the former quarterly system deadlines for spending retained receipts and will also be calculated on an annual basis.
 - The timeframe local authorities must spend new and existing Right to Buy receipts has been extended from 3 years to 5 years.
 - The percentage cost of a new dwelling that local authorities can fund using Right to Buy receipts changed from 30% to 40%. (i.e. Arun will now only have to fund 60% rather than 70%). Every £40 of 1-4-1 receipts generated by the sale of right to buys would need to be matched with £60 of Council funding (£30/£70 previously).

- A cap will be introduced on the use of Right to Buy receipts for acquisitions to help drive new supply with effect from 1 April 2022 and phased in over 2022-23 to 2024-25. Its aim is to increase dwelling supply in the District by limiting property acquisitions.

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

	£'000
"1 for 1" receipts accrued to 31 Mar 2021	5,597
"1 for 1" receipts accrued from 1 April 2021*	513
Arun's 70% contribution (70/30 X £4,906k)	11,447
Arun's 60% contribution (60/40 X £1,004k) change from 1 April 2021*	<u>1,805</u>
Total investment requirement	19,362
Less amount already invested to 31 December 2021	-19,536
Remaining investment requirement	<u>0</u>
By 31/03/2027	0
Total	<u>0</u>
* estimated	

- 9.2 Due to major changes to the pooling arrangements from 01 April 2021 the above estimated figures (marked with a *) cannot be agreed with the DLUHC until April 2022. Returns and payments to the DLUHC have moved from quarterly to annually and therefore, the above figures are based on the interpretation of the new agreement and information provided.
- 9.3 All 1-4-1 receipts carried forward on 1 April 2021 and estimated 1-4-1 receipts 2021/22 up to the end of December 2021 have been committed.
- 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. 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 is worth noting that these receipts will be net of any discount entitlement).

10. Capital, Asset Management and Other Project Programmes

- 10.1 The Council's budget for 2021/22 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.

Asset management and other projects monitoring - December 2021

	Original Budget £'000	Current Budget £'000	Actual to date £'000
General Fund			
<i>Corporate Support</i>			
Computer Services	120	500	80
Storage Area Network (SAN)	-	170	164
Digital Strategy	-	150	-
Arun Improvement Programme (AIP)	-	96	-
Web/Integration	-	91	58
E5 upgrade	-	32	33
<i>Economy</i>			
L'ton Public Realm Phases 1-2	-	2,230	155
L'ton Public Realm Phase 3	-	887	156
Asset Management	791	1,735	305
Works to Public Conveniences	150	439	10
Cemetery Buildings & Walls	-	148	39
Fitzleet Car Park	266	382	18
Car Parks Resurfacing	165	352	141
Reactive Maintenance	210	210	116
<i>Environment and Neighbourhood Services</i>			
Disabled Facilities Grants	1,400	1,400	973
Parks Chipper	26	26	-
Keystone Centre	-	250	-
Sunken Gardens	-	500	15
Place St. Maur	-	1,776	348
Play Areas	100	88	-
Canada Road Skate Park	-	83	77
Goldcrest Play Area	-	17	18
Rose Green Play Area	-	10	11
Trinity Way	-	20	-
Hunters Mews	-	19	-
Avisford MUGA	-	40	-
Lashmar Play Area	-	50	-
BR Seafront Gym	-	30	-
<i>Residential and Wellbeing Services</i>			
Littlehampton Wave	-	113	13
Total General Fund	3,228	11,844	2,730

Housing Revenue Account

Residential and Wellbeing Services

Stock Development	100	5,299	14
Summer Lane, Pagham	-	3,444	1,347
Cinders Nursery, Yapton	-	2,507	1,169
Chichester Road, Bognor Regis	-	1,227	187
Canada Rd, Ellis Close & Westloats Lane	-	2,468	7
38 Arundel Road Conversion	-	187	183
Housing IT	-	-	-
Civica Implementation	-	363	130
Housing Improvements	688	738	255
Domestic Boiler Installations	525	525	326
Commercial Boiler Rooms	100	250	231
Reroofing Programme	250	250	139
Kitchen & Bathroom Replacement Programme	769	519	134
Fire Compliance	300	750	873
Windows & Doors	1,650	2,050	990
Aids & Adaptations	350	550	322
Housing Repairs	1,887	1,887	1,807
Day to Day General Repairs	1,250	1,250	1,592
Voids	750	750	705
Total Housing Revenue Account	8,619	25,014	10,411
Total Programme	11,847	36,858	13,141

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.

General Fund

- 10.3 The Council is introducing Microsoft Azure. Azure is Microsoft's public cloud computing platform, which will provide a range of cloud services to the Council to reduce reliance on its physical data centre at the Civic Centre. Therefore, the Computer Services budget has been reduced by £167.5k to allow budget provision for Azure in the ICT ongoing revenue budget from 2022/23. £28k has been retained in the budget for any costs incurred this year. A further reduction of £41k has been made relating to the Telephony System as the full budget provision for this project has been made in 2022-23 budget.
- 10.4 Approximately, £275k of the current budget will be funding projects in 2022/23, including core switch, further digital strategy. Some projects have been delayed this year because of the potential impact homeworking has had on the Council's IT requirements.

- 10.5 The Arun Improvement Programme budget has been reduced by £61k, this was the balance from the environmental health system implementation and was being retained until such time it was required in the Environmental Health revenue budget for software maintenance. This has been included in the revenue budget for 2022/23.
- 10.6 The Asset Management budget has been reduced by £412k to help fund the 2022-23 programme. Littlehampton Chapel roof works are due to commence in January 2022 and resurfacing works at Fitzleet multistorey car park are starting in February 2022. Car Park resurfacing works have already been undertaken at St. Martins, Anchor Springs, Shrubbs Field and Culver Road, with orders placed for other car parks totalling £130k, including Regis Centre and Hothamton in Bognor Regis. The tender for Avisford Park toilets refurbishment was approved in October 2021 at a cost of £148k with the start date for these works not yet confirmed. The Bedford Street toilet refurbishment procurement is going to Committee on the 19 January 2022 with a project estimate of £250k, however, this will not be delivered until 2022-23.
- 10.7 Works at Place St. Maur are underway and are due to complete by March 2022. This scheme is funded by a grant from the Getting Building Fund and Arun District Council.
- 10.8 Play Areas have been delivered at Canada Road Arundel, Goldcrest Avenue Littlehampton and Rose Green Aldwick already this year. Orders have been raised to replace play areas at:

Trinity Way	Littlehampton
Hunters Mews	Walberton
Lashmar Recreation Ground	East Preston
Avisford Park	Aldwick

In addition, a multiuse play area with replacements and additions, including gym equipment will be installed along Bognor Regis seafront.

Housing Revenue Account

- 10.9 Nothing further to report this quarter.

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 £9.053m on deposit for s106 agreements, plus £3.663m is held on behalf of other organisations (e.g. NHS and WSCC). The total held on deposit is £12.716m.

Section 106 sums held on deposit as at 31 December 2021

	Community						Total £'000
	Affordable Housing £'000	Facilities and other £'000	Play Grounds £'000	Open Spaces £'000	Arun Total £'000	Non Arun £'000	
20/21 Balance b/fwd	3,628	4,912	576	122	9,238	3,268	12,506
21/22 Movement	(553)	195	140	33	(185)	395	210
	3,075	5,107	716	155	9,053	3,663	12,716

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 £62k of receipts that are required to be spent within the next 5 years.

11.4 Since the introduction of the Community Infrastructure Levy in 2020-21, demand notices have been issued totalling £639k. This figure includes 5% administration contribution for Arun in the sum of £15k for 2020-21 and £17k for 2021-22 to date.

12. Cash Flow and Treasury Management

12.1 As at December 2021 it is estimated that by year end the budgeted investment returns will exceed original budget by approximately £100k. This is largely due to higher than expected returns on the CCLA diversified fund (£2m invested). During budget setting, it was assumed that the average principal sums would be around £52m, this is now around £78m resulting in additional interest income. This is due to the following reasons:

- Budget was based around the Medium-Term Financial Strategy 2020/21;
- Unused Covid-19 grant funding has not been repaid to government;
- House building programme is delayed; and
- General Fund capital/asset management slippage.

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 most significant risk, which has been highlighted throughout the report is the additional service expenditure combined with 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 ongoing Covid-19 pandemic.

13.2 Other risks which are inherent within the overall budget are analysed below.

13.3 As a result of courts being closed during the Covid-19 outbreak, implementation of Universal Credits and inability to secure debts with DWP it is proving more difficult to recover Housing Benefit overpayments. This is likely to continue until backlogs are reduced.

- 13.4 Due to the United Kingdom leaving the EU on 31 January 2021, the Covid-19 pandemic and extensive forest fires throughout North America and Europe, certain commodities and labour are in short supply. This is likely to have an ongoing impact on the Council's capital programmes and housing repairs budget.
- 13.5 As the DLUHC has changed the capital receipt pooling arrangements, with a cap being introduced on Right to Buy receipts for acquisitions with effect from 01 April 2022, going forward, it is important that the Council has a robust HRA Business Plan to meet the new requirements. This will prevent 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 0.25%) plus 4%.
- 13.6 The Council's External Auditors, Ernst & Young LLP, have continued to charge the same fees since 2019/20 based on the current Public Sector Audit Appointments Ltd (PSAA) scale fee as no final decision has been made on the rebasing. Depending on the outcome, the Council could be charged up to £57k for previous years' audit services.

14. Conclusions and Recommendations

- 14.1 The budget monitoring to 31 December 2021 indicates that for 2021/22 the Council will:
- Significantly underspend compared to the General Fund Revenue budget;
 - Significantly overspend to the Housing Revenue Account budget, should the current spending profile on repairs and maintenance continue;
 - Significantly underspend on its Capital, Asset Management and Projects;
 - Where it becomes clear that any budget provision is no longer required, it will be removed in future budgets.
- 14.2 It is recommended that the Policy and Finance Committee approve that:
- Earmarked reserves are reviewed before the end of the financial year as per previous policy to ensure that they are available to fund future years expenditure or returned to the General Fund if no longer required
 - The Housing Revenue Account repairs and maintenance (Planned and Responsive) budget continues to be closely monitored to ensure that any necessary corrective action is taken if required.

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ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF POLICY AND FINANCE COMMITTEE ON 10 FEBRUARY 2022

SUBJECT: Committee Revenue and Capital Budgets 2022/2023

REPORT AUTHOR: Carolin Martlew, Interim Group Head of Corporate Support and Section 151 Officer
DATE: January 2022
EXTN: 01903 737558
AREA: Corporate Support

EXECUTIVE SUMMARY:

The purpose of the report is for this Committee to consider and recommend its revenue budget for inclusion in the 2022/23 General Fund revenue budget, which will be considered by this Committee later on this agenda. In addition, this Committee will consider the overall revenue budget for 2022/23 to make a recommendation to Full Council on 23 February 2022 on the overall budget to be set, level of Council Tax for the District, Housing Revenue account budget and rent levels for 2022/23.

In addition, Committees must consider and recommend their draft capital budget for inclusion in the overall capital programme, which will be considered by this Committee later on this agenda. Policy and Finance Committee will consider the overall capital programme to make a recommendation to Full Council on 23 February 2022 on the programme (HRA and General Fund) to be set for 2022/23.

RECOMMENDATIONS:

It is recommended that this Committee:

- (a) Agree on the 2022/23 Revenue Budget as illustrated in Appendix A of this report;
- (b) Agree on the 2022/23 list of uncommitted growth items as illustrated in Appendix B of this report;
- (c) Agree to recommend that the Revenue Budget and list of growth items for this Committee be included in the overall General Fund Budget when considering the overall budgets to recommend to Full Council.

