



Public Document Pack

Arun District Council
Civic Centre
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Littlehampton
West Sussex
BN17 5LF

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29 October 2024

COUNCIL MEETING

To all Members of the Council

You are summoned to attend a meeting of the ARUN DISTRICT COUNCIL to be held on **Wednesday 6 November 2024 at 6.00 pm** in the **Council Chamber, at the Arun Civic Centre, Maltravers Road, Littlehampton, BN17 5LF** to transact the business set out below:

Dawn Hudd
Chief Executive

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, 30 October 2024** in line with current Council Meeting Procedure Rules.

For further information on the items to be discussed, or about attending the meeting or how to find the webcast link, please contact Committees@arun.gov.uk

AGENDA

1. APOLOGIES FOR ABSENCE
2. DECLARATIONS OF INTEREST

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

Members and Officers should make their declaration by stating:

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

3. PUBLIC QUESTION TIME

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

4. QUESTIONS FROM MEMBERS WITH PECUNIARY/PREJUDICIAL INTERESTS

To receive questions from Members with pecuniary/prejudicial interests (for a period of up to 15 minutes)

5. PETITIONS

To consider any petitions received from the public.

6. MINUTES (Pages 1 - 8)

To approve as a correct record the Minutes of the Meeting of the Council held on 9 July 2024, which are *attached*.

7. CHAIR'S ANNOUNCEMENTS

To receive such announcements as the Chair may desire to lay before the Council.

8. URGENT MATTERS

To deal with business not otherwise specified in the Council summons which, in the opinion of the Chairman of the Council (in consultation with the Chief Executive), is business of such urgency as to require immediate attention by the Council.

RECOMMENDATIONS FROM SERVICE COMMITTEES, REGULATORY AND STANDARDS COMMITTEES, AND FROM WORKING PARTIES

9. AUDIT & GOVERNANCE COMMITTEE - 23 JULY 2024 (Pages 9 - 42)

The Chair of the Audit & Governance Committee, Councillor Stanley, will present recommendations from the meeting of the Audit & Governance Committee held on 23 July 2024.

The minutes from the meeting are attached. The recommendations for the Council to consider can be found at Minute 159 [Treasury Management – Annual Report 2023/24]. The Officer's report with appendices is attached.

10. PLANNING POLICY COMMITTEE - 26 SEPTEMBER 2024 (Pages 43 - 94)

The Chair of the Planning Policy Committee, Councillor Yeates, will present recommendations from the Meeting of the Planning Policy Committee held on 26 September 2024.

The minutes are attached. The recommendations for the Council to consider can be found at Minute 243 [Community Infrastructure Levy (CIL) Infrastructure Investment Plan (IIP 2025-2027)] – the Officer's report with appendices is attached.

11. AUDIT & GOVERNANCE COMMITTEE - 3 OCTOBER 2024 (Pages 95 - 120)

The Chair of the Audit & Governance Committee, Councillor Stanley, will present recommendations from the meeting of the Audit & Governance Committee held on 3 October 2024.

The minutes from the meeting are attached. The recommendations for the Council to consider can be found at Minute 257 [Treasury Management – Quarter 1 Report 2024/25]. The Officer's report with appendices is attached.

12. STANDARDS COMMITTEE - 17 OCTOBER 2024 (Pages 121 - 130)

The Chair of the Standards Committee, Councillor Huntley, will present recommendations from the meeting of the Standards Committee held on 17 October 2024.

The minutes from the meeting are attached. The recommendations for the Council to consider can be found at Minute 204 [Recruitment of Independent Persons]. The Officer's report is attached.

13. CONSTITUTION WORKING PARTY - 21 OCTOBER 2024 (Pages 131 - 158)

The Chair of the Constitution Working Party, Councillor Yeates, will present recommendations from the meeting of the Constitution Working Party held on 21 October 2024.

The minutes from the meeting are attached. The recommendations for the Council to consider are at:

- Minute 6 [Recommendations from the Special Meeting of the Economy Committee – 12 September 2024]
- Minute 8 [Updates to the Council's Constitution] – the Officer's report is attached
- Minute 9 [Protocol for Councillor Contact with Applicants, Developers, Contractors, Agents and Investors] – the Officer's report with appendices is attached.

14. POLICY & FINANCE COMMITTEE - 24 OCTOBER 2024

The Chair of the Policy & Finance Committee, Councillor Lury, will present any recommendations from the meeting of the Policy & Finance Committee held on 24 October 2024.

The minutes from this meeting to include any recommendations to Council will be circulated separately to this agenda.

15. MOTIONS

The following Motions have been submitted in accordance with Council Procedure Rules 15.1 and 15.2.

