



Public Document Pack

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20 December 2023

POLICY AND FINANCE COMMITTEE

A Special Meeting of the Policy and Finance Committee will be held in **Council Chamber & Blue Room, Arun Civic Centre, Maltravers Road, Littlehampton, BN17 5LF** on **Monday 8 January 2024 at 6.00 pm** and you are requested to attend.

Members: Councillors Stanley (Chair), Nash (Vice-Chair), Birch, Brooks, Cooper, Greenway, Gunner, Oppler and Pendleton.

Any members of the public wishing to address the Committee meeting during Public Question Time, will need to email Committees@arun.gov.uk by **4.00 pm on Friday, 22 December 2023** in line with current Committee Meeting Procedure Rules.

For further information on the items to be discussed, attending the meeting or about accessing the webcast for the meeting, 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 - 12)

The Committee will be asked to approve as a correct record the Minutes of the Policy and Finance Committee held on 6 December 2023, 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. FINANCIAL PROSPECTS 2024/25 TO 2028/29 - UPDATE (Pages 13 - 22)

This document sets out the updated Medium-Term Financial Plan (MTFP) forecast for the period 2024/25 to 2028/29 as set out in Appendix A. It represents the latest view of the Council's financial position and is subject to several factors that may affect the Council's finances over this period, such as local government funding reforms and the continuation of certain non-ringfenced government grants.

7. FINANCIAL STRATEGY 2024-2028 (Pages 23 - 36)

This report provides the Council not only with details of the key components of a strategy to deliver the transformation of the Council's financial position but also proposals for the re-organisation and reduction of the Senior Management Team.

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 - CP - Section 5 Filming Photographic Protocol.pdf \(arun.gov.uk\)](#).

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Subject to approval at the next Policy and Finance Committee meeting

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POLICY AND FINANCE COMMITTEE

6 December 2023 at 6.00 pm

Present: Councillors Stanley (Chair), Nash (Vice-Chair), Birch, Brooks, Cooper, Greenway, Gunner, Pendleton and Walsh (Substituting for Councillor Oppler).

Councillor Bicknell was also in attendance at the meeting.

448. APOLOGY FOR ABSENCE

An Apology for Absence had been received from Councillor Oppler.

449. DECLARATIONS OF INTEREST

The following Declarations of Personal Interests were made in relation to:

- Agenda Item 7 [The Regeneration of The Regis Centre] - Councillor Nash, as a Member of Bognor Regis Town Council and as a volunteer for Arun Arts; and
- Agenda Item 7 [The Regeneration of the Regis Centre] - Councillor Brooks as a volunteer member of Arun Arts and a Member of Bognor Regis Town Council.
- Agenda Item 6 [Littlehampton Seafront Project – Update] - Councillor Walsh as a Member of Littlehampton Town Council.

450. MINUTES

The minutes from the meeting of the Committee held on 26 October 2023 were approved as a correct record and were signed by the Chair at the conclusion of the meeting.

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

The Chair confirmed that there were no urgent items for the Committee to consider.

452. PUBLIC QUESTION TIME

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

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453. LITTLEHAMPTON SEAFRONT PROJECT - UPDATE REPORT

The Principal Landscape and Project Officer presented a project update report to Members providing a couple of additional information points following the last update provided on 26 October 2023.

Firstly, the planning application was due to be determined by the Planning Committee on 14 December 2023. It was explained that during the period since application submission, the contractor had undertaken a detailed review of costs which had previously been reported to this Committee as being challenging. The Stage 3 cost plan had been checked by the Council's consultants for anomalies in quantities, rates or scope with this exercise now being concluded. This had revealed that there was a need to undertake a process of value engineering savings to find approximately £560k. The project team were looking collectively at all elements of the scheme to see how this could be achieved. It was not intended to make significant changes to the project but instead to consider alternative specification and design details. Any adjustments would be looked at very carefully to assess any impacts on planning and day to day operations as well as future maintenance. Once the amendments had been resolved, the team would be able to move forward with Stage 4 of the design and firm up the logistics and communications associated with the construction phase.

The Chair then invited questions from Members. Various questions were asked firstly regarding the placing of the solar panels in terms of which buildings would these be placed; would this be the new changing places toilets or on the existing concessionaire buildings? It was confirmed that the PV panels would be located on the foreshore building as the toilet roof was not appropriate.

The project was again applauded as being a great asset for Littlehampton as it would provide improved facilities making Littlehampton a great attraction for visitors and residents of Arun. Concern was expressed over the length of time the project was taking, although it was accepted that a project of this size would be working to a very prescribed timeline. Reassurance was sought that the remaining phases of the project would remain on schedule and that no additional capital funding would be required. The Principal Landscape and Project Officer provided reassurance that the project was moving forward at the expected pace and that there was no need to seek additional capital contributions. There was allowance within the budget to cover inflationary increases.

The final question asked related to the Stage by the Sea and whether this would have power or lighting. It was confirmed that pop-up power for events and within the market place would be provided.

The Committee then noted the contents of the report.

454. THE REGENERATION OF THE REGIS CENTRE

The Chair welcomed the Interim Regeneration Officer who was attending the meeting virtually so that an update on the regeneration of the Regis Centre, Bognor Regis could be provided to the Committee.

The Interim Regeneration Officer outlined some key points since his last update provided to the Committee on 26 October 2023. These have been summarised below:

- Arun Arts had vacated the premises allowing the intrusive surveys required inside and outside of the building to take place as part of the stage 4 design to be undertaken.
- The project was being retendered on a different procurement framework and four expressions of interest had been received. Tenders would be sent out on 11 December 2023 with submissions expected early in the New Year with an appointment planned for the end of January 2024.
- Design stage 4 was progressing using the existing design team.
- In terms of the Planning Application and the delegated authority provided to the Planning Officer, that Officer was still working through the drainage issues that need to be resolved before consent could be granted. Members were reassured that steady progress was being made.

The Chair thanked the Interim Regeneration Officer for his detailed update and invited questions from Members. Questions and points raised by the Committee focused on:

- When would construction work start? It was explained that given the timescale of the build and project, this would be well into 2025/26 before the scheme would be completed. The intrusive surveys were taking place now which could not commence until Arun Arts had vacated the premises, this had caused a delay. The demolition works had been delayed due to the need to retender for a new contractor and subject to getting the planning issues resolved.
- The relocation of Arun Arts. They were hoping to use the space they were occupying for money making studio activities, but this was not possible due to a lack of access to public conveniences. It was confirmed that there were toilet facilities at the Town Hall that could be used by Arun Arts customers but only when the Town Hall was open. Talks were taking place with the Town Hall to see if the toilet facilities could be made available at other times.
- It was unfortunate that the Brewers Fayre space was not being used for public use. The contractors moving into this space, how much space would they be using and would they be paying rent. It was explained that a written response had been provided to the Councillor asking this question.
- Concern was expressed over the intrusive survey work taking place on the Place St Maur, although necessary, it was hoped that the site would not be damaged and would be returned in a pre-survey condition.