1. BACKGROUND:

2022/23 is the first year of budget preparation under the Committee form of governance introduced on 19 May 2021. Under Committee governance, Service Committees have considered and recommended budgets for the services they provide to the Committee responsible for budget setting. At Arun, this is the Policy and Finance Committee. The Policy and Finance Committee will then consider an overall budget to recommend to Full Council. Although the function of this committee is strategic in nature, it has some services allocated so the budgets for these require consideration in the same manner before being included in the overall budget.

The general background to the 2022/23 budget process was included in the Financial Prospects 2021/22 to 2025/26 report to Policy and Finance Committee on 14 October 2021. The main points to note are:

- Council Tax increases by £5 or 2% per annum which is currently the maximum allowed for similar District Councils;
- There is an inflationary increase in salary costs in 2022/23. The effect of the increase in National Insurance contributions from 2022/23 is included;
- If possible, cash limited sums for goods and services (no inflationary rise) for the period are included, otherwise inflation is provided for;
- The most up to date figure available has been used for the lump sum payable to the pension fund which was reflected in the latest report from the actuary for 2022/23;
- It is assumed all discretionary fees and charges imposed by the Council increase by at least 2.5% for the year;
- Growth items are not included in service committee estimates. They will be considered as a separate list by service committees. Items agreed by service committees will then form part of the final growth list which Policy and Finance Committee will need to consider when it sets the overall budget. It has been made clear to budget officers that growth requests should be minimised and restricted to those with a significant impact on Council priorities or objectives.

Financial forecasting has been difficult due to the COVID 19 pandemic. Budgets have been compiled on the best information available. In addition, where appropriate, central government funding has been applied to mitigate against increased costs and reductions in income.

There is no draft capital programme for this Committee.

PROPOSAL(S):

Revenue Budget

The basis of budgeting for 2022/23 assumes that current levels of service remain unchanged. Any proposed increase in the service level, or other significant new area of expenditure, is treated as uncommitted growth. These items are listed at Appendix B and are not included in the budgets. If this Committee agrees this list either in full, or in part, it will be considered in the context of the overall General Fund budget.

The budgets are presented in the format recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the publication of accounting information.

The information contained in the detailed budgets is as follows:

- Actual 2020/21, as per the Council's published accounts for 2020/21;
- Budget 2021/22 – a reproduction of the budget approved by the Council for 2021/22, adjusted to align with the Committee governance Structure;
- Budget 2022/23 – budgets are prepared at current price, plus inflation where unavoidable. The budgets contain committed growth. This indicates a change to the base level of service arising from policy changes determined by the Council, the effects of the financing of the agreed Capital Programme, or other unavoidable costs, eg arising from statutory commitments. Such growth is included in the budgets.

Uncommitted growth indicates an enhanced level of base service provision. This is not included in the budgets at this stage. The final inclusion in the Authority's overall revenue budget will be subject to consideration by the Policy and Finance Committee and Council.

The Committee system has required a change in the format of the budget. On-going revenue budgets that had not been fully developed were previously included in a corporate contingency budget before being vired to the relevant service. It should be noted that these are not shown in the original budget. The format of the budget had been changed under the Committee structure so that growth bid items mentioned above, once agreed, will be included under the relevant committee's budget for inclusion in the strategic budget summary to be submitted to Full Council.

The proposed uncommitted growth items are summarised with explanatory notes at Appendix B.

The budget is shown at Appendix A.

The significant changes in the revenue budget between 2021/22 and 2022/23 are:

- The inclusion of a Climate Change Officer in 2022/23. An appointment was made in 2021/22 and the funding for this was shown in the contingency budget in 2021/22;
- The 2021/22 pay award is still under negotiation. It is therefore necessary to include two years' pay awards in the employee figures which increases the expected cost in 2022/23.

At its meeting of 14 October 2021, this Committee considered a report on Carbon Reduction Strategy. One recommendation approved in this report was:

To endorse inclusion of £200,000 in the 2022/23 budget to support carbon reduction projects. The budget for 2022/23 should only contain projects that can be delivered in 2022/23. This sum is intended for pump priming of energy efficiency projects (including potential invest to save project) and it is the intention that any unspent sums will be made available in future years.

This is included in the growth bids at Appendix B. A report on this matter is included elsewhere on this agenda.

Previous years' budgets have also included a contingency budget to allow the s151 Officer to approve virements to enable essential or statutory unforeseen budget pressures to be met. This contingency budget is essential to enable the efficient running of the Council as virement cannot be approved from uncertain sources until after the end of the financial year. This sum is not always required and results in an inflated base budget.

An earmarked reserve of £100k has been established for this purpose in 2021/22. Virement from this reserve will be reported as part of the budget monitoring process.

Contributions to reserves are recommended in the overall budget report which is later on this agenda.

3. OPTIONS:

Not applicable

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:

Financial

The financial implications are shown throughout the report. Capital spending is susceptible to overrun, delay and increased costs. It is important that close monitoring of both revenue budgets and the capital programme is in place.

Legal

The Council has a legal duty to ensure its expenditure can be met by its income, inclusive of reserves.

7. REASON FOR THE DECISION:

To enable the Committee to recommend a revenue and capital budget to Finance and Policy Committee for inclusion in the Council's overall General Fund budget for 2022/23.

8. BACKGROUND PAPERS:

Detailed budget working papers 2022/23

2021/22 Budget Report to Full Council 17 February 2021

Financial Prospects 2021/22 to 2025/26 Report – Finance and Policy Committee 14 October 2021

Budget Consultation Report

Statement of Accounts 2020/21

**Policy and Finance Committee
General Fund Revenue Budget 2022/23**

Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
Policy and Finance			
1,566	Corporate Management	1,563	1,661
6	Climate Change	0	54
1,573	Committee Total:	1,563	1,716
Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
Policy and Finance			
<u>Corporate Management (N35 & N60 to N72)</u>			
1,537	Employees	1,536	1,632
0	Transport	10	10
29	Supplies and Services	17	20
1,566	Total for Corporate Management:	1,563	1,661
<u>Climate Change (N80)</u>			
6	Employees	0	54
0	Supplies and Services	0	0
6	Total for Climate Change:	0	54
1,573	Committee Total:	1,563	1,716

**Policy and Finance Committee
Revenue Budget 2022/23
Growth Items**

Item	£'000	Note
Levelling Up Fund Project Management	220	1
Carbon Reduction Strategy	200	2
Total	420	

Notes

1. The Levelling Up Fund grant award of £19m is a significant undertaking for the Council. At its meeting of 9 December 2021, Policy and Finance Committee recommended £220,000 budget provision be made to engage specialist staff to successfully manage and deliver the project.

2. At its meeting of 14 October 2021, this Committee considered a report on Carbon Reduction Strategy. One recommendation approved in this report was:

To endorse inclusion of £200,000 in the 2022/23 budget to support carbon reduction projects. The budget for 2022/23 should only contain projects that can be delivered in 2022/23. This sum is intended for pump priming of energy efficiency projects (including potential invest to save project) and it is the intention that any unspent sums will be made available in future years.

A report on this matter is included elsewhere on this agenda.

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ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF POLICY AND FINANCE COMMITTEE ON 10 FEBRUARY 2022

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REPORT AUTHOR: Carolin Martlew, Interim Group Head of Corporate Support and Section 151 Officer
DATE: January 2022
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AREA: Corporate Support

EXECUTIVE SUMMARY:

The purpose of the report is for this Committee to make a recommendation to Full Council on 23 February 2022 on the overall budget to be set, level of Council Tax for the District, Housing Revenue account budget and rent levels for 2022/23.

In addition, Policy and Finance Committee must consider the overall capital programme to make a recommendation to Full Council on 23 February 2022 on the overall capital programme (HRA and General Fund) to be set for 2022/23.

RECOMMENDATIONS:

It is recommended that this Committee:

2021/22 financial year:

In respect of Environment Committee, approve the £180,000 contribution to the Community Flood Fund and a further £100,000 in 2023/24, to enable required Partnership Contributions to continue. The £100,000 recommended in 2023/24 will be assessed at a later date.

A contribution of £100k be made to a contingency budget reserve to replace the £50k annual budget to be topped up annually.

2022/23 financial year:

- (a) Note that the Interim Group Head of Corporate Support, in consultation with the Leader of the Council, has approved a Council Tax base of 63,011 for 2022/23;
- (b) Note the budget report in Appendices A, 1, 2 and 3;

Policy and Finance Committee is requested to recommend to Full Council that:

- The General Fund Revenue budget as set out in Appendix 1 is approved;
- Arun's band D council tax for 2022/23 is set at £196.47, an increase of 2.58% over 2021/22;

- Arun’s Council Tax Requirement for 2022/23, based on a Band D Council Tax of £196.47, is set at £12,379,771 plus parish precepts as demanded, to be transferred to the General Fund in accordance with statutory requirements;
- The Council’s General Fund Revenue Account Balance be set at £5m. Any balance above this to be transferred to the Funding Resilience Reserve to allow future budgets to be balanced;
- The HRA budget as set out in Appendix 2 is approved;
- HRA rents for 2022/23 are increased by 4.1% (CPI plus 1%) in accordance with the provisions of the rent standard;
- HRA garage rents are increased by 5% to give a standard charge of £13.58 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;
- The Capital budget as set out in Appendix 3 is approved.

1. BACKGROUND:

2022/23 is the first year of budget preparation under the Committee form of governance introduced on 19 May 2021. Under Committee governance, Service Committees have considered and recommended budgets for the services they provide to the Committee responsible for budget setting. At Arun, this is the Policy and Finance Committee. The Policy and Finance Committee must then consider an overall budget to recommend to Full Council. This report is compiled on the assumption that all previous recommendations on this agenda and other Committee agendas were agreed.

Growth items were not included in service committee estimates. They were considered as a separate list by service committees and agreed for submission to this Committee. These items now form the final growth list which this Committee must consider when setting the overall budget.

In addition, the draft Housing Revenue Account budget for 2022/23 is also attached for Member consideration, following presentation to the Housing and Wellbeing Committee.

Financial forecasting has been difficult due to the COVID 19 pandemic. Budgets have been compiled on the best information available. In addition, where appropriate, central government funding has been applied to mitigate against increased costs and reductions in income.

The draft capital programme for 2022/23 is also included.

2. PROPOSAL(S):

Revenue Budget

Prior to the start of each financial year, the Council sets its budget, Council Tax levels and housing rent levels for the year. This report allows Policy and Finance Committee to make a recommendation to Full Council on the budgets, Council Tax level and Housing rent levels to be set for 2022/23.

Policy and Finance Committee is requested to consider the attached report and to approve the recommendations made.

3. OPTIONS:		
Not applicable		
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:		
<u>Financial</u>		
The financial implications are shown throughout the report. Capital spending is susceptible to overrun, delay and increased costs. It is important that close monitoring of both revenue budgets and the capital programme is in place.		
<u>Legal</u>		
The Council has a legal duty to ensure its expenditure can be met by its income, inclusive of reserves.		

7. REASON FOR THE DECISION:

To enable the Committee to recommend a revenue and capital budget to Full Council for 2022/23.