MOTION 1

Proposer: Councillor Gunner

Seconder: Councillor Greenway

Changes to the Winter Fuel Allowance and Protecting Pensioners from Fuel Poverty

Council Notes:

- The Labour Government's recent decision to restrict the Winter Fuel Payment to only pensioners in receipt of means-tested benefits like Pension Credit, as announced by Chancellor Rachel Reeves, which impacts up to 32,000 people in Arun.
- The estimated impact of this decision, which Age UK says will mean 2 million pensioners who badly need the money to stay warm this winter will not receive it.
- The significant role that Winter Fuel Payments play in helping older residents of Arun and across the UK afford heating during the coldest months, thereby preventing 'heat or eat' dilemmas and safeguarding health.
- The criticism from Age UK, the Countryside Alliance and other charities, highlighting the social injustice and potential health risks posed by this sudden policy change.
- The additional strain this decision will place on vulnerable pensioners, many of whom do not claim Pension Credit despite being eligible, further exacerbating their financial hardship.
- That three of the four MPs whose constituencies include all or parts of Arun, voted in Parliament on 10 September 2024 to stop the removal of the Winter Fuel Allowance, but that one did not - the Labour MP for Worthing West.

Council believes:

- That the Winter Fuel Payment has been a lifeline for many older people across the UK and that restricting its availability solely to those on Pension Credit risks leaving many pensioners in financial hardship.
- While some pensioners currently in receipt of the Winter Fuel Payment may not require it, many thousands across Arun sit just above the cut-off for Pension Credit and will now lose their allowance.

- The decision to means-test Winter Fuel Payments, especially with such short notice and without adequate compensatory measures, is deeply unfair and will disproportionately affect the health and well-being of our poorest older residents.
- The Government's approach fails to consider the administrative barriers and stigma that prevent eligible pensioners from claiming **Pension Credit**, **leaving many without the support they desperately need.**

Council resolves to:

- Bring forward a Council-led local awareness campaign to alert those eligible of Pension Credit which in some respects will help access to the Winter Fuel Payment for those most in need.
- Request that the Leader of the Council write to the Chancellor of the Exchequer, urging a review of the decision to means-test the Winter Fuel Payment and asking the Government to ensure that vulnerable pensioners, particularly those who do not claim Pension Credit, are protected from fuel poverty.
- Commit the Council to signing the 'Save the Winter Fuel Payment for Struggling Pensioners' petition being run by Age UK, with the Leader signing on behalf of the Council, and write to all members offering them the opportunity to sign the petition themselves.
- Encourage local efforts to promote Pension Credit uptake through council services and partnerships with local charities and community organisations to ensure that all eligible pensioners in Arun are supported in claiming their entitlement.

MOTION 2

Proposer: Councillor R Bower

Seconder: Councillor Andy Cooper

In July, the Government announced the cancellation of the proposed Arundel Bypass improvement scheme. The Government took the decision without consulting the relevant local authorities or businesses and did not offer any other compensation measures to alleviate the growing congestion at Arundel and the consequent increasing pressure on the local road network in Arun and our villages. Improvements to the A27 at Arundel have been frequently cited by local businesses as their main priority in order to improve productivity and economic growth in our district. These issues will be compounded by Government proposals due to increased housing development targets.

This Council therefore agrees to request that the Leader, on behalf of the Council:

(1) Writes to the Prime Minister expressing the gravest concern of the Council and local businesses regarding the cancellation, including the lack of consultation and alternative measures to alleviate the issues caused by the lack of capacity on the A27 at Arundel.

(2) Requests a meeting between the District Council and other parties with the Highways Minister in order to discuss Government plans to provide real and lasting improvements to enable a long term resolution to congestion and safety issues on the A27 at Arundel and protect the character and environment of the villages and communities around the A27 from threats such as increased rat-running. This Council is to make it clear to the Minister and the Government that Arun District Council is open to any viable route that will alleviate the issues at Arundel.

16. QUESTIONS FROM MEMBERS

To consider general questions from Members in accordance with Council Procedure Rule 14.3.

17. COMMITTEE MEMBERSHIPS

Any changes to Committee Memberships that need noting by the Council will be reported at the meeting.

18. REPRESENTATION ON OUTSIDE BODIES

The Council is asked to approve any changes to its representation on Outside Bodies.

Any changes will be reported verbally by the Leader of the Council.

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 \(arun.gov.uk\)](#).