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- Any project delay often resulted in increased costs. Were there any concerns that needed to be shared with the Committee? Could the email response provided to the Councillor please be shared with the Committee? It was confirmed that this would be circulated. There were no budget concerns as there were signed in contingencies to cover most issues.
- Had there been any further opportunity to look at the design and the choice of materials that would be used? It was explained that this was not a matter for this Committee as there were reserved matters covering materials which would be sorted out with the Planners.
- Were there any further updates to be given on solar panels? It was confirmed that solar panels would be used, and that the Council had received £50k of funding for this.

Following some further discussion, the Committee noted the verbal update provided.

455. BUDGET MONITORING REPORT TO 30 SEPTEMBER 2023

The Group Head of Finance and Section 151 Officer presented to Members the Budget Monitoring Report to 30 September 2023.

The report set out the General Fund Revenue Budget, Capital Programme and Housing Revenue Account (HRA) forecast outturn performance against budget as at the end of quarter 2. The Group Head of Finance and Section 151 Officer confirmed a revenue budget underspend of £136k and explained that this was an adverse change of approximately £500k from the previous quarter's forecast. The forecast reported a nil variance against the transformation budget. The forecast variance explanations had been set out within the report. Mention was made of the £452k overspend against budget for the Planning Policy Committee because of a downturn in planning fee income. The Government had recently confirmed that planning application fee increases would be applied from 6 December 2023, which could have a positive impact on fee income for the remainder of 2023/24, though it was too early to confirm what the full impact might be. Homelessness continued to be a national issue and the Quarter 2 forecast overspend had increased by £300k due to expenditure on providing temporary accommodation. Work was progressing with Housing in terms of whether the recent announcements made in the Autumn Statement would have any material impact on the Council's position regarding homelessness expenditure. There were smaller overspends across the revenue budget arising from staff vacancies and small amounts of income from beach hut income.

Looking at capital monitoring, this showed an underspend of £6.5m (23%) below the revised budget of £28.5m for the year. This was due to slippage on current schemes into the future financial year, the detail of which had been provided in Table 4 of the report. As reported to the Committee on 26 October 2023, the following schemes had been approved since Quarter 1 and added to the capital programme:

- Littlehampton Harbour west wall works - £0.75 million
- Warwick Nurseries and Boweries housing purchase scheme - £3.78 million
- Bognor Regis Arcade project - £7.991 million
- Waterloo Square scheme - £1 million

Turning to the Housing Revenue Account (HRA), the forecast showed a reserve balance of £902k by 31 March 2024, which was £281k below the budgeted position of £1.183m. Appendix B included the full report that had been taken to the meeting of the Housing & Wellbeing Committee held on 23 November 2023 setting out the reasons for this and the actions being taken to improve the position.

The Group Head of Finance and Section 151 Officer outlined that the £2m reserve figure, which had been set by the Council as its own target might need to be revisited and brought down to a more realistic figure. Of critical importance was to ensure that this account would not go overdrawn. Currently, it was a tough and challenging situation, and this had been very clearly outlined to Members at the meeting of the Housing & Wellbeing Committee. However, there was a plan, and this had been highlighted in Appendix B, outlining the measures that were being taken to ensure that the Council would remain within the financial parameters. The situation continued to be monitored very closely. A main contributing factor had been the additional cost of agency staff to cover vacancies, but this was now starting to reduce. There had also been issues with procurement which were being dealt with as part of the whole package of assessing and reacting to the repairs and maintenance issues within the HRA. An update on the HRA Budget for 2024/25 would be presented to Members in early 2024.

In finalising his presentation, the Group Head of Finance and Section 151 Officer confirmed that regarding the Revenue Budget, this was on broadly on target at the halfway point. When budget issues had been identified, Officers had reacted quickly to mitigate the problems. Turning to the Autumn Statement, it had not revealed any positive indications of additional funding to be announced as part of the Local Government Finance Settlement which was due later this month.

The Chair then invited questions from Members. The first question related to the Littlehampton Harbour west wall works and reference was made to correspondence that had been sent by the Joint Interim Chief Executive to the Chief Executive of the Littlehampton Harbour Board earlier on in the day but not provided to Council Members sitting on the Harbour Board. The letter set out the Council's concerns over financial matters. A request was made that the letter to the Harbour Board outlining the concerns be provided to Members. The Joint Interim Chief Executive and Director of Environment and Communities confirmed that an explanatory email had been sent to Arun Councillors in their capacity as nominated representatives of the Littlehampton Harbour Board but that this was not an appropriate item to raise at this meeting.

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Other questions asked related to Homelessness, and how this would be budgeted as costs continued to increase. Reassurance was provided that the issue was being addressed in detail as part of 2024/25 revenue budget setting process. Discussions were taking place with the new Group Head of Housing who had now commenced his employment.

Concern was expressed over the continuing problems being experienced in recruiting permanent staff and what was being done to tackle this long-term problem and to attract people and encourage them to work in local government. The Group Head of Finance and Section 151 Officer responded confirming that staffing costs and positions were being scrutinised very closely by the Corporate Management Team to discuss which posts the Council could recruit to. This was a national problem and many organisations now relied upon agency workers as many people now preferred to work as interims. The council was also undertaking a lot of apprenticeship work to broaden skills which was being successful in certain areas of the council such as Planning where there had been long term staff shortages. The transformation work and excellence programme was looking at how Arun could become the type of organisation that people would want to join undertaking work on culture and staff engagement. There were specific activities that were being promoted and recruitment was one of these.

A question was asked that looked back to the Special Council meeting held in March 2023, where it had been proposed to not increase council tax. The Group Head of Finance and Section 151 Officer was asked what position this would have put the Council in and what were Officers doing to prevent this suggestion coming forward again. The Group Head of Finance and Section 151 Officer repeated the advice he had provided at that time which was that he strongly advised against freezing council tax because there would almost certainly be no opportunity to replace that funding and the financial impact would increase year on year. He also stated that he would be giving the same advice again as part of the 2024/25 budget setting process.

The Committee then noted the content of the report.

(During the course of the discussion on this item, Councillor Walsh declared a Personal Interest as a Member of the Littlehampton Harbour Board).

456. COUNCIL VISION WORKING PARTY - 19 SEPTEMBER, 23 OCTOBER AND 13 NOVEMBER 2023]

The Chair confirmed that the Committee had received recommendations from the Council Vision Working Party following its meetings held on 19 September, 23 October and 13 November 2023.

The Chair invited the Chair of the Working Party, Councillor Tandy, to present the minutes and recommendations.

Councillor Tandy reminded Members that in 2022 the Council agreed its four year Vision 2022 to 2028 and a set of measures that would be used to judge progress against its aims and objectives.