8. BACKGROUND PAPERS:

Detailed budget working papers 2022/23
2021/22 Budget Report to Full Council 17 February 2021
Financial Prospects 2021/22 to 2025/26 Report – Finance and Policy Committee 14 October 2021
Budget Consultation Report
Statement of Accounts 2020/21 and Service Committee Budget reports

ARUN DISTRICT COUNCIL BUDGET 2022/23

REPORT BY THE INTERIM GROUP HEAD OF CORPORATE SUPPORT

1.0 Introduction

- 1.1 2022/23 is the first year of budget preparation under the Committee form of governance introduced by the Council on 19 May 2021. Under Committee governance, Service Committees have considered and recommended budgets for the services they provide to the Policy and Finance Committee to allow a recommendation to be made to Full Council on the overall budget to be set for 2022/23.
- 1.2 The Covid-19 pandemic which affected the country since March 2020 is still ongoing and has had significant consequences on the 2020/21 outturn and the expected outturn for 2021/22. At the time of compiling this report, the impact of the Omicron variant was increasing and appeared likely to cause further problems. The wider reforms of local government funding (the Fair Funding Review) were expected to be shelved as the government viewed them as in conflict with the Levelling Up agenda. The Council therefore again had to set its budget against a background of considerable uncertainty.
- 1.3 The 2022/23 provisional local government finance settlement was issued on 16 December 2021. The details are covered in this report. The consultation period on this concluded on 13 January 2022 and the final settlement is anticipated late January or early February 2022.
- 1.4 This report sets out the Capital, Housing Revenue and General Fund Revenue budget for 2022/23. These budgets have been prepared taking account of the following:
- The Medium Term Financial Strategy 2021/22 to 2025/26 considered at Finance and Policy Committee on 14 October 2021.
 - Housing Revenue Account Business Plan update 2021/22 considered at Housing and Wellbeing Committee on 2 December 2021.
- 1.5 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 2022/23 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 2022/23 was another one year settlement. The reasoning behind this being the ongoing uncertainty as a result of the COVID19 pandemic and the government's stated desire to pursue its Levelling Up agenda. The significant headlines from the announcement were:

- A one-year settlement announced for 2022-23;
- Priority in the settlement is “stability in the immediate term”, with a more fundamental review of local government funding starting in 2022;
- Overall Core Spending Power (CSP) increased by over 4% in real terms (£3.5bn cash), including funding for social care reform and cap compensation;
- The 2022-23 settlement rolled forward many aspects of the 2021/22 settlement;
- A new one-off 2022-23 Services Grant created to fund general responsibilities (2013-14 SFA used to distribute funding);
- The council tax referendum thresholds set at 1.99% maximum “core” increase, 1% adult social care precept, £5 maximum for district councils and £10 maximum for Police and Crime Commissioners. A new £5 maximum precept increase for the lowest-funded fire authorities available;
- Of the £1.5bn made available in SR21, £70m will be used to apply inflation to RSG, £636m for additional social care grants, and £822m for the new Services Grant;
- 42% of the £1.5bn allocated to social care;
- Another additional New Homes Bonus payment (Year 12, £333m), on top of the final “legacy” payment of £221m;
- Funding for the social care reforms (£162m in 2022-23) will use the existing Adult RNF, and is for the Fair Pricing reforms;
- Compensation for under-indexing the multiplier (which will be frozen in 2022-23) is based on the Consumer Price Index (CPI) but will use Retail Price Index (RPI) in the final settlement (which will result in about £225m additional funding);
- Once again, no changes made for those authorities in a “negative RSG” position – and these authorities will receive increased funding via the 2022-23 Services Grant.

2.2 The provisional settlement included the following available to the Council for 2022/23:

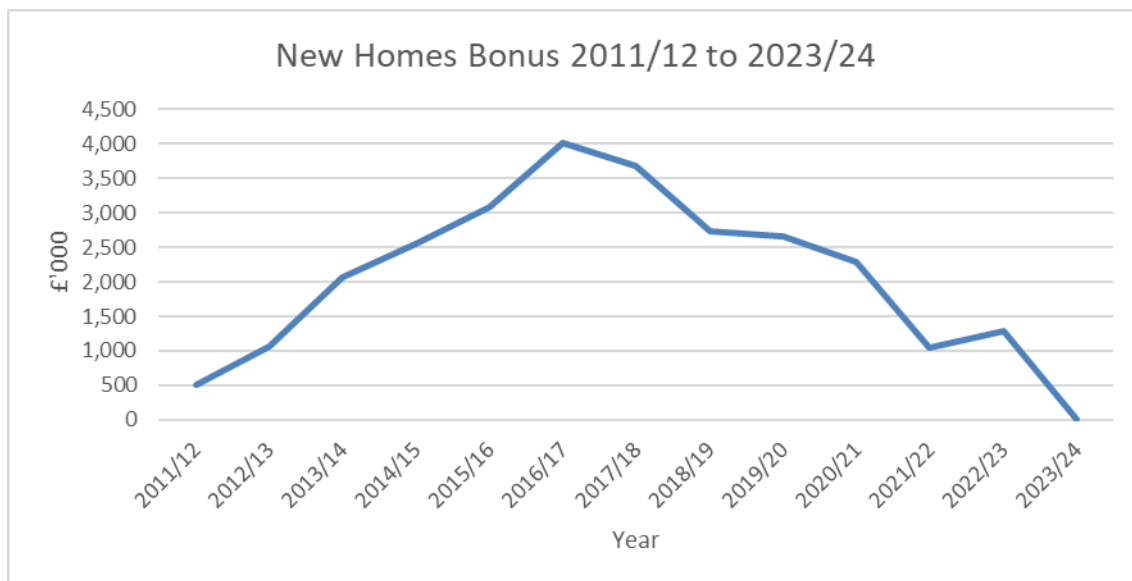
Funding	£'000
New Homes Bonus	1,292
Lower Tier Grant	164
Services Grant	253
Total	1,709

2.3 The New Homes Bonus (NHB) was introduced in 2011/12. The aim of the grant was to create an incentive to reward local authorities delivering 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 was now only expected to guarantee legacy payments, declining to zero in 2023/24.

2.4 The NHB for 2022/23 is £1.292m and is based on year 9 legacy payment of £470k and an additional year 12 payment of £822k (an increase of £0.252m over 2021/22). The additional payment was unexpected and not included in the MTFP presented to Policy and Finance Committee on 14 October 2021. The level of NHB is summarised in the table below and, again the expected withdrawal of this funding stream from 2023/24 constitutes a significant depletion of the Council's finances, unless an alternative funding stream is introduced:

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	2022/23 £'000
2011/12	509	509	509	509	509	509	0	0	0	0	0	0
2012/13		556	556	556	556	556	0	0	0	0	0	0
2013/14			1,000	1,000	1,000	1,000	1,000	0	0	0	0	0
2014/15				484	484	484	484	0	0	0	0	0
2015/16					539	539	539	539	0	0	0	0
2016/17						926	926	926	926	0	0	0
2017/18							728	728	728	728	0	0
2018/19								540	540	540	540	0
2019/20									470	470	470	470
2020/21										557	0	0
2021/22											30	0
2022/23												822
Total	509	1,065	2,065	2,549	3,088	4,014	3,677	2,733	2,664	2,295	1,040	1,292

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



2.6 The confirmation letter from DLUHC of NHB allocations for 2022/23 made the following comment on the future of NHB:

Future of the New Homes Bonus

We consulted on the future of the New Homes Bonus earlier this year and will publish our response early next year. We are committed to reform and will use the additional year to carefully consider how we can ensure the incentive is more focused and targeted on ambitious housing delivery and which complements wider government priorities.

- 2.7 The provisional settlement for 2022/23 again included the Lower Tier Services Grant, of £164k (£677k in 2021/22) 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 NHB. It is expected that this grant will be rolled up in the Funding Formula potentially implemented from 2023/24.
- 2.8 The settlement also included a new one-off 2022-23 Services Grant created to fund general responsibilities (2013-14 SFA was used to distribute funding). For Arun, this provided £253k in 2022/23.
- 2.9 In 2021/22 the Council received income from the allocations for tranche 5 of the Covid-19 support grant of £831k. There was no such funding in 2022/23.
- 2.10 The negative RSG (payment to the Government) anticipated from 2019/20 continues to be funded by Government
- 2.11 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 (now DLUHC) 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.
- 2.12 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. As previously mentioned, latest information from DLUHC indicates the expected reforms will be shelved.
- 2.13 A business rates pool consisting of West Sussex County Council, Adur, Arun, Horsham and Mid Sussex has been approved for 2022/23. Analysis showed that this was the most beneficial pooling for the County area. Notice of approval was received from DLUHC on 16 December 2021.

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

Non-Ringfenced Grant Income			
	Budget 2021/22	Budget 2022/23	Change
	£'000	£'000	£'000
Retained Business Rates including s31 grant from earmarked reser	5,866	6,176	310
New Homes Bonus:	1,040	1,292	252
Other non-ringfenced grants:			
Lower Tier Services Grant	677	164	(513)
Services Grant	0	253	253
Covid-19 Tranche 5	831	0	(831)
Local Council Tax Support (LCTS) Grant	209	0	(209)
Housing Benefits Administration Grant	373	384	11
Localising Council Tax Support Administration Grant	143	155	12
Business rates collection allowance	183	184	1
Total Other Non-ringfenced grants:	2,416	1,140	(1,276)
Total non-ringfenced grant income	9,322	8,608	(714)

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

2.15 An earmarked reserve contribution of £442K has also been included in the budget for 2021/22 to 2023/24 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 was actioned in 2020/21 to fund the contribution in 2021/22 and subsequent years.

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

Actual 2020/21	Arun excluding Parish Councils	Budget 2021/22	Budget 2022/23	Change
62,244	Tax base *	62,628	63,011	383
£186.57	Band D Tax	£191.52	£196.47	£4.95
	Percentage increase			2.58%
£11,613,000	Council Tax Income (excluding parishes)	£11,995,000	£12,380,000	£385,000

*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 £12.380m 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 £196.47, which represents an increase of £4.95 or 2.58% (£4.95 or 2.65% 2021/22). Arun's tax base for 2022/23 shows an increase of 383 from 2021/22

(384 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 2022/23 assumes a pay award of 1.75% for 2021/22. This is the Employers' latest offer for 2021/22 which remains under negotiation. For 2022/23, pay inflation of 2.5% has been assumed. 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 2022/23.
- 3.3 HRA rents have been set at an increase of 4.1% (CPI plus1%). Garage rents have been set at an increase of 5% over 2021/22.

4.0 General Fund Revenue Budget

- 4.1 A summary of the General Fund Revenue budget showing 2021/22 Original Budget and 2022/23 proposed budget, summarised by Service Committee is shown in Appendix 1. Service Committees have recommended budgets for inclusion in the overall budget at their meetings in January 2022. A summary of the projected movement on General Fund Reserve is shown in the table below:

General Fund Reserve Movement	2021/22 Original Budget £'000	2021/22 Current Budget £'000	2022/23 Budget £'000
Net Budget Requirement	25,987	26,438	25,727
Financed by:			
Government Grants and Retained Business Rates	(9,322)	(9,495)	(8,608)
Council Tax (including collection fund surplus/deficit)	(16,665)	(16,665)	(17,119)
Taken From / (Added to) Balances	0	278	0
General Fund Balance 1 April	7,076	7,076	5,000
Supplementary Estimates		(278)	
Transfer to earmarked reserves		(280)	
Current Budget Variation Estimated Outturn 2020/21*		1,178	
Transfer (to)/from Funding Resilience Reserve		(2,696)	0
Total (Taken From) / Added to Balances	0	(2,076)	0
General Fund Balance 31 March	7,076	5,000	5,000

* January 2022

- 4.2 At 1 April 2021, the Council held a General Fund Revenue Balance of £7.076m and Funding Resilience Reserve of £6.659m. Following assessment, the Section 151 Officer is of the view that a balance of £5m should be kept in General Fund (£4m with a £1m contingency for unforeseen events) and any surplus balance above this be transferred to the Funding Resilience Reserve in 2021/22. Any change in the General Fund Balance will be recommended to Members before being actioned.
- 4.3 The original budget for 2021/22 assumed a balanced budget with no drawdown from General Fund Reserve. This was achieved by the use of support from the government to offset additional expenditure as a result of the COVID19 pandemic. Without this, the Council would have faced significant financial problems. Full Council has approved supplementary estimates totalling £278k (table 4.4 below). Offsetting this is a favourable variation, as at December 2021, of (£1,178k) (providing this continues). This will allow a transfer of approximately £2.7m to the Funding Resilience Reserve subject to the positive current budget variation continuing. It should be noted that the budget for 2022/23 requires a transfer of £817k from the Funding Resilience reserve. Further explanation of the reserve transfer is provided in paragraph 5.2.