Public Document Pack Agenda Item 6

Subject to approval at the next Full Council meeting

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MINUTES OF A MEETING OF THE ARUN DISTRICT COUNCIL HELD IN THE ARUN CIVIC CENTRE ON 17 JULY 2024 AT 6.00 PM

Present: Councillors Walsh (Chair), Tandy (Vice-Chair), Ayling, Bence, Birch, Blanchard-Cooper, Bicknell, Mrs Bower, Bower, Brooks, Butcher, Mrs Cooper, Cooper, Edwards, Goodheart, Greenway, Gunner, Harty, Huntley, Kelly, Lawrence, Lloyd, Long, Lury, McDougall, Nash, Northeast, O'Neill, Oppler, Partridge, Patel, Pendleton, Penycate, Purser, Turner, Wallsgrove, Warr, Woodman and Yeates.

The following Members were absent from the meeting during consideration of the matters referred to in the Minutes indicated:- Councillor Pendleton – Minute 129 (Part) and Minute 140 (Part) to Minute 144 and Councillor Batley – Minute 129 to Minute 133 (Part)].

129. WELCOME

The Chair welcomed members of the public, Councillors and Officers present to the meeting.

He extended a special and warm welcome to Harvey Cottam from the sixth form at the Angmering Community School who was conducting a week's work experience with the Council in the Committee Services section.

130. FORMER COUNCILLOR COLIN OLIVER-REDGATE

The Chair stated that it was with great sorrow that he had to commence the meeting by announcing some sad news which was the death of former Councillor Colin Oliver-Redgate.

The Chair confirmed that the Council had received confirmation that in the early hours of 17 May 2024, former Councillor Oliver-Redgate had passed away peacefully at home following a brave battle with cancer.

The Chair informed those present that Colin had become a Councillor on 3 May 2007 serving the ward of Ferring until he stepped down in May 2023. During that time, Colin had sat on many Committees mainly the then Development Control Committee and the Licensing Committee.

It was a well-known fact that Colin would mostly be remembered for his passion for cricket and had been active in arranging a couple of fundraising matches for previous Chairs of the Council. The Chair passed on his and the Council's condolences to Colin's family and friends at this sad time.

Full Council - 17.07.24

Having received tributes from Councillors Turner, Pendleton, Huntley, Lury, Northeast and Wallsgrove the Council then conducted a minute's silence to his memory.

131. APOLOGIES FOR ABSENCE

Apologies for Absence had been received from Councillors Batley, Elkins, English, Hamilton, Haywood, Madeley, May, McAuliffe, Needs, Stainton, Stanley, Wiltshire, Miss Worne and Mrs Worne and from the Council's Honorary Aldermen Mr Dingemans and Mr English.

132. DECLARATIONS OF INTEREST

The Declarations of Interests sheet set out below confirms those Members who had made a declaration of their personal interest as a Town or Parish Councillor and/or a West Sussex County Councillor, as confirmed in their Register of Interests as these declarations could apply in any of the issues to be discussed at the meeting.

Name	Town or Parish Council or West Sussex County Council [WSSC]
Councillor Kenton Batley	Bognor Regis
Councillor Trevor Bence	Aldwick and WSSC
Councillor Paul Bicknell	Angmering
Councillor Billy Blanchard-Cooper	Littlehampton
Councillor Jim Brooks	Bognor Regis
Councillor Alan Butcher	Littlehampton
Councillor Andy Cooper	Rustington
Councillor Alison Cooper	Rustington and WSSC
Councillor Roger Elkins	Ferring and WSSC
Councillor Steve Goodheart	Bognor Regis
Councillor Keir Greenway	Bersted and WSSC
Councillor Thomas Harty	Felpham
Councillor June Hamilton	Pagham
Councillor Shirley Haywood	Middleton-on-Sea
Councillor David Huntley	Pagham
Councillor Anita Lawrence	Aldingbourne
Councillor Lesley-Anne Lloyd	Rustington
Councillor Jill Long	Littlehampton
Councillor Martin Lury	Bersted
Councillor Stephen McAuliffe	Arundel
Councillor Maralyn May	Littlehampton
Councillor George O'Neill	Littlehampton
Councillor Roger Nash	Bognor Regis
Councillor Claire Needs	Bognor Regis
Councillor Mike Northeast	Littlehampton

Councillor Peggy Partridge	Rustington
Councillor Jacky Pendleton	Middleton-on-Sea and WSCC
Councillor Guy Purser	Aldwick
Councillor Matt Stanley	Bognor Regis
Councillor Freddie Tandy	Littlehampton
Councillor Sue Wallsgrove	Barnham and Eastergate
Councillor James Walsh	Littlehampton and WSCC
Councillor Jeanette Warr	Bognor Regis
Councillor