In July 2023, the Policy & Finance Committee had been presented with the Annual report on the Vision measures for 2022-2023 alongside a proposal that a Vision Working Party be established to review these measures. Since its establishment, the Working Party had met on 19 September, 23 October and 13 November 2023. At its first meeting held on 19 September 2023, the Working Party reviewed the wording of the Vision Aims and Objectives and confirmed that it was happy with the four vision themes, and it discussed the aims and objectives attached to each theme.

At its second meeting held on 23 October 2023, the Working Party agreed revised wording for the aims and objectives set out in the original Vision document. At the meeting held on 13 November detailed discussion took place on the performance measures of progress and outcomes for the Vision that Members wishes to see in the final version for 2024/25. It was explained that some of the previous Vision measures were recommended by the Working Party to be removed from the Vision document as it was felt that they were detailed or very technical and so it was appropriate that they be reported to the relevant Service Committee on an annual basis. Where this had been recommended it had been clearly identified in the Vision document attached to the minutes using tracked changes.

As a result of the three meetings, all the proposed changes had been incorporated into a revised Vision document using tracked changes. Councillor Tandy confirmed that the Leader of the Council had suggested that the picture of most Councillors taken after the May Election be used in the final version of the Vision.

Councillor Tandy drew Members' attention to the recommendations that the Committee was required to consider. These are set out below:

From the meeting held on 23 October 2023:

That the revised Council Vision document, to include the changed outlined in the minutes, be approved and recommended onto Full Council for approval.

From the meeting held on 13 November 2023:

- (1) The revised Vision Outcomes as amended by the Working Party be agreed;
- (2) The performance measures as set out in the revised Vision Outcomes be used to measure progress against the Vision aims and objectives for 2024/2025 and 2025/2026; and
- (3) Should minor changes be needed to be made to these measures, then the Group Head of Organisational Excellence be given delegated authority in consultation with the Chair of the Policy & Finance Committee to make such changes.

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Councillor Tandy confirmed that he wished to slightly amend the recommendations (1) and (2) into a combined recommendation. He also confirmed that the third recommendation could be resolved by the Committee and did not need to be forwarded onto Full Council for approval. The revised recommendation is set out below:

The revised vision document, as attached, including the Vision themes, overall aims and objectives, and measures of outcomes and progress for 2024-2025 and 2025-2026 be agreed.

Finally, Councillor Tandy confirmed that this amendment meant that the recommendation from the Working Party meeting held on 23 October 2023 had been superseded as it had been included in the amendment.

Councillor Nash then proposed the recommendation which was seconded by Councillor Walsh.

The Chair then invited debate. Concern was expressed that given all the recent flooding and sewage issues being experienced throughout the district, that no measure to address this had been added to the Vision. EN12 had been added confirming that the Flood Forum approved by Full Council be established and that a report be brought back to Full Council with recommendations on future action, but action was needed urgently and was felt to be of such a significant problem that a separate measure to address this warranted being added to the Vision document with the measure being how the Council could pressure Southern Water and the Environment Agency to respond to the concerns by upgrading sewage systems in areas of large development.

Councillor Walsh confirmed that he was mindful to request that an amendment be made to the Vision document to include this concern as an Outcome under Supporting our Environment to Support us. The Outcome to be added was "To require Southern Water upgrade their sewage systems especially in areas with large new dwellings to enable the increase in sewage volume to be fully accommodated". This needed to be a strategic aim for this Council.

The Chair outlined that once the Flood Forum had met and as soon as there were recommendations approved by Council, those recommendations would be incorporated into the Vision document under EN12. There was concern that adding an additional outcome at this stage could impact or override some of the work that might happen as part of the Flood Forum.

Following detailed debate, concern was expressed by the Joint Interim Chief Executive and Director of Growth and the Group Head of Organisational Excellence over the use of the word 'require' in the amendment. Although the sentiment of the amendment was supported, the challenge was that the Council could only work within the legislative framework that existed. This meant that the Council could not ensure that Southern Water would upgrade their sewage systems but that it did have the ability to influence as the council was not Southern Water's regulatory body.

In response, Councillor Walsh confirmed that he wished to formally propose his amendment and that he would be happy to change the wording of his amendment from require to lobby. The amendment was “To lobby or require Southern Water to upgrade their sewerage systems especially in areas of large volume new dwellings to enable the increased sewage volume to be fully accommodated”. The important factor was that action was needed now and not in the months ahead that might be needed in setting up the Forum.

Councillor Brooks seconded the amendment.

There was some concern expressed over the amendment as sewage and surface water were now confirmed by Southern Water to be separate entities. Although the amendment was well intentioned, the question was asked as to why it was necessary as it was felt that the Council did not need to add a statement to its Vision about the need to lobby Southern Water, this could be actioned without the need for this amendment.

An update was then requested in terms of how the Flood Forum was progressing and what the timelines for its first meeting were. The Joint Interim Chief Executive and Director of Environment and Communities confirmed that the first meeting of the Forum was being planned for January 2024. Listening to the concerns of Councillors, the suggestion was made that at this first meeting, Southern Water be invited to attend to address the issues of concern with this being the first item on the agenda.

Following further debate, a recorded vote was requested.

Those voting for the amendment were Councillors Birch, Brooks, Cooper, Greenway, Gunner, Nash, Pendleton, Stanley and Walsh.

The Committee therefore unanimously agreed the amendment.

Debate on the remaining elements of the Vision document continued. Councillor Gunner wished to have it recorded that he had not agreed to his photograph being removed from the covering pages of the Vision document. Other questions asked related to:

- EN4 [% of Council homes that are SAP C rating and above] should this outcome sit under delivering the right homes to the right places rather than supporting our environment to support us? The Group Head of Organisational Excellence explained that as this was a measure covering sustainability, this was why it had been placed under environment as the emphasis was on environmental impact.
- On supporting our environment to support us – how will we achieve this (5) – there was disappointment expressed over the fact that the percentage targets for waste and recycling had been watered down. How would these be achieved? It was explained that this was the only statement that had identified a target. No targets were being watered down; it was about having consistent statements within the document.

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- EN11 [Number of new metres of new cycleway] why was this being removed as it was felt that this would provide the Council with the opportunity to work with West Sussex County Council to see if there was scope to produce more cycle ways. It was explained that the Working Party had wanted the Vision document to focus on issues that the Council had direct control over, and cycleways was a responsibility of WSCC.

The Committee then

RECOMMEND TO FULL COUNCIL

That the revised Vision document, as attached, including the Vision themes, overall aims and objectives, and measures of outcomes and progress for 2024-25 and 2025-2026 be agreed, with the addition of a new outcome under Supporting our Environment to support us as set out below:

To lobby or require Southern Water to upgrade their sewerage systems especially in areas of large volume new dwellings to enable the increased sewage volume to be fully accommodated". The important factor was that action was needed now and not in the months ahead that might be needed in setting up the Forum.

The Committee also

RESOLVED

That should there be minor changes be needed to be made to these measures, then the Group Head of Organisational Excellence be given delegated authority in consultation with the Chair of the Policy & Finance Committee to make such changes.