The Covid-19 pandemic has caused a significant shift in the way the Council has had to utilise its resources during 2020/21 and 2021/22. The continuing changes to the Covid-19 restrictions has made additional costs and loss of income extremely difficult to forecast.

- 4.4 The table below summarises the supplementary estimates. These will be offset by the current budget variation as shown in table 4.1

Summary of Supplementary Estimates	£'000
Fitzalan Road acoustic fencing FC 14/07/2021	25
Planning Appeal P/58/19/PL	26
Planning Appeal BN/142/20/OUT	50
West Bank Strategic Allocation FC 15/09/2021	50
Recruitment of permanent CEO FC 13/10/2021 380 (3)	30
Recruitment of an interim CEO FC 13/10/2021 384 (3)	97
Total Supplementary Approvals to end of December 2021	278

4.5 Because of the projected out turn in 2021/22, the following transfers to earmarked reserves are recommended to be undertaken:

Earmarked Reserve	£'000	Note
Community Flood Fund	180	1
Contingency Reserve	100	2
Total	280	

Notes

1. This was recommended by Environment Committee to be undertaken in 2022/23. It is recommended in 2021/22.
2. This is a new reserve, to allow the S151 Officer to fund unforeseen financial pressures.

4.6 The transfers to earmarked reserves are included in the estimated outturn and shown in the table at 4.1 above.

4.7 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 2022/23 or the estimated outturn for 2021/22 as the timing of the receipts is not certain. These receipts will be used for the future development / maintenance of the Council's assets.

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

General Fund Budget 2022/23 Changes	£'000
Establishment - pay awards for 2021/22	240
Establishment - pay awards for 2022/23	363
Establishment - resource switching	237
Establishment - increase in Employer National Insurance Contributions	94
Major contracts (including Leisure contract inflation)	110
Local Plan	(173)
Increased HRA recharges	(119)
Reduction in Housing Benefit	101
Increase in Car Park income	(96)
Increase in Planning income	(185)
Committee Bids	1,255
Fall out of 2021/22 contingency items	(1,008)
Corporate Asset Management Revenue Budget (Economy Committee)	1,421
Capital Expenditure Financed From Revenue 2021/22	(1,711)
New Homes Bonus	(252)
Council Tax	(385)
Retained Business Rates	(310)
Reduction in Covid-19 support for 2021/22	1,040
Reduction in other non-ringfenced grants	236
Other net variations	(41)
Contribution from Funding Resilience Reserve	(817)
Net change in budgeted reserve movement	0

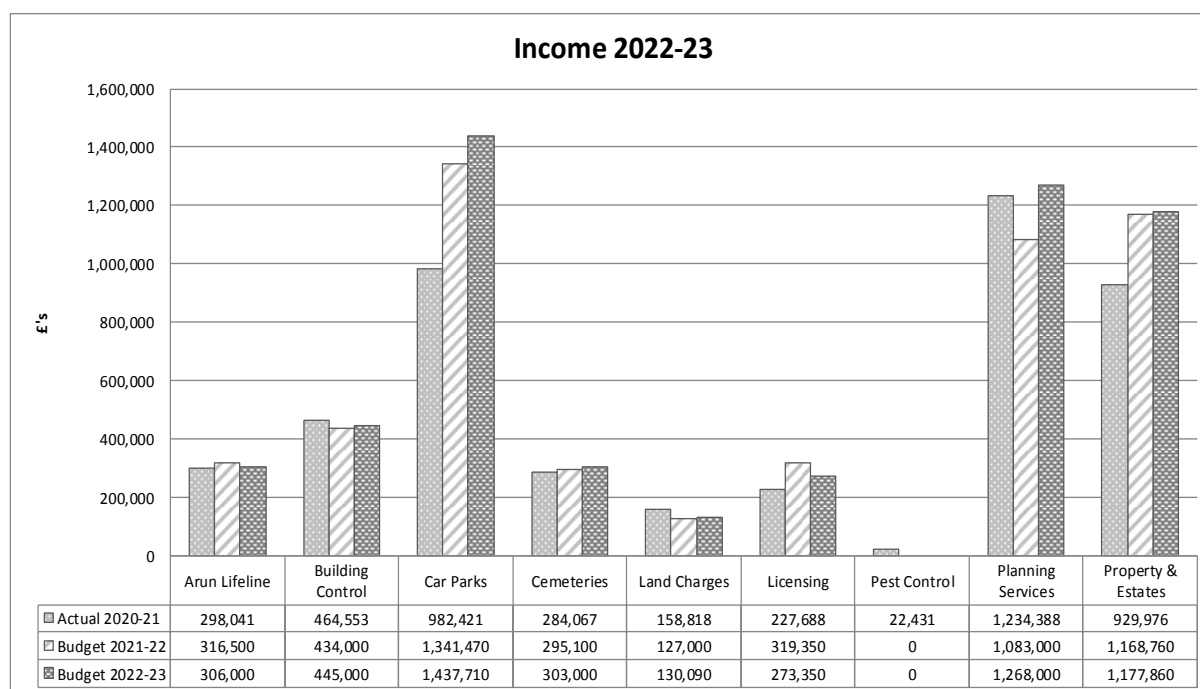
- 4.9 The budget for 2021/22 included provision for a pay award for all staff. The actual pay award is still under negotiation and a final offer of 1.75% has been made. In addition, 2.5% has been assumed as a pay award for 2022/23, in addition to a 1.25% increase in employers national insurance contribution rate resulting in increased cost of £697k.
- 4.10 The Council's service contracts all have inflation clauses included. The net figure of £110k includes (£82k) increase in the Leisure Contract management fee and £192k growth in other major contracts.
- 4.11 The Planning Policy Committee recommended on 6 October 2021 to pause the preparation of a revised local plan for the District. The 2021/22 budget was £321k, reduced to £148k in 2022/23; a reduction of (£173k). This will be reviewed in April 2022.
- 4.12 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 from 2021/22 for the use of accommodation with additional services, for which the Council cannot claim subsidy. These factors have resulted in a £101k increase in the net Rent Allowances budget.
- 4.13 Additional car parking income of (£96k) is expected in 2022/23 over that in 2021/22. This mainly arises from additional car parks use as visitor numbers have increased during the COVID19 pandemic.

- 4.14 Increased Development Control income of (£185k) is expected in 2022/23. This estimate is based on actual income to date in 2021/22. There may be delayed applications due to the pandemic and these cannot be anticipated.
- 4.15 .For 2022/23, the Asset Management Revenue Budget has been restated to align the budget with accounting regulations. This change means that revenue maintenance on the Council's property is shown in the Revenue Budget, resulting in an increase of £1,421k. In previous years, it has been included in the Capital and Asset Management Programme, funded by Revenue Contribution. The removal of this & other items funded this way has reduced the Revenue Budget by £(1,711k).
- 4.16 Changes in government funding are discussed elsewhere in the report. No funding in respect of COVID19 is anticipated in 2022/23.
- 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. For 2022/23, all service changes have been assessed and allocated to the relevant Committee. As a result, there is no contingency budget for the year, leading to improved financial management.
- 4.18 In considering budgets, the service Committees were all requested to consider increased service requests as growth items totalling £1.255m. All the requested items were approved and are now included in the General Fund budget:

Committee	Growth Items	£'000
Economy	Additional support for high street recovery	150
Economy	Events for Bognor Regis and Littlehampton	150
Economy	Vision documents for Bognor Regis and Littlehampton	100
Economy	Town Centre Events	60
Economy	Sussex by the Sea Festival	40
Economy	Energy Bills	25
Economy	Insurance Valuations	20
Environment	Empty Homes PT Technical Support Officer	18
Environment	Changing Places additional reserve	17
Environment	Bersted Brooks Country Park	10
Environment	Trees for Towns and Parishes	10
Housing & Wellbeing	Littlehampton Community Warden Project	100
Housing & Wellbeing	Arun Inspires - Artwork	15
Planning Policy	Restructure of Planning and Development Section	120
Policy & Finance	LUF Project Management	220
Policy & Finance	Carbon Reduction Strategy	200
Total		1255

- 4.19 Income from fees, charges and rents are included within net cost of service. In total this amounts to overall financing of £5.341m (£5.085m 2021/22), an increase of £256k.

The main reasons for the increase are increased income from car parking of (£96k) and planning fees of (£185k). 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. The graph below shows income by source and value and demonstrates trend. The income estimates included in 2022/23 are reasonable and not over-stated.



5.0 Earmarked Reserves

- 5.1 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 2020/21 financial year was £29.162m (£15.768m previous year). The increase is mainly due to the Business Rates Collection Fund COVID19 statutory 3 year deficit spread funding earmarked by the Council in 2020/21. The carry forward balance into 2022/23 will therefore be a minimum of £13.928m, depending upon the amount of budget variation during 2021/22. It should be noted that the increase in 2020/21 was mainly in relation to the S.31 grant which was received 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.
- 5.2 The Council has a Funding Resilience Reserve (balance £6.659m 1 April 2021), which was established to mitigate against the risk of a significant drop in government funding (Fair Funding Review, Review and reset of Business Rates and New Homes Bonus) to ensure that the General Fund balance does not drop below the recommended minimum balance. The decision to hold the General Fund Balance at £5m is explained

in paragraph 4.2 above. Any surplus will therefore be transferred to the Funding Resilience Reserve at the end of the Financial Year. It is anticipated that the balance of the FRR will increase to approximately £9.3m at 31 March 2022. A transfer of £817k is required to achieve a balanced budget for 2022/23 resulting in an estimated balance of approximately £8.5m at 31 March 2023. The anticipated FRR appropriations are summarised in the table below:

Funding Resilience Reserve	£'000
Balance at 31 March 2021	6,659
Increase in balance 2021/22	2,696
Balance at 31 March 2022	9,355
Withdrawal from reserve 2022/23	(817)
Balance at 31 March 2023	8,538

5.3 During 2021/22, the following contributions to earmarked reserves were requested to be included in the 2022/23 budget. A revenue budget underspend is anticipated in 2021/22 and deficit expected for 2022/23. It is therefore recommended that the requested contributions be made in 2021/22 financial year:

- £180k Flood Fund;
- £100k Contingency budget to replace the £50k annual budget to be topped up annually.

These transfers are included in the estimated outturn for 2021/22 and are explained at paragraph 4.5 above.

5.4 The Corporate Asset Management Programme budget (Economy Committee) of £1.421m is part funded by a contribution of £674k from the Asset Management Reserve.

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. In addition, the increase in infections arising from the Omicron variant resulted in some restrictions being re-introduced. The implications of this remain unclear and could affect the Council's financial projections.

6.3 Income: the budget includes £5.341m (£5.085m 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. At present,

the main risks to this are a poor summer resulting in lower car park income and income from planning fees declining if the economy contracts.

6.4 The budget contains an assumption of a pay increase of 1.75% in 2021/22 and 2.5% in 2022/23. Any increase above these levels will place additional strain on the Council's budgets.

6.5 NHB now appears certain to be discontinued from April 2023. As stated earlier, the government has said:

We consulted on the future of the New Homes Bonus earlier this year and will publish our response early next year. We are committed to reform and will use the additional year to carefully consider how we can ensure the incentive is more focused and targeted on ambitious housing delivery and which complements wider government priorities.

At this stage it is not clear what the government will introduce. The obvious risk is that the Council is adversely affected by the outcome.

6.6 The reset of the retained business rates baseline has been postponed again and looks likely to be shelved. Until this is officially confirmed it remains a risk. 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 The Council's cleansing contract is currently due for renewal. The outcome of negotiations and/or a tender could be a significant cost increase for the Council. This must be closely monitored and increases kept as low as possible.