(During the course of the discussion on this item, Councillor Walsh declared a Personal Interest as a Member of the Littlehampton Harbour Board and Councillor Greenway declared a Personal Interest as a Member of West Sussex County Council).

457. ENVIRONMENT COMMITTEE - 21 NOVEMBER 2023

The Chair confirmed that the Committee had received a recommendation to consider following the meeting of the Environment Committee held on 21 November 2023. The minutes from the meeting of the Environment Committee held on 21 November 2023 along with the Officer's report had been emailed to Councillors on 5 December 2023 and uploaded to the Policy & Finance Committee's web pages as a supplement.

This recommendation was at minute 382 [Additional Houses in Multiple Occupation Licensing Scheme] and it recommended to the Policy & Finance Committee that the resources as set out in paragraph 4.29 of the report be agreed in order to implement the additional HMO licensing scheme within the three wards of River, Marine and Hotham.

The recommendation was then formally proposed by Councillor Walsh and seconded by Councillor Nash.

The Chair then invited debate where concern was expressed over staff resources required and how confident the Council was that it would be able to recruit into these posts. It was outlined that this had not been an area where the Council had experienced recruitment before and so it was not expected to be a challenge to recruit.

The Committee

RESOLVED

That the resources as set out in paragraph 4.29 of the report be agreed in order to implement the additional HMO licensing scheme within the three wards of River, Marine and Hotham.

458. OUTSIDE BODIES - FEEDBACK FROM MEETINGS

The Chair confirmed that there were no items for this meeting.

A query was raised by Councillor Gunner in relation to why feedback reports for the Greater Brighton Economic Board and the West Sussex Leaders' meeting were not being received and he asked if this could be investigated and confirmed which Service Committee they should report into.

459. WORK PROGRAMME

The Committee received and noted its work programme for the remainder of 2023/24, noting the following additions:

- The work programme has been updated to include the Special Meeting of the Committee taking place on 8 January 2024 which would consider the following items:
 - Savings Strategy – it was noted that this item would have recommendations going to Full Council on 10 January 2024; and
 - Medium Term Financial Prospects 2024/25 to 2028-29.

There was also an item to add to the 8 February 2024 meeting which was Arun Community Asset Fund – Consideration of Bids – Round 1

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There was also an item to add to the 7 March 2024 meeting which was the Sundry Debts Write-Off Policy.

(The meeting concluded at 7.49 pm)

Arun District Council

REPORT TO:	Special Policy and Finance Committee - 8 January 2024
SUBJECT:	Financial Prospects 2024/25 to 2028/29 – update
LEAD OFFICER:	Antony Baden, Group Head of Finance and Section 151 Officer
LEAD MEMBER:	Councillor Matt Stanley
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:	
The Council’s financial planning and budget promotes all the Council’s Corporate Priorities.	
DIRECTORATE POLICY CONTEXT:	
The Council’s financial planning and budget affects all Directorates of the Council.	
FINANCIAL SUMMARY:	
An updated financial forecast for the General Fund Revenue Budget from 2024/25 and future years to 2028/29 is presented in this report.	

PURPOSE OF REPORT

- 1.1. This report provides Members with an update on the Council’s Financial Forecast for 2024/25 to 2028/29, which was first presented to this Committee on the 26 October 2023.
- 1.2. It is intended that regular updates will be reported to this Committee along with progress updates on the delivery of the Council’s Savings Strategy, which is the subject of a separate report on this agenda.

2. RECOMMENDATIONS

It be RESOLVED: That:

- 2.1. The updated financial forecast be noted.

3. EXECUTIVE SUMMARY

- 3.1. This document sets out the updated Medium-Term Financial Plan (MTFP) forecast for the period 2024/25 to 2028/29, (see Appendix A). It represents the latest view of the Council’s financial position and is subject to several factors that may affect the Council’s finances over this period, such as local government funding reforms and the continuation of certain non-ringfenced government grants.

- 3.2. The 2024/25 budget figures are draft and subject to further changes before being presented for approval by service Committees, Policy & Finance and Full Council.
- 3.3. Paragraphs 4.1 to 4.11 detail the areas of the budgets that have been updated since the report to this Committee on the 26 October 2023.

4. DETAIL

Summary of budget changes

- 4.1. Table 1 below summarizes the changes that have been incorporated into the 2024/25 revenue budget since the MTFP forecast was reported to this committee on the 26 October 2023.

Changes between 26 October 2023 and 8 January 2024		
Savings		(2,100)
Reduction in Pay Award (6.5% to 4%)		(367)
Council Tax income		63
Recharges to the HRA		(220)
Reduction in Planning fee/CIL income		386
Temporary Accommodation		515
Supported Housing payments		505
Reduced Elections costs		(186)
Reductions in Government Grant funding		21
Other		(195)
		(1,578)

- 4.2. Savings of approximately £2.1 million have been identified as part of the service planning process undertaken by Group Heads to develop potential savings and income generation ideas. These are still draft and subject to consultation.
- 4.3. The pay award forecast has been reduced to 4%, which is deemed to be a more realistic level. Annual wage inflation fell by 0.8% to 7.2% in October, and it is expected that this fall will continue over the ensuing months.
- 4.4. Council Tax income has been adjusted downwards slightly by £63,000 to allow for a more realistic collection rate.
- 4.5. General fund recharges to the Housing Revenue Account have been increased by £220,000 to reflect a more accurate level of service activity.
- 4.6. The Quarter 2 monitoring reports explained that after three years of buoyant income levels, Planning fee income was struggling to achieve the budget target. Although significant Planning fee increases announced by central government have taken effect from the 6 December 2023 a prudent approach has been adopted for the 2024/25 budget by reducing the budget by £386,000.

- 4.7. The Quarter 2 monitoring reports have also included information about the Council's significantly increase in temporary accommodation costs. The rate of people presenting as homeless is expected to continue increasing and an additional £515,000 has been added to the budget.
- 4.8. Supported Housing is accommodation that the Council must provide alongside support, supervision, or care to help people with specific needs to live as independently as possible in the community. This includes, for example, older people, people with a learning disability, people with a physical disability, people at risk of or who have experienced homelessness, or people recovering from drug or alcohol dependence. Many councils are experiencing funding shortfalls due to how the housing benefit system operates and this is expected to increase our costs by £505,000 in 2024/25.
- 4.9. The Elections budget has been reduced by £186,000 as there are no local elections in 2024/25.
- 4.10. The government grant funding changes are explained further in Local Government Finance Settlement paragraphs 4.12 to 4.16. The expected amount of grants received is £21,000 lower than the October forecast.
- 4.11. The remaining £195,000 reduction in the budget is due to a combination of several smaller changes made across the overall budget.