6.8 The vacancy management factor has been kept at £500k.

6.9 Income from the Council's Leisure Management Contractor has largely ceased in 2021/22. The Contractor is confident of a return to pre-pandemic levels by April 2022. Negotiations continue around recovering lost income over the remaining contract period. There is a risk that this may not be recoverable.

6.10 The Capital Programme includes a scheme to refurbish the wet change facilities at Arun Leisure Centre. S106 income is dependent on delivery of significant housing projects and can be susceptible to slippage. There is no guarantee of the income being received when anticipated. Assuming this scheme progresses, it is shown as funded from borrowing. The S106 monies will be applied to reducing debt when received. This leaves a minimum £320k to fund. If the S106 monies are not received, the Council will have to fund the whole cost of the scheme (£987k) from other sources which may affect the level of revenue balances.

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 Revenue Budget is shown at Appendix 2. The budget has been prepared using the most up to date information available. A housing rent increase of 4.1% has been assumed for 2022/23. In addition, a garage rent increase of 5% for 2022/23 has been assumed giving an average rent of £13.58 per week (excluding VAT). The draft HRA budget for 2022/23 shows an expected deficit of £1.396m, leaving a balance carried forward at 31 March 2023 of £3.525m.
- 7.3 The 2022/23 budget reflects the priorities of the HRA Business Plan 2021 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.
- 7.4 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. Another £6m is planned to be spent over a period of 3 years from 2022/23 on Sheltered accommodation. This is proposed to be funded from external borrowings. Financing cost of this borrowing has been included in the draft 2022/23 budget.
- 7.5 However, it should be noted that each new scheme will be subject to a full financial appraisal and Member approval 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 60%, of the cost of some of the new schemes.
- 7.6 The replacement of Housing management system commenced in 2021/22 with an initial cost estimated at £600k. This is now estimated at £1.058m over the period of its implementation and a 4-year contract. Additional £182k has been provided in the budget for 2022/23 with a further provision required in 2023/24.

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.
- 8.2 Full council will be asked to approve the capital strategy on 9 March 2022 (after consideration by Policy and Finance Committee on 10 February 2022). 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

- 8.3 For 2022/23, the Revenue Budget has been restated to align the budget with accounting regulations. This change means that revenue maintenance on the Council's property is shown in the Revenue Budget. In previous years, it has been included in the Capital and Asset Management Programme. The change will streamline budget monitoring and accounting practices and reduce queries on budget variances in future
- 8.4 The capital programme for 2022/23, together with the proposed method of financing, is set out in the table below.

Capital Programme 2022/23	
General Fund:	£'000
Capital/Project Programme	2,539
Disabled Facilities Grants	1,400
Total General Fund	3,939
Housing Revenue Account:	
Housing IT	285
Public Housing Services	5,466
Sheltered Accommodation	2,600
Total Housing Revenue Account	8,351
Total Programme	12,290
Financed by:	
Capital Grants	1,400
Capital Receipts	1,500
Charge to General Fund (RCCO)	52
Borrowing	987
Major Repairs Reserve	5,336
Charge to Housing Revenue Account	515
Prudential Borrowing (HRA)	2,500
Total Financing	12,290

- 8.5 The capital budget for 2022/23 and future years is limited by the funding that is available. If all capital receipts in hand are applied, then other funding will need to be considered, such as borrowing or revenue funding. Both would place pressure on the revenue account. The budget will apply £1.5m of capital receipts to finance the programme, in previous years this has been part financed from revenue contributions.

8.6 The Arun Leisure Centre Wet Change project, currently funded from borrowing is part funded from S106 monies which are not receivable until later years. Members are advised that S106 income is dependent on delivery of significant housing projects and can be susceptible to slippage. There is no guarantee of the income being received when anticipated. The S106 monies will be applied to reducing debt when received.

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 £40 of receipts used with £60 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. The budget assumes the use of £1.5m of these receipts.

9.2 The Council's available capital receipts totalled £1.933m at 31 March 2021 (£2.815m previous year). The total is comprised of £0.549m "1 for 1 replacement" receipts and £1.384m 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 2021/22 and 2022/23 (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. The 2022/23 budget assumes £1.5m of capital receipts will be applied. This is dependent on actual receipts and capital expenditure. Should all usable receipts be applied, alternative funding will have to be used.

9.0 Conclusions

10.1 The General Fund revenue budget and Capital budgets are set within the medium term financial strategy. However, the budget for 2022/23 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 2022/23.

10.2 For 2022/23, the General Fund Revenue Budget is balanced by a transfer of £817k from the funding resilience reserve.

10.3 The Housing Revenue Account shows a deficit of £1.396m for 2022/23. It is important that the HRA is balanced in future years to ensure it remains financially sustainable.

10.4 The total capital programme for 2022/23 totals £12.290m. The Council's ability to deliver future programmes is dependent on funding. A review will be undertaken during 2022/23 on current schemes to determine their deliverability and whether they should remain in the programme. This will free up resource for other projects.

General Fund Revenue Budget Summary

Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
Cost of Service			
1,573	Policy and Finance Committee	1,563	2,136
5,927	Corporate Support Committee	6,091	6,592
872	Economy Committee	679	2,713
7,846	Environment Committee	7,650	8,256
547	Planning Policy Committee	1,080	945
5,203	Housing and Wellbeing Services	3,238	3,312
0	Vacancy Management	(500)	(500)
(1,460)	Recharges to Housing Revenue Account	(1,426)	(1,545)
20,508	Total Cost of Service:	18,375	21,908
Corporate Cost			
4,832	Parish Precepts	4,877	4,877
207	Other precepts and levies	278	247
(635)	Interest & investment income	(344)	(413)
0	Contingencies / miscellaneous	1,008	0
13,394	Contribution to/(from) earmarked reserves	(964) x	(1,926) *
0	Capital expenditure financed from revenue	1,711	52
1,201	Pension deficit contributions	1,046	982
18,999	Total Corporate Cost:	7,612	3,819
39,507	Total Net Budget Requirement	25,987	25,727
Financed By			
(14,855)	Retained Business Rates	(5,866) xx	(6,176) **
(2,295)	New Homes Bonus	(1,040)	(1,292)
(5,772)	Other non ringfenced grants	(2,416)	(1,140)
(11,970)	Council Tax Income - Arun Excluding Parishes	(11,995)	(12,380)
(4,475)	Council Tax Income - Town & Parish Councils	(4,877)	(4,877)
(140)	Collection Fund deficit/(surplus)	207	138
(39,507)	Total External Finance:	(25,987)	(25,727)
(0)	Transfer (to) / from General Fund Reserve	0	0

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

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

* Excluding £3.742m S31 Grant received in 2020/21

** Including £3.742m S31 Grant received in 2020/21

Housing Revenue Account Budget Summary

Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
	Expenditure		
5,144	Supervision and management	5,199	5,534
4,525	Repairs and maintenance	3,887	5,181
1,860	Financing of capital expenditure	4,732	5,851
5,043	Net loan charges	5,162	2,785
16,572	Total Expenditure:	18,980	19,351
	Income		
(15,982)	Rents (dwellings, garages, hostels, other property)	(16,391)	(17,286)
(521)	Charges for services and facilities	(632)	(641)
45	Interest on Balance Payable / (Receivable)	10	(28)
(16,458)	Total Income:	(17,013)	(17,955)
114	HRA (surplus) / deficit	1,967	1,396
	Housing Revenue Account Reserves		
(8,948)	Balance brought forward	(8,834)	(4,921)
114	HRA (surplus) / deficit	1,967	1,396
	Capital Slippage in year	1,363	
	Estimated variation in 2021/22 out turn	583	
(8,834)	Balance carried forward	(4,921)	(3,525)

Capital Programme 2022/23	
General Fund:	£'000
Corporate Support Committee	
ICT	200
Total Corporate Support Committee	200
Economy Committee	
Leased Property Dilapidations	50
Arcade Roof, Bognor Regis	210
Roof Replacement at Windmill Theatre	190
Changing Places Project	157
Fitzleet Car Park	200
Total Economy Committee	807
Environment Committee	
Play Areas	225
Bersted Brooks Country Park	320
Disabled Facilities Grants	1,400
Total Environment Committee	1,945
Housing and Wellbeing Committee	
Arun Leisure Centre Wet Change Facilities	987
Total Housing and Wellbeing Committee	987
Total General Fund	3,939
Housing and Wellbeing Committee	
Housing Revenue Account:	
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Public Housing Services	5,466
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Total Financing	12,290

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF POLICY AND FINANCE COMMITTEE ON 10 FEBRUARY 2022

SUBJECT: Capital Strategy 2022/23 to 2026/27

REPORT AUTHOR: Carolin Martlew, Interim Group Head of Corporate Support and S151 Officer

DATE: January 2022

EXTN: 01903 737568

AREA: Corporate Support

EXECUTIVE SUMMARY: The report allows the Policy and Finance Committee to consider and comment on the Council's Capital Strategy 2022/23 to 2026/27 before adoption by Full Council on 9 March 2022.

RECOMMENDATIONS:

It is recommended that the Policy and Finance Committee recommend to Full Council that the Capital Strategy 2022/23 to 2026/27 be approved.

1. BACKGROUND:

This strategy forms the framework for capital investment decisions over the next three years and will inform the detailed annual capital budgets over this period. It is closely linked to the Treasury Management Strategy, the Investment Strategy and the Borrowing Strategy.

The strategy aims to balance capital expenditure needs and expectations (e.g. replacement of business critical IT systems) with the scarcity of available resources

2. PROPOSAL(S):

The Treasury Management Code allows authorities to delegate the detailed management of Treasury Management, including the Capital Strategy, to a committee and this responsibility is now delegated to the Policy and Finance Committee. This delegation will facilitate more active discussion of the Capital Strategy and its implementation though overall responsibility will at all times remain with the full Council.

The Capital Strategy 2022/23 to 2026/27 for consideration is included in Appendix 1.

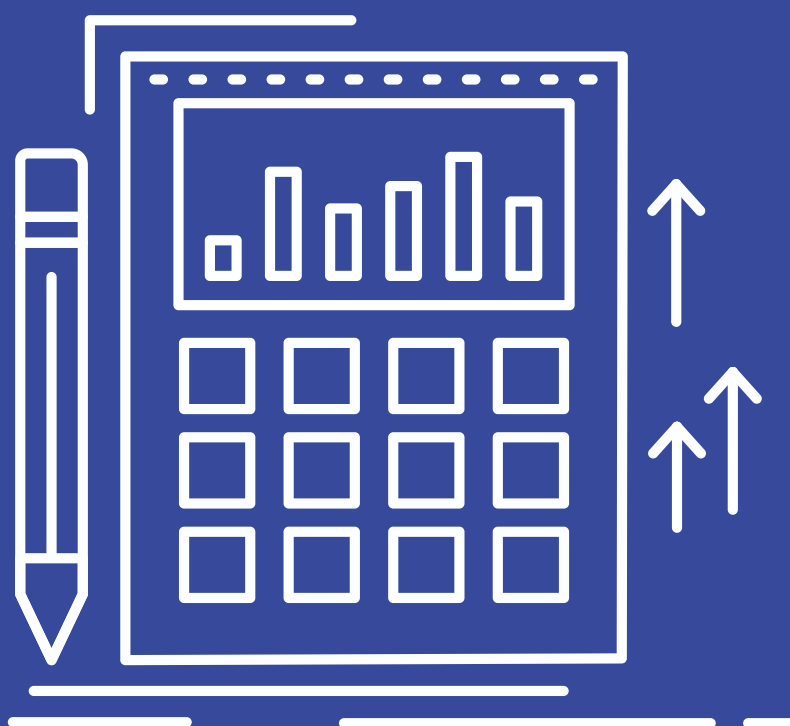
3. OPTIONS:

N/A; the only available option is to recommend the Capital Strategy be recommended for approval by Full Council.

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)		
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:		
<u>Financial</u>		
The Capital Strategy will inform capital expenditure decisions. In addition, it is viewed as sound governance to have a Capital Strategy in place.		
7. REASON FOR THE DECISION:		
To ensure that the capital strategy 2022/23 to 2026/27 is considered before approval by Full Council. .		
8. BACKGROUND PAPERS:		
CIPFA Prudential Code; Committee Budget Reports 2022/23		

Capital Strategy

2022/23 to 2026/27



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The strategy aims to balance capital expenditure needs and expectations...with the scarcity of available resources to enable the identification and optimisation of all sources of capital funding and also be flexible enough in order to respond to emergencies and changes in priorities.

INTRODUCTION

Overview

CIPFA's Prudential Code requires councils to have a capital strategy. The Code states that "In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

Objectives

The purpose of the strategy as per the Code is that it is "intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of services, along with an overview of how associated risk is managed and what the implications might be for future financial sustainability."

The council must demonstrate that it takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability giving due consideration to both risk and reward and the impact on outcomes.

The strategy aims to balance capital expenditure needs and expectations (e.g. replacement of business critical IT systems) with the scarcity of available resources to enable the identification and optimisation of all sources of capital funding and also be flexible enough in order to respond to emergencies and changes in priorities.

It is a collective document involving various departments within the organisation. It is not purely a finance function, all the relevant officers should review this document from time to time and it be updated accordingly.



Capital Strategy framework

How do existing strategies feed into the Capital Strategy

The strategy maintains a strong and current link to the council's priorities and to other key strategy documents as shown below:



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Benefits of adherence

Strategic direction of the council

A key driver of the Capital Strategy is the council's "vision for a better future" (2022-2026). This programme provides strategic direction to help the council become more effective and sustainable and to enable it to meet the demands of the future.

The strands of the Vision programme are:

- offering a better customer experience
- strengthening external relationships
- providing more digital online services
- becoming smaller and more effective

Our vision: A better future
2022 - 2026

 Improving the wellbeing of Arun	 Delivering the right homes in the right places	 Supporting our environment to support us	 Fulfilling Arun's economic potential
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Capital Strategy

Scope

Capital expenditure is strictly defined and is principally expenditure incurred in buying, constructing or improving assets such as land, buildings, vehicles, plant, machinery and intangibles (e.g. computer software). It also includes grant and advances to be used for capital purposes, such as Disabled Facility Grants.

The council's policy on capitalisation in accordance with the council's approved accounting policies and procedures, is that expenditure on land, buildings, vehicles, plant, machinery and intangibles over £25,000 will be capitalised, expenditure under these limits is deemed to be a revenue cost.

Working with partners

Given the financial challenges faced by the council it is particularly important that it works closely with regional and local authority partners to deliver investment across the district which otherwise would not be deliverable or affordable. Whether this is through central government grants and town council contributions or through delivering schemes in partnership with West Sussex County Council.

The Capital Strategy sets out the council's approach to:

- working with partners
- asset management planning
- risk appetite
- governance and decision making
- capital financing & affordability
- managing borrowing
- monitoring & project evaluation
- capital investment in 2022/23 to 2026/27



Bandstand Bognor Regis seafront, council received £50k Coastal Revival Fund grant towards its renovation

Capital Strategy (continued)

Asset management planning

The council has responsibility for a range of assets. The Asset Management Strategy establishes the priorities for asset management planning. It is essential to understand the need, utilisation, condition, income generating potential and the investment and operating cost requirements of assets, whether owned or leased.

The core asset management programme which deals with General Fund assets is now supplemented with additional budget as a result of a review in 2019 of the condition of the council's General Fund assets. This revealed that after years of under investment that significant funding would be required to ensure that they are maintained at an acceptable standard to allow the Council to continue to deliver its services.

The Housing Revenue Account (HRA) business plan looks at the expenditure requirements over the next 30 years.

Property Investment Strategy

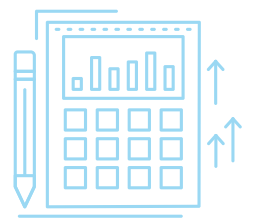
This strategy sets out the policies relating to the Property Investment Fund which aims to generate a return for the council through property acquisitions. These are funded by earmarking a proportion of the council's capital receipts from land and property disposals. Acquisitions can only be made once a full business case has been completed and the risks fully understood and evaluated. Further details are set out in the Arun District Council Property Investment Strategy 2017-2022 as amended by Cabinet 13 January 2020.

Risk appetite

Any new proposed capital scheme should be supported by a sound business case/options appraisal and should include a full evaluation of risk:



This should have regard to the whole life costing methodology, "the systematic consideration of all relevant costs and revenues associated with the acquisition and ownership of an asset." In practical terms this means that any appraisal will need to consider not just the initial outlay but all costs/income associated with the project that are likely to occur in future years, including possible replacement. This is vital to ensure that the council is not committing itself to future liabilities that are unsustainable.



Capital Strategy (continued)

Governance & decision making

It is important that those charged with governance understand the long-term context in which investment decisions are made and the financial risks to which the council is exposed. The strategy should therefore contain sufficient detail to allow members to understand how stewardship, value for money, prudence, sustainability and affordability will be achieved.

In common with other local authorities Arun is facing a challenging financial climate and it is therefore essential that systems are in place to ensure that scarce resources are allocated in the most effective possible way and therefore expenditure needs to be prioritised.

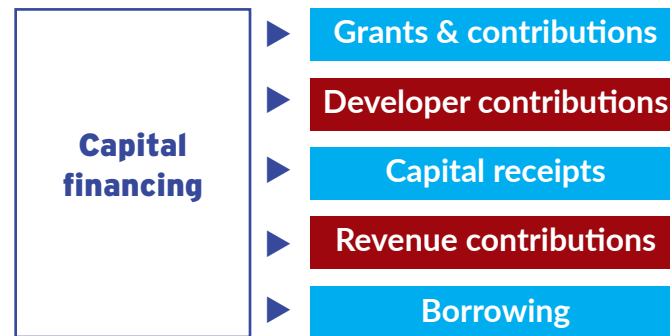
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Capital financing & affordability

The council will need to assess the overall affordability of any new scheme, having regard to the availability of resources, existing financial commitments and the projected level of balances forecast in the medium-term financial strategy.

The Prudential Code requires “the local authority shall ensure that all of its capital and investment plans and borrowing are prudent and sustainable.”

Capital expenditure can be funded in a variety of ways:



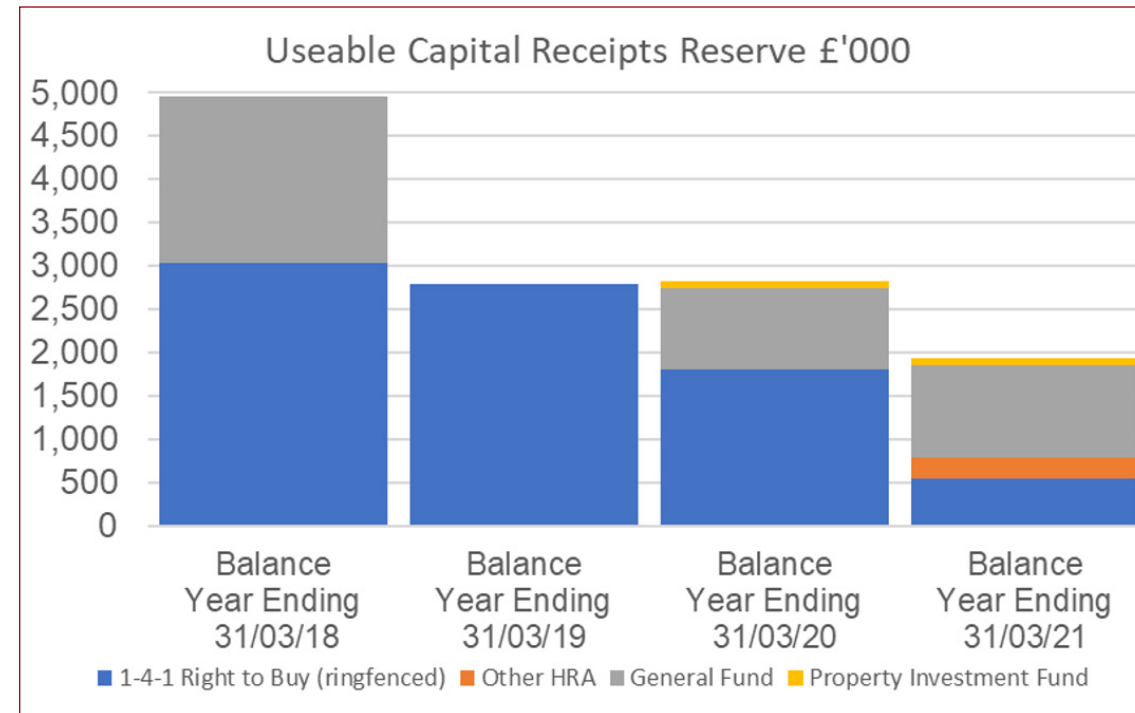
Grants and developer contributions are generally used to fund specific capital schemes linked to the conditions imposed by the relevant grant or contribution. There is little, if any, latitude in the way grant funding can be applied.

Capital receipts are derived from the sale of the council’s assets, including council houses sold under the Right to Buy. It is the council’s policy to use these receipts (with the exception of “1 for 1” Right to Buy receipts which can only be used for the provision of new social housing) to support the General Fund capital programme. A specified proportion of General Fund receipts are earmarked for the Property Investment Fund.

Capital Strategy (continued)

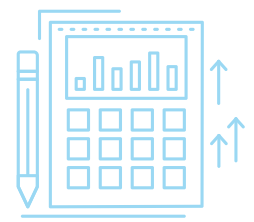
It should be noted that other than right to buy receipts there are very little opportunities for capital receipts, asset disposals are infrequent and although there are a few assets which have been identified as possible disposals this can take years.

The graph below shows how the levels of useable capital receipts have reduced over the last few years as a result of being applied to fund capital expenditure.



Revenue contributions are a flexible source of funding, but they put an immediate strain on the General Fund balance and can therefore only be used to a limited extent.

Borrowing spreads the cost over a number of years but loan servicing costs and the overall level of debt exposure both need to be considered and clearly flagged in a business case.



Capital Strategy (continued)

Invest to save

Invest to save is the investment now to transform and reshape services to reduce running costs/generate efficiency savings or earn income to pay back the initial outlay. Priority should be given to these projects providing that they are supported by a sound business case and financial appraisal.

A good example would be investment in new beach huts, as there is a demand for beach huts (supported by a waiting list), the initial outlay to build new huts would be recovered over a period of years through the rental these would generate.

Managing borrowing

With the exception of the PWLB loan taken out on the inception of self-financing of the HRA at the end of the previous subsidy system, the council currently has no external debt. The expenditure on HRA stock development not funded from 1-4-1 receipts will require external borrowing. It should be noted that due to the cost of borrowing the council will only consider it as a last resort after all other sources of financing have been exhausted.



Felpham Beach Huts

Leasing

Leasing obligations are similar to borrowing as they have an ongoing revenue budget commitment. Leasing will be considered following due diligence over the life of the asset, comparing the financial and non-financial benefits and risks compared to the council owning such asset itself.

From 1 April 2022 the accounting standard which sets out the guidelines for recognising and disclosure requirements for accounting for leases changes from IAS 17 (International Accounting Standard) to IFRS 16 (International Financial Reporting Standard). This means from this date the way the council accounts for assets it leases will change.

The definition of a lease has been adapted for the public sector as being 'a contract, or part of a contract, that conveys the right to use an asset for a period of time.'

The council currently leases such things as land, buildings, vehicles and photocopiers.