Local Government Finance Settlement (LGFS) 2024/25

- 4.12. The LGFS announcement was finally made on the 18 December 2023. It is a provisional settlement and is subject to a consultation period, which finishes on the 15 January 2023.
- 4.13. As mentioned in paragraph 4.10, the total amount of non-ringfenced grants received is slightly lower than forecasted. The table below compares the grant totals between 2023/24 and 2024/25 and shows that the Council will receive £250,000 (11.07%) more than it received in 2023/24:

Other Non-Ringfenced Grants	2023/24	2024/25
Housing Benefits Administration Grant	(348)	(454)
Services Grant	(143)	(24)
Funding Guarantee Grant	(956)	(444)
Revenue Support Grant	(194)	(207)
Sub Total	(1,641)	(1,129)
New Homes Bonus	(616)	(1,378)
Total Non-Ringfenced Grants	(2,257)	(2,507)

- 4.14. The Housing Benefits Administration grant is yet to be confirmed. The Services grant and Funding Guarantee grant are £631,000 lower than 2023/24. There was an expectation that these grants might be reduced with a large element being redirected, however, the impact of this has been negated by a significantly higher than expected allocation of New Homes Bonus (NHB) grant, (£762,000). The Revenue Support Grant has been increased by 6.62%.

- 4.15. No further updates to the forecast for future years have been made at this stage. Officers still need to work through the information in the LGFS announcement especially to assess and possibly re-model likely grant allocations beyond 2024/25 as DLUHC have already indicated that the NHB grant will be discontinued after next year but have not indicated what it might be replaced with.
- 4.16. The LGFS included confirmation that the West Sussex Business Rates (WSBR) pool would continue in 2024/25 with Arun District Council being part of the pool, (Policy & Finance Committee at its meeting of the 26 October 2023 agreed to delegate authority to the Section 151 Officer and the Chief Executive Officers in consultation with the Chair of the committee to decide future participation in any WSBR pool – please see minute 326, recommendation 2.3).

Capital Financing Costs

- 4.17. As has been reported previously the Council currently has no general fund debt although the capital programme does include some schemes, which will be funded from borrowing. Nonetheless, it will still have a very low level of borrowing, which means that the amount of funding required to service that borrowing will also be very low. This means that the Council may well have scope to increase its capital programme ambitions although any new scheme will have to be supported by a robust business case, which demonstrates that it can generate additional income or avoid/reduce costs, as well as deliver value for money.
- 4.18. The table below shows the estimated annual financing costs of new capital investment projects funded from borrowing over a period of 40 years, which would need to be funded by the Council's revenue budget:

Amount borrowed	Interest Rate	Annual Repayments	Total Repayments
£5,000,000	5.39%	£305,951	£12,238,035
£10,000,000	5.39%	£611,902	£24,476,069
£15,000,000	5.39%	£917,853	£36,714,103

- 4.19. The above is purely for illustrative purposes and is based on the latest rate at the time of writing. Members will note that the Council's treasury management advisors latest high-level interest rate forecasts expect to see an across the board drop of about 1.4% over the next two years but this is very difficult to predict with great certainty.
- 4.20. If interest rates were to reduce by 1.4% and the Council decided to borrow £15 million over 50 years, the annual repayments to be funded from the revenue budget would be approximately £640,000. Members will note from this example that the length of the borrowing period and prevailing interest rate can have a significant impact on the annual financing costs.

Usable Revenue Reserves

- 4.21. Appendix B sets out the impact on the Council's Usable Revenue Reserves based on the updated MTFP forecasts. The latest projections indicate that by the end of the five-year forecast (2028/29), the balance of Reserves is forecast to be only £218,000 if no further decisions are made to address the budget shortfall.
- 4.22. Section 25 of the Local Government Act 2003 requires the Section 151 Officer to produce a statement regarding the adequacy of a Council's Reserves. This will be formally reported to this committee on the 8 February 2024 as part to the Revenue Budget proposals.

Conclusion

- 4.23. The uncertainty that has dominated the economic landscape over the last twelve months or so is expected to continue to some extent over the medium term. Inflationary pressures have begun to abate although interest rates remain comparatively high compared to recent years. The uncertainty around future levels of government grant funding continues to hinder the Council's ability to undertake effective financial planning.
- 4.24. Despite the multiple financial pressures identified in the recent MTFP reports, much progress has been made since the last update. However, further savings are essential if the Council is to set a balanced and sustainable budget that is not reliant on the use of reserves. Failure to do so will impact on the Council's ability to meet its statutory obligations.
- 4.25. Further details will be included in the budget reports to all service committees during January and February 2024. It is intended that going forward more regular MTFP updates will be presented to Members as part of the Council's savings strategy and the monitoring of its progress.

5. CONSULTATION

- 5.1. Resolution 2.2 of minute 326 from the Policy & Finance Committee of the 26 October 2023 resolved that *'delegation be granted to the Section 151 Officer to finalize the wording of the budget consultation literature in consultation with the Committee Chair of the Policy & Finance Committee'*. This document was agreed with the Chair of this Committee early in December and the consultation on the Council's website and is open to all Arun residents and businesses for their feedback and comments.

- 5.2. Section 134 of the Local Government Finance Act 1988 requires the Council to undertake a budget consultation with representatives of non-domestic ratepayers. To this end an advertisement has been published in the Council's Business Partnership Newsletter and in the Public Notice section of the local press. The advertisement also included a link to the consultation literature referred to in paragraph 5.1.
- 5.3. The consultation period closes on the 21 January 2024 and the results will be presented to this Committee at its meeting of the 8 February 2024.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1. There are no other options available.

7. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER

- 7.1. The financial implications considered in the report show indicate a significant improvement since the last update but there remains a budget deficit of £2.983 million in 2024/25, which will need to be funded from Usable Revenue Reserves. Furthermore, the risks summarized in paragraph 8 will remain for the foreseeable future and will continue to be monitored regularly and reported to Members.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1. The risks detailed in the previous forecast reported to this Committee remain. They are summarized in paragraphs 8.2 to 8.7 for reference.
- 8.2. **Usable Revenue Reserves** - As can be seen from the table in Appendix B, the possibility that the Council will exhaust its Usable Revenue Reserves has reduced but remains a major risk. If no further action is taken it would run out of Usable Revenue Reserves by 2029/30.
- 8.3. **Inflation** – The latest forecasts from the Council's treasury management advisors predicts a continuing drop in inflation. However, the economic situation is still somewhat unstable, and the Council remains exposed to various external factors. The biggest areas of expenditure affected by this are employment costs and contract inflation.
- 8.4. **Financial Support to the Leisure Services provider** - In 2023/24, the Council agreed to a request for financial support from Freedom Leisure. It is not anticipated that further support will be requested but the situation will be kept under review due to the continuing economic uncertainty.
- 8.5. **Local Government funding reform** – The LGFS announcement did not include any further information on this matter.
- 8.6. **Government grants** - There is no guarantee that major grant income sources such as New Homes Bonus, Services Grant and Funding Guarantee Grant will continue beyond 2024/25. Withdrawing these grants would seem unlikely but is a risk, nonetheless.