Under these changes these right of use assets will be shown on the balance sheet except for leases of 12 months or less or if the asset is of low value. The accounting standard does not include intangible assets (e.g. computer software licences) or where a contract contains use of an asset but the supplier has the ability to substitute alternative assets throughout the period (e.g. hygiene bins).

When the asset is recognised in the balance sheet a corresponding liability is then created, representing the obligation to make lease payments. When the council makes a lease payment rather than it showing as an expense against the relevant cost centre, it is split between paying off this liability and interest

Capital Strategy (continued)

payments. The asset is depreciated in the same way as similar assets of that class, usually over the life of the lease unless the asset useful life is lower.

Separate provision for leases at peppercorn, nominal or nil consideration is based on donated asset accounting.

In preparation a data gathering exercise has already been undertaken to record all the leases the council has, including those at peppercorn/nil consideration (where the council pays little or no rental payments at any point during the duration of the lease). The council has had to evidence to its external auditors that it is prepared for these changes. The 2022/23 accounting policies will be amended to reflect the move to IFRS 16 and the threshold for low value will be determined.

Accountancy should be consulted on all new leases and contracts which includes the use of an asset (whether this is directly by the council or by the contractor to deliver obligations under the contract so that it can be assessed to see if the contract contains an embedded lease.



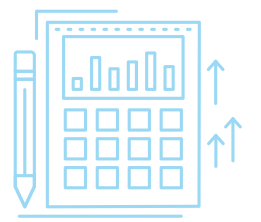
Treasury management

Treasury management is the management of the council's borrowing, investments and cashflows and is essential in particular when accessing the affordability of a capital project, the Treasury Management Strategy includes:

- the incremental impact of capital investment on council tax and housing rent levels
- the borrowing strategy
- the authorised limit for external debt

Where capital expenditure has been incurred without a resource to pay for it, this will increase the Council's Capital Financing Requirement (CFR) which is the council's underlying need to borrow. The council is required to make a prudent provision for the repayment of historic capital expenditure from its revenue budget, this known as minimum revenue provision (MRP). CFR is calculated below:

Opening CFR
+
Capital expenditure for the year
-
Grants, contributions, reserves, capital records
-
Minimum revenue provision and voluntary provision
=
Closing CFR



Capital Strategy (continued)

Monitoring & project evaluation

It is the responsibility of the relevant budget holder and their team to manage costs and to provide explanations for any variations from the approved budget. Budget monitoring statements are presented to Corporate Management Team on a monthly basis and to Policy and Finance Committee quarterly.

Major capital projects will have a designated project board who will have regular meetings throughout the project. The board will have representation from across the council including Finance. These are to discuss project progress, including cost projections.

Post project evaluation is required to be undertaken to measure delivery against required project outcomes, not just time and cost. It is again the responsibility of the budget holder to undertake this review. This will help council for the future as lessons learned can be transferred to new projects and help with such things as benchmarking.



Artist impression of Place St. Maur, Bognor Regis

Capital investment 2022/23 to 2026/27

HRA and General Fund Capital Programmes

The Housing Revenue Account (HRA) is a statutorily ring-fenced account covering income and expenditure relating to the council's rented stock and the General Fund covers all other council services. This ring-fence means that the HRA and the General Fund are completely separate entities, each having their own budget and financial model. For these reasons the HRA and General Fund capital programmes are considered separately, in the following sections.

The capital expenditure & financing forecast for both General Fund & HRA for the period 2022/23 to 2026/27 can be found in Appendix 1.



Top: Play area, Bognor Regis seafront
Bottom: Mill Road Play area, Arundel

Housing revenue account (HRA) programme

Stock development

The HRA capital programme for 2022/23 to 2026/27 which is driven by the updated HRA Business Plan (presented to Housing and Wellbeing Committee on 2 December 2021), will be approved in February 2022. One of the key priorities of this plan is the provision of 250 new dwellings over a 10 year period, the acquisition/building of these dwellings funded from a mix of "1 for 1" right to buy receipts and borrowing. Right to buy receipts are retained by agreement with the Government subject to them being used for the provision of new social housing within five years of receipt. These can be used to fund up to 40% of the cost of acquisition/new build schemes, whilst the council has to fund the remaining 60%.

A number of acquisition/new build schemes have already been delivered with new schemes currently progressing.

The initial £15m budget in 2018/19 was supplemented in 2020/21 with an additional £9m, funded from a combination of 1-4-1 receipts and borrowing. £100k per annum is set aside to cover any revenue expenditure such as feasibilities.

Units at Windroos, Littlehampton



Housing repairs & improvements

The updated HRA Business Plan reflects a substantial increase in the levels of investment required in the existing housing stock including statutory compliance which is heavily regulated.

This expenditure is a combination of revenue and capital. The capital includes boiler, kitchen and bathroom replacement programmes as well as reroofing and rewiring.

Other expenditure

There are plans to redevelop the sheltered housing stock and therefore additional capital expenditure has been included in the budget from 2022/23 for three years. This is subject to a full feasibility having been undertaken.

Affordability, borrowing and the abolition of the HRA debt cap

The HRA capital programme will need to be constantly reviewed to assess affordability. In particular, consideration will need to be given to the loan servicing costs of any new borrowing to ensure that these costs, together with the costs associated with existing (self-financing) debt can be sustained. This is particularly important in light of reducing the number of right to buy disposals. The "1 for 1" right to buy receipts being used to part-fund current acquisition/new build schemes are not being replaced by new receipts and there will therefore be insufficient receipts to support future schemes.

General fund programme

Core & enhanced programme

The Council has a core annual programme comprising:

- Asset management – the repairs and maintenance of all non HRA land and property assets, where such repairs are major and can be capitalised. Where repairs and maintenance or minor they are recorded as generally revenue and funded by use of revenue balances.
- Disabled Facilities Grants (DFGs) – these grants pay for essential adaptations to help people with disabilities stay in their own homes. The DFG programme is entirely funded by a Better Care Fund Government Grant.

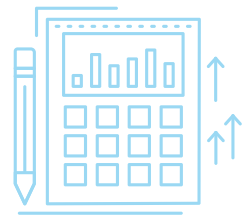
Public Conveniences St. Martins car park, Littlehampton



In addition, the council also has an enhanced programme of expenditure which is based on the additional requirements for the year, expenditure will likely be more of a capital nature. The expenditure includes:

- asset management – a programme of larger one-off projects, which will be capital expenditure; for instance a schedule of public convenience refurbishments over the next 5 years.
- play areas – a programme of play area replacements for the next five years, most expenditure is capital and is funded from a combination of external funding, capital receipts, developers' contributions and revenue.
- ICT – the replacement of business-critical systems over a period of 5 years which is normally the useful life of software.
- other one offs – for instance replacement of life expired vehicles, plant and equipment, regeneration projects.

The key issue with the enhanced programme is the uncertainty with regard to future funding levels. The Council's Medium-Term Financial Strategy (MTFS) recognises that capital investment needs to be carefully prioritised due to limited amount of council resources.



Appendix 1

Capital expenditure & financing 2022/23 to 2026/27

			2022/23 forecast	2023/24 forecast	2024/25 forecast	2025/26 forecast	2026/27 forecast
			£'000	£'000	£'000	£'000	£'000
Expenditure							
	General fund	Asset management	2,114	717	642	1,310	450
		Disabled facilities	1,400	1,400	1,400	1,400	1,400
		Play areas	225	190	100	100	100
		ICT	200	0	0	50	435
		Chipper	0	0	0	0	26
			3,939	2,307	2,142	2,860	2,411
	HRA	Improvements	5,366	4,460	5,274	5,194	5,207
		Stock development	100	100	100	100	100
		Housing IT (Civica)	285	0	0	0	0
		Sheltered accommodation	2,600	2,000	1,400	0	0
			8,351	6,560	6,774	5,294	5,307
Total expenditure			12,290	8,867	8,916	8,154	7,718
Financing							
	General fund	Revenue	52	907	742	1,460	1,011
		Borrowing	987				
		Capital receipts	1,500	0	0	0	0
		Improvement grants	1,400	1,400	1,400	1,400	1,400
			3,939	2,307	2,142	2,860	2,411
	HRA	Major repairs reserve	5,336	4,430	5,244	5,164	5,177
		Revenue	515	230	230	130	130
		Borrowing	2,500	1,900	1,300	0	0
			8,351	6,560	6,774	5,294	5,307
Total financing			12,290	8,867	8,916	8,154	7,718

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ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF POLICY AND FINANCE COMMITTEE ON 10 FEBRUARY 2022

SUBJECT: Council Vision 2022 - 2026

REPORT AUTHOR: Jackie Follis, Group Head of Policy

DATE: 27 January 2022

EXTN: 01903 737580

AREA: Corporate Support

EXECUTIVE SUMMARY:

This paper presents the final wording, following public consultation, for the Council Vision 2022-2026.

RECOMMENDATIONS:

The Committee is asked to recommend to Full Council that the Council Vision 2022 - 2026 is approved.

1. BACKGROUND:

- a) At its meeting on 14 October 2021 the Committee agreed the wording which would go out to public consultation for the new Council Vision 2022 – 2026
- b) The public consultation ran from 10 November 2021 to 13 December 2021. The survey was available on the Council website and paper copies could be requested. We received 211 completed surveys of which 189 were from individual and 22 from local businesses, town and parish councils, charities or partners. All councillors and members of staff were also invited to participate.
- c) 86% of respondents agreed with the Council's aims for the next four years. A number of good ideas also came out of this and a number of specific areas of concern were expressed by residents. These areas had already been recognised by members and included housing developments, in terms of location, energy efficiency and infrastructure, safer and more appealing town centres and improved primary care across the District. (Not all respondents recognised what services the Council delivers directly and where we influence and support other organisations to deliver).

- d) The comments received have enabled us to change some of the original wording in a number of ways which make our statements easier to understand, more proactive and focused and more realistic. Appendix 1 sets out the final wording for the Council Vision 2022-2026. Assuming this is supported by the Policy and Finance Committee it will go to Full Council on 7 March 2022 for approval and then be published.
- e) Currently work is taking place to clarify the corporate performance measures which form the Corporate Plan which will sit alongside the Council Vision and these will go to the committees and Full Council in due course.

2. PROPOSAL(S):

To agree the wording for the Council Vision 2022-2026, following the public consultation which took place in November/December 2021.

3. OPTIONS:

- a) To agree the Council Vision which sets out our overall direction for the Council for 2022 – 2026 and recommend acceptance to Full Council.
- b) To not agree the proposed Council Vision and continue with the existing priorities for the Council

4. CONSULTATION:

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council	√	
Relevant District Ward Councillors	√	
Other groups/persons (please specify) The public consultation was sent to key partners (including town and parish councils) and made available to all other individuals and organisations who wished to make a response between 10 November and 13 December 2021. All ADC councillors were given the opportunity to participate in workshops and were encouraged to look review the final wording during the public consultation period	√	

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 Council Vision provides the overarching direction for all council services so could potentially impact on any of the above at some point during the period.

7. REASON FOR THE DECISION:

To provide strategic direction for Arun District Council for the period 2022 - 2026

8. BACKGROUND PAPERS:

None

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**Proposed Final Wording for Council Vision 2022 - 2026
Policy and Finance Committee 10 February 2022**

Improving the wellbeing of Arun	
Overall Aims	
A	Promote and support a multi-agency response to tackle the causes of health inequality in Arun's areas of greatest deprivation
B	Champion leisure, culture and the Arts in Arun and encourage our community to embrace healthy and active lifestyles
C	Work with partners to provide advice, support and activities that promote community wellbeing where it will have the greatest impact
How will we achieve this	
1	Develop and Implement a Wellbeing Strategy to plan services, resources, amenities, activities, and places to help our community thrive.
2	Prepare an annual community engagement plan to promote healthy and active lifestyles and encourage participation in a wide ranged of wellbeing activities
3	Work with key partners to ensure that we deliver council wellbeing services that are complementary to their own, rather than duplicate effort
4	Support the NHS Clinical Commissioners to provide primary care facilities to meet the growing needs of our community
5	Support the voluntary and community sector to provide services that help the most vulnerable in our community
6	Provide infrastructure that supports wellbeing, e.g. more opportunities for cycling and walking and easily accessible and safe greenspace.
7	Support those who are homeless, street homeless or at risk of homelessness in emergency or temporary accommodation to improve health outcomes

Delivering the right homes in the right places

Overall Aims

- A Provide a mixed housing economy within the district for all, regardless of age or circumstances, where different types of homes are available, and people can choose to rent or buy.
- B Maximise opportunities to improve the energy efficiency of homes in the District.
- C Support those in our community that need help, providing a safety net where necessary and working with people and organisations to meet different needs.