8.7. **Council Tax increase** - The maximum Council Tax increase in 2024/25 before a referendum is required has been confirmed at 3%. If inflation remains above this level throughout next year, it will effectively mean a cut in the Council's funding. Members will also note that the Council has already experienced such a funding cut in 2023/24 because of high inflation.

9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

9.1. The Council has a fiduciary duty to its taxpayers to be prudent in the administration of the funds it holds on their behalf and an equal duty to consider the interests of their community which benefit from the services it provides.

10. HUMAN RESOURCES IMPACT

10.1. None

11. HEALTH & SAFETY IMPACT

11.1. None

12. PROPERTY & ESTATES IMPACT

12.1. The maintenance of property and estates is dependent on sufficient funding being available to finance the planned programme.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1. None.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1. No direct impact. With constrained resources, the Council must decide how much resource to apply to climate change.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1. None

16. HUMAN RIGHTS IMPACT

16.1. None

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1. None

CONTACT OFFICER:

Name: Antony Baden

Job Title: Group Head of Finance and Section 151 Officer

Contact Number: 01903 737558

BACKGROUND DOCUMENTS:

Minutes of the Policy & Finance Committee – 26 October 2023

[Minutes of Policy and Finance Committee \(arun.gov.uk\)](https://www.arun.gov.uk/minutes-of-policy-and-finance-committee)

Financial Prospects 2024/25 to 2028/29 – Interim Report

[Item 11 - Financial Prospects Report](#)

					Appendix A	
Summary MTFP Table	2023/24 Budget £(000)	2024/25 Budget £(000)	2025/26 Budget £(000)	2026/27 Budget £(000)	2027/28 Budget £(000)	2028/29 Budget £(000)
Net Budget Requirement	33,504	32,537	32,220	33,829	35,007	35,758
Financing	-28,318	-29,598	-29,943	-28,796	-29,790	-30,835
Funding Gap to be funded from Usable Revenue Reserves	5,186	2,938	2,277	5,033	5,217	4,923
Reduction in Funding Gap since 26th October report	0	1,578	2,452	2,462	2,362	2,490

Appendix B						
Revenue Reserves						
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Usable Revenue Reserves	Budget	Budget	Budget	Budget	Budget	Budget
	£(000)	£(000)	£(000)	£(000)	£(000)	£(000)
Opening Balance	25,793	20,607	17,669	15,391	10,358	5,141
Use of Reserves to fund the budget	(5,186)	(2,938)	(2,277)	(5,033)	(5,217)	(4,923)
Closing Balance	20,607	17,669	15,391	10,358	5,141	218

Arun District Council

REPORT TO:	Special Policy and Finance Committee - 8 January 2024
SUBJECT:	Financial Strategy 2024-2028
LEAD OFFICER:	Karl Roberts & Philippa Dart: Interim CEOs
LEAD MEMBER:	Councillor Matt Stanley
WARDS:	N/A
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:	
<p>This report addresses the legal requirement for the Council to set a balanced budget every year. Reserves are a legitimate way of balancing a budget, but it is not sustainable in the longer term. Therefore, it is beholden upon the Section 151 Officer and the Chief Executive Officers to produce a balanced budget without the use of Reserves in the medium to longer term.</p>	
DIRECTORATE POLICY CONTEXT:	
<p>This report outlines the approach proposed to achieve a balanced budget over the next four years alongside some of the proposed actions of the interim Chief Executives to address the predicted net revenue budget shortfall reported to this Committee of circa £5.2m in 23/24 and £5.0m in 2028/29 based on current predictions.</p>	
FINANCIAL SUMMARY:	
<p>The proposals (subject to consultation) have identified possible savings of in excess of £2 million (excluding redundancy and other associated costs) for the 24/25 financial year. This work will need to be ongoing into future financial years.</p>	

1. PURPOSE OF REPORT

- 1.1. This report provides the Council not only with details of the key components of a strategy to deliver the transformation of the Council's financial position but also proposals for the re-organisation and reduction of the Senior Management Team.

2. RECOMMENDATIONS

- 2.1. Policy and Finance Committee is requested to Recommend to Full Council to:
- A) Approve the financial strategy 2024-28.
 - B) Note that proposal to reduce the Senior Management Team as part of an organisational restructure

3. EXECUTIVE SUMMARY

- 3.1. This report outlines the proposed approach to achieve a balanced budget over the medium to longer term alongside some of the proposed actions of the interim Chief Executives to address the net revenue budget shortfall which includes a reduction and re-organisation of the Senior Management Team (in line with existing policies and employment contracts).
- 3.2. The strategy is based on undertaking a number of key tasks in each of the next four years and these are set out in more detail in Section (4) below.

4. STRATEGY

Context

- 4.1. The Council's detailed Medium-Term Financial Plan (MTFP) was last presented to Members on in the 26 October 2023. An updated forecast is the subject of a separate report on this agenda. The Plan has identified a funding gap of £5m in 2028/29 without corrective action (see table below).

2023/24 Budget £(000)	2024/25 Budget £(000)	2025/26 Budget £(000)	2026/27 Budget £(000)	2027/28 Budget £(000)	2028/29 Budget £(000)
5,186	2,938	2,277	5,033	5,217	4,923

- 4.2. There is a legal requirement for Councils to set a balanced budget every year and although reserves can be used to achieve this, it is imperative that the Section 151 Officer and interim Chief Executives develop a financially sustainable budget that isn't reliant on the use of reserves in the longer term.
- 4.3. Any strategy the Council adopts is not prepared or delivered in a policy vacuum and thus the Council will also need to be mindful of changes in Government fiscal policy. For example, there is a risk of further reduction in income in future years linked to the uncertainty around the New Homes Bonus grant and possible re-baselining of Business Rate income, both of which will have a significant negative impact on the Council. In addition, other external global factors have had a detrimental impact on the Council's financial position, e.g. high and prolonged levels of inflation. In the MTFP report to the October 2023 Committee, contract inflation costs alone were estimated to increase costs in excess of £600,000 in 2024/25.
- 4.4. The current proposal is that the forecast net deficit is dealt with in a number of ways including the use of reserves to smooth the impact over several financial years. The stated intention was to secure in year savings in 23/24 and an anticipated £2.6m positive reduction in the budget gap for 2024/25. Progress on starting this work was delayed by the resignation of the previous Chief Executive. This means the potential savings identified for 23/24 will now be largely realised in 24/25. The Council's Net Cost of Services in 2023/24 is about £33.5 million and Group Heads have already been asked to identify cost reductions and income generating opportunities. Further details are set out in section 5.

- 4.5. The operating revenue budget of the Council next year is approximately £32.5m so the predicted funding gap of £2.9m represents around a 9% reduction. This is predicted to climb to 14% in 28/29 or about £1 in every £7 without any corrective action.
- 4.6. The Council currently has no general fund debt (although Committee will note that some capital schemes are planned to be funded from borrowing) and a reasonable level of reserves, which means it is in a strong position to address these financial challenges in a measured and planned way.
- 4.7. Within this context of significant financial constraint, the Council has a strong updated vision based on four key themes as to how it wishes to move forward for the benefit of residents, businesses, visitors, and the environment. To deliver this in a time of financial challenge requires the Council to continue to improve its efficiency and effectiveness, transparency and communications and drive out any remaining residual waste, whilst at the same time explore new ways of delivering services and possibly cease some, in order to create some headroom for future investment to deliver the ambitions of the Councils vision.

5. PROGRESS TO DATE

- 5.1. In the summer of 2023, the interim Chief Executives asked all Group Heads to set out how their individual net service budgets might be reduced by 10% or 20%. They were also asked to put forward suggestions for service delivery which would have a positive impact on the Council's financial position. The net savings' ideas have been reviewed over the autumn and have been used to inform the budget setting process for 2024/25. Where it has been possible to implement the saving immediately, this has been done. For example, a number of budgeted vacant posts which don't have staffing implications were identified for deletion, and these have been deliberately left vacant and will be removed as part of the consideration of the forthcoming budget. Others where there are staffing implications are subject to the requirement to carry out consultation (and thus they will still appear in the 2024/25 base budget).
- 5.2. The total of all the proposed savings identified as part of this process plus the anticipated changes to income receipts equates to circa £2.1m for 2024/25, with an additional £0.5m subject to consultation with staff. Further possible savings have been identified at this early stage as a net improvement in the budget position in respect of several other proposals. However, much more work is required to investigate a number of these proposals further and determine the true scale of any savings. It is likely that the sum of these proposals will fluctuate significantly during the course of the implementation of the strategy. In addition, a number of the proposals identified for future years (as set out below) don't yet have a nominal financial value attached to them.

- 5.3. The proposals for 2024/25 if taken forward would result in the loss of 18 posts, which are broadly spread across the organisation. The majority of these posts are vacant with the exception of 5, two of which are Group Heads. However, it is important to stress that this is subject to potential change following consultation. (A list of the post titles which can be identified in public at this time are set out in Appendix D). However, some services will be impacted more significantly than others in terms of the reduction of staff numbers. These include:
- Planning Policy – 2 vacant posts are proposed for deletion. The Council has agreed to review the Local Plan and that will largely be undertaken by an external team. Nonetheless the Council will need to prioritise future work and focus on work which supports the delivery of the Local Plan Review
 - Economy and Business – With the proposed removal of the Group Head post and a vacant post the team will need to reprioritise and focus on a limited number of core activities. The Council will need to cease work which might duplicate the activity other bodies such as the County Council and instead focus on a narrower range of activities including bidding for funds to enable the Council or others to deliver projects.
- 5.4. More detail on those items which have a significant impact upon the forthcoming budget in either a positive or negative manner will be provided as appropriate as part of the budget reports to the individual committees.
- 5.5. Subject to the consideration of responses to the required consultation these posts will be deleted from the organisation in 2024. Also there may be some consequential changes to remaining posts as a result which could have financial implications. What this also means is that in the budget monitoring reports for 2024/25 there will be potentially the reporting of significant underspends (as the budgeted posts identified for potential deletion become savings, assuming there are no unforeseen external changes). This will mean that the amount of reserves required to balance the budget will simultaneously reduce.
- 5.6. In undertaking the review, a number of suggestions were considered which were ultimately discounted for operational reasons. Those that are not specifically related to operational matters are listed in Appendix A. In addition, there are some matters for a decision by Councillors. These are listed in Appendix B and will be considered at the individual committee meetings when the 24/25 budget is considered.
- 5.7. There has been a drive to reduce our reliance on agency staff (who have been employed because of our difficulties in recruiting permanent Members of staff). Looking at salary levels is part of the solution, but it is also about offering potential candidates an opportunity to work in a progressive authority with a positive outlook and good officer/Member relationships.
- 5.8. Progress towards closing the budget gap will be reported as part of the ongoing process of updating Members on the medium-term financial plan which will take place on a more regular basis.

- 5.9. Finally, no significant individual budget growth items are proposed for 2024/25. Nonetheless the base budget has grown to reflect various cost pressures. In addition, there have had to be some adjustments of income projections such as planning fee income which has been adjusted downwards due to a downturn in the number of planning applications submitted.
- 5.10. Overall, whilst there is clearly further work to be undertaken it is positive that the Council has been able to take this step forward to address the financial challenges that exist and in doing so still preserve the breath of services that the Council has traditionally delivered. It is anticipated that the incoming new Chief Executive will wish to review progress on delivering the strategy and may wish to recommended changes.

6.0 ACTION PLAN FOR NEXT 4 YEARS

- 6.1 To achieve the required reduction in the funding gap a series of actions are proposed in each of the forthcoming years. These are set out below.

2024/25

- 6.2 **Restructure of the Senior Management Team** - This is intended to deliver a significant financial saving whilst also reflects the Council's priorities and its journey to a new operating model. Details are provided separately below.
- 6.3 **Use of different service delivery models** - The opportunity to cut service budgets further to achieve the required level of savings without some other form of change is not possible. In order to minimise the reduction of services, a key task for 24/25 will be to explore in more detail alternative service delivery models including sharing services with another authority. Progress on this work will be presented to individual committees where appropriate and collectively to Members at the beginning of 2025.
- 6.4 **Review 23/24 Budget** – The opportunity should also be taken to view the 2023/24 budget against actual performance in order to determine whether any budget underspends are one-offs or potential might signal areas for potential permanent savings.
- 6.5 **Maximise cost recovery** – For many services the level of fees that can be charged is limited by the principle of 'cost recovery'. A comprehensive review of all charges will ensure that any fees and charges are truly representative of the actual cost of delivering services.
- 6.6 **Asset Review** - Work will conclude on reviewing all our existing assets to determine whether that asset could deliver a better financial return for the Council. The intention will be to identify assets for investment, disposal, or maintenance. Alongside this it is intended to invite Members to adopt a property investment strategy and commercialisation strategy.
- 6.7 **Electoral Review** – It has been agreed previously by Full Council following a motion that the Council will undertake an electoral review.

- 6.8 **Future Accommodation Review** - It is anticipated that significant progress will be made in 2024/25 on reviewing our future accommodation requirements.
- 6.9 **Retender of Waste Contract** - New contract commences 2026 and the specification will be linked to amongst other things requirements stipulated by the Government.
- 6.10 These changes may require investment to arrive at definitive conclusions for Members to consider, whether that be in the form of temporary staffing, feasibility studies or business cases. The funding for this additional work will need to be identified (the transformation fund may be appropriate) but as explained in paragraph 4.6, the Council's overall general fund debt and reserves position means that it is well placed to be able to fund such investment.

2025/26

- 6.11 The main focus will be on implementing the agreed outcomes from the previous year's work alongside increased activity in respect of the retendering of our waste contract.