How will we achieve this

Page 118

- 1 Support households with complex needs to secure suitable accommodation
- 2 Maximise the delivery of affordable housing including utilising the council's own resources and commercial expertise
- 3 Improve the energy efficiency of homes across all tenures
- 4 Use our expertise to influence the local housing market, working with the right partners from all sectors, to develop the housing and infrastructure that we need
- 5 Use the planning system to create great new places and improve our existing places, where new homes meet the needs of current and future generations
- 6 Ensure the existing housing stock in the district (Private Sector and Council owned) is maintained to a high standard
- 7 Continue to bring empty homes back into use for the benefit of the community

Supporting our environment to support us

Overall Aims

A To consider climate change, sustainability, biodiversity and the environment in everything the Council is responsible for and encourage its community and local businesses to do the same

B Protect and enhance our natural environment.

C Regularly review progress toward Arun's Carbon Neutral Strategy (2022-30) as set out in the annual Climate Action and Biodiversity Work Plan

D Make low carbon transport including walking, cycling, travel by public transport and electric vehicle easy, convenient and pleasant and a fundamental part of our placemaking

How will we achieve this

1 Develop and implement the Carbon Neutral Strategy and Climate Change and Biodiversity Strategies for the Council and for the wider district through Planning Policy

2 Review the Council's estate and seek to maximise the use of renewable or alternative energy generation, including the installation Electric Vehicle charging Points

3 Engage and incentivise business to commit to working practices which minimise their impact on the environment

4 Support information campaigns that promote carbon reduction and funding opportunities

5 Working with our community improve waste reduction and recycling to meet future targets of 55% recycling by 2025 and 60% by 2030.

6 Ensure that climate change and sustainability is at the heart of all Council services

7 Support the Sussex Bay Project to restore marine, coastal and intertidal habitats to improve the biodiversity and carbon footprints of the district.

Fulfilling Arun's economic potential

Overall Aims

- | | |
|---|---|
| A | Increase opportunities for more high-quality, well-paid employment, encouraging more people to live, work, study and visit Arun. |
| B | Encourage the development of the district as a key tourist destination, supporting and enabling improvements and activities to increase visitor spend |
| C | Use regeneration opportunities to attract new and relocating businesses to the district. |
| D | Make best use of our natural assets to help drive the economy. |

How will we achieve this

- | | |
|---|--|
| 1 | Create the conditions that will support, attract and retain high tech businesses, including the creative digital sector. |
| 2 | Use the planning system to set aside sites for larger business growth and support and create employment space for smaller start-ups, using Arun-owned land to stimulate the market |
| 3 | Encourage a digital infrastructure that will support businesses and changing ways of working, as well as the needs of local people |
| 4 | Work with partners to support a district-wide skills audit, to understand what businesses need and what skills we have in the community. Work with local colleges and the University of Chichester to assist them to run courses that will match local skill needs for those at all stages in their working life |
| 5 | Work closely with our towns and other organisations on strategies which support vibrant and attractive town centres |
| 6 | Positive and focused promotion of Arun's tourist destinations as more than a 'day trip' |
| 7 | Support the delivery of more accommodation for visitors to the district |

ARUN DISTRICT COUNCIL COUNCILLOR FEEDBACK REPORT FROM OUTSIDE BODIES

Report to Corporate Policy and Performance Committee – 10 February 2022

Name of Meeting:	Joint Climate Change Board
Date of Meeting:	13 October 2021
Report by:	Councillor Samantha Staniforth
Committee:	Internal Meeting organised by West Sussex County Council

The theme was working together for West Sussex Natural Environment.

Tom Fourcade and Kate Rice from Nature Partnership started off the presentations. Slides were available for most of the speakers this time, so I have included those in my notes for everyone.

They referred to the 2011 white paper encouraging us to support local nature partnerships. With joined up thinking and a good mix of local organisations, businesses and local people we can influence strategic decisions. All district and borough councils across Sussex are now connected. This includes 27 organisations such as Sussex biodiversity, South East Water, NFU and the South Downs National Park. Funding comes in part from WSCC,ESCC.



The Environmental Agency have issued a report available as to what to expect in the years to come, regarding flooding, which can be found here.

[Climate adaptation reporting third round: Environment Agency - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/103113/Climate_adaptation_reporting_third_round.pdf)

**ARUN DISTRICT COUNCIL
COUNCILLOR FEEDBACK REPORT FROM OUTSIDE BODIES**

Report to Corporate Policy and Performance Committee – 10 February 2022

It is important that all local authorities are working together for Environmental Bill readiness. It is a huge subject with big tasks to be delivered. This will be aided by making a partnership for the whole of Sussex.

Sussex Wildlife Trust

38,000 members lead a voice for Nature through 46 wildlife centre trusts over the UK. The main issue we see now is the thought that in Sussex there is not a problem! It is thought of as being elsewhere. We have had a loss of 85% of hedgerows in the last 20 years. 120,000 new houses are planned and as our woodlands are not managed, we are losing them as all this develops.

We need to look at re-visioning Environmental community based green spaces, funding for these lasts until March 2022.

They plan to work with communities, WSCC and SNP. This will also all contribute to the Environmental Bill. They have 7 things they would like from us:

Robust and meaningful priorities: Not just local plans but transport and climate strategies.

Strategic Ambition: linking into the work of the LNP.

Resourced: In house skills to scrutinise submissions from developers.

Prioritising: Nature and climate decisions. Long term priorities that underline the fact this needs to happen now, not a maybe nice to have.

Set and Share vision: Horsham have been very brave and published a Nature Recovery Network.

Keep Up: things are moving at a fast pace, and we cannot afford to fall behind on these important targets. We expect carbon gains and losses for each Council to be accounted for.

Evidence: We expect local authorities to have access to use evidence in decision making and to let the public know about this.

While Sussex Wildlife Trust realise these things are challenging, they will help, and support where they can.

Sussex has vast opportunities for climate action. Things such as Sussex IFCA banning bottom trawling. Working with communities and visitors to show we can work with nature.

Sussex Bay Vision

A large scale blue habitat tackling climate and biodiversity crisis.

A Nature Recovery Network for this part of the world.

Revitalising sustainable fishing.

A place where visitors and communities can co-exist.

Powered by models of sustainable investment by using natural capital approaches.

**ARUN DISTRICT COUNCIL
COUNCILLOR FEEDBACK REPORT FROM OUTSIDE BODIES**

Report to Corporate Policy and Performance Committee – 10 February 2022

Explaining to the public why the kelp forests are important and how we help nature recover. It would be great to also support the renewal of Sussex Marine & coastal forum.

Looking for ways to make Nature corridors - “Weald to waves”

Linking in with the coastal Local Authorities forum and keeping in touch via events like the one in February 2022 setting out next steps.

West Sussex County Council

Recapped the waste strategy for us and say they think the Environmental Bill maybe pushed back by government 20 2020/2024.

They are looking at a target of the end of 2030 being 60% of our waste recycling target, is met. Hoping we are by then no longer sending organic matter to landfill. Vehicles too by 2030 having zero emissions.

Arun District Council

Philippa Dart updated the group on the food waste trial which is going better than they hoped. There have been issues, and these have been developed well as we work through the trial. All in all, it is good news.

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Agenda Item 14

Policy and Finance Committee - Work Programme Updated 31 January 2022

Policy & Finance Committee	Lead Officer	Date of Meeting	Time	Full Council Meeting Date
<p>Committee TORs</p> <p>Local Council Tax Support Scheme</p> <p>Contain Outbreak Management Fund (COF)</p> <p>Caravan Sites and Control of Development Act 1960</p> <p>The Council's Response to the Covid-19 Pandemic</p> <p>Corporate Plan 2018-2022 – Quarter 4 Reporting</p> <p>Supplementary Estimate to Cover Costs Awarded Against the Council in Appeal P/58/19/PL</p> <p>Supplementary Estimate to Cover Costs for Defending an Appeal on Land South of Barnham Station, Barnham</p> <p>Minutes from Planning Policy Committee – 1 June 2021 – Consideration of Recommendation – Deliver of West Bank Strategic Allocation</p> <p>Work Programme</p>	<p>Solomon Nigel</p> <p>Carolyn Martlew</p> <p>Carolyn Martlew</p> <p>Nat Slade</p> <p>Nigel Lynn</p> <p>Jackie Follis</p> <p>Neil Crowther</p> <p>Neil Crowther</p> <p>Karl Roberts</p> <p>All</p>	<p>17 June 2021</p>	<p>6pm</p>	<p>14-Jul-21</p>
<p>Draft Outturn Report 2020/21</p> <p>Budget Process – 2022/23</p>	<p>Carolyn Martlew</p>	<p>1 September 2021</p>	<p>6pm</p>	<p>15-Sep-21</p>

Policy and Finance Committee - Work Programme
Updated 31 January 2022

<p>Feedback Report from Outside Body – Greater Brighton Economic Board – 20 July 2021</p> <p>Feedback report – Update on County Local Committees including Joint Arun Area Committees</p> <p>Feedback report – Joint Climate Change Board – confirmation of Outside Body Representative and Feedback Report following meeting on 7 July 2021</p>	<p>Carolyn Martlew</p> <p>Denise Vine</p> <p>Jackie Follis</p> <p>Verbal and Feedback report from Cllr Staniforth - TBC</p>		
<p>Financial Prospects 2021/22 to 2025/26</p> <p>Carbon Reduction Strategy</p> <p>Developing a District Vision for the Council</p> <p>Changing Place Toilets – Expression of Interest – Recommendations from Environment & Neighbourhood Services Committee – 23 September 2021</p> <p>Urgent Decisions Taken by the Chief Executive Under the Scheme of Delegation</p> <p>Motion from Full Council – 15 September 2021 -</p> <p>Work Programme</p>	<p>Carolyn Martlew 14 October 2021</p> <p>William Page</p> <p>Jackie Follis</p> <p>Nat Slade</p> <p>Nigel Lynn</p>	<p>6pm</p>	<p>10-Nov-21</p>

Policy and Finance Committee - Work Programme
Updated 31 January 2022

Business Rate Pooling Report	Carolyn Martlew	9 December 2021	6pm	12-Jan-22
Budget Variation Report	Carolyn Martlew			
Levelling Up Fund Delivery Support	Carolyn Martlew			
Corporate Plan 2018-2022 – Quarter 2	Jackie Follis			
Residents Survey Report	Jackie Follis			
Modern Slavery Policy Statement	Robin Wickham			
Recommendations from the Environment Committee [17 November 2021]	Nat Slade			
Council Budget 2022/23	Carolyn Martlew	10 February	6 pm	23 February 2022
Budget Monitoring Report to 31 December 2021	Carolyn Martlew			
Revenue and Capital Budgets	Carolyn Martlew			23 February 2022
Council Vision 2022-2026	Jackie Follis			9 March 2022
Carbon Reduction Strategy – Action Plan Update	Will Page			

Policy and Finance Committee - Work Programme
Updated 31 January 2022

Corporate Plan Performance Indicators for 2022/26	31 March 2022	6pm	11-May-22