Review

- 6.12 It will be necessary to undertake a series of in year reviews to understand the scale of progress being made. Updates will be provided to Members through reviews of the Medium-Term Financial Plan.

7. CHANGES TO SENIOR MANAGEMENT

- 7.1 As explained above one of the proposals to reduce expenditure is to reduce the size of the Senior Management Team. Details of what is proposed is set out in Appendix C.

Timeline

- 7.2 Formal consultation will start in January and the changes are likely to be implemented (if agreed) in the Spring.

Legal Implications

- 7.3 Section 4 of the Local Government and Housing Act 1989 places a duty upon the joint interim Chief Executives, where he/she considers it appropriate to do so in respect of any proposals with respect to any of the matters specified below, to prepare a report to the authority setting out the proposals.

Those matters are:

- a) the manner in which the discharge by the authority of their different functions is coordinated;
- b) the number and grades of staff required by the authority for the discharge of their functions;
- c) the organisation of the authority's staff; and
- d) the appointment and proper management of the authority's staff.

8. OVERALL IMPACT OF THE CHANGES

- 8.1 The impact of the changes will be significant meaning the Council will not be able to operate in the same way. The joint interim Chief Executives will continue to develop and implement this programme of change.
- 8.2 It should be noted that until a full consultation process has taken place with the Union and any staff affected, the staffing proposals are not final and are subject to change.

9. CONSULTATION

- 9.1 Formal consultation with the staff and Unison on matters that affect staff will commence in January and continue over the following months. Not all matters require consultation to start at the same time.

10. OPTIONS / ALTERNATIVES CONSIDERED

- 10.1 A considerable number of options have been examined to arrive at the content of this report. It is for Members to determine whether the strategy as a whole requires modification.

11. COMMENTS BY THE GROUP HEAD OF FINANCE & SECTION 151 OFFICER

- 11.1 The financial implications are explained in the body of the report. As is clearly set out in paragraph 6, this programme of work will need to be ongoing for several years.
- 11.2 It is crucial that Members understand the importance of the Council setting a sustainable and balanced revenue budget. Should it fail to do so, the Section 151 Officer would be obliged to issue a Section 114 notice as required by the Local Government Finance Act, 1988. A Section 114 notice has serious operational implications. Full Council would be required to meet within 21 days to discuss the notice. During this time, all new spending would be prohibited. Officers and Members would also need to consider a recovery plan.

12. RISK ASSESSMENT CONSIDERATIONS

- 12.1 The Council's Corporate Risk Register will continue to need to be updated to reflect the ever changing financial situation. Individual projects will require their own risk registers.

13. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

13.1 This report supports the Council's statutory obligations to maintain a balanced budget.

13.2 Section 151 Local Government Act 1972 requires the Council to make arrangements for the proper administration of their financial affairs and to secure that one officer has the responsibility for those affairs (the S151 Officer).

13.3 The Council's legal duty to set a balanced budget is set out in section 31 Local Government Finance Act 1992, which provides that the Council must balance its expenditure with its revenue.

14. HUMAN RESOURCES IMPACT

14.1 There is a proposed minor reduction in the number of established staff as a result of the savings identified for 2024/25. In addition, there may be an impact on existing staff in respect of some of the vacant posts are being deleted which will require consultation prior to final decisions being made. These proposals have been subject to informal consultation with Unison. Formal consultation will commence after this meeting.

15. HEALTH & SAFETY IMPACT

15.1 There are no Health and Safety implications arising directly from this report.

16. PROPERTY & ESTATES IMPACT

16.1 As set out in the main body of the report the intention is to complete a fundamental review of all of the Council's assets.

17. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

17.1 No specific impacts have been identified as arising directly from the strategy in this report that would impact upon on any particular persons or groups with protected characteristics. However individual actions identified as part of the strategy will need to be subject to their own EIA.

18. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

18.1 There are no implications arising directly from this report.

19. CRIME AND DISORDER REDUCTION IMPACT

19.1 There are no implications arising directly from this report.

20. HUMAN RIGHTS IMPACT

20.1 There are no implications arising directly from this report.

21. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

21.1 There are no implications arising directly from this report.

CONTACT OFFICER:

Name: Karl Roberts and Philippa Dart – Joint Interim Chief Executive

Job Title: Chief Executive

Contact Number: 01903 737600

BACKGROUND DOCUMENTS: None

Appendix A

Areas for potential savings not being taken forward for 23/24 or 24/25 but will be subject to periodic review.

[external partnership funding]

[reduction in climate change funding]

[grants to community organisations]

[2-hour free parking]

Appendix B

Issues for Members to determine through the individual committees.

[Arun times – paper v digital]

[reduction in events budget by £50k]

[increase in cemeteries fees]

Appendix C

Senior Management Team Structure – Proposed 2024 (subject to consultation – possible changes underlined)

Group Head of Technical Services

- *Parking*
- *Property and Estates*
- *Facilities*
- *Private Sector Housing*
- *Environmental Health*
- *Licencing*
- *Building Control*
- *Land Charges*
- *Street naming & Numbering*
- *Economic Regeneration*
- *Major Regeneration Projects*

Group Head of Planning

- *Planning Policy*
- *Enforcement*
- *Development Management*
- *Historic Buildings*
- *Conservation*
- *CIL*
- *Biodiversity Net Gain*

Group Head of Law and Governance

- *Standards*
- *Legal advice to the Council in relation to the areas the post is responsible for*
- *Monitoring Officer*
- *Nominated Data Protection Officer*
- *Information Management & Support*
- *Data protection*
- *FOI*
- *Customers of concern*
- *Official complaints*
- *Committee Services*
- *Legal Services*
- *Elections*
- *Human Resources*
- *Communications*
- *ICT and Digital*
- *Organisational Performance and Improvement*

Group Head of Housing

- *Housing policy and performance*
- *Housing Options*
- *Neighbourhood*
- *Maintenance Services*
- *Wellbeing*

Group Head of Finance & Section 151 Officer

- *Revenues and Benefits*
- *Finance Transactions*
- *Treasury Management*
- *Customer Services*
- *Audit*
- *Payroll*
- *Procurement*
- *Print and Post*

Group Head of Environment & Climate Change

- *Carbon Reduction*
- *Climate Adaptation*
- *Habitat Creation*
- *Coastal and Drainage Engineers*
- *Foreshores*
- *Parks & Cemeteries*
- *Trees*
- *Landscapes and project delivery*
- *Emergency Planning*
- *Combined Cleansing Contract*
- *Events*
- *Leisure*

Appendix D

List of vacant posts to be deleted in addition to Senior Management posts (subject to consultation)

IT apprentice

0.5 Web post

0.3 HR advisor

Landscape & Project Officer post

Committee Services Officer post

Information Management Assistant Post

Economy Officer

Parking Services Permit Officer post

Senior Planning Officer – Planning Policy

Principal Planning officer Post – Planning Policy

Posts that are currently occupied are not listed.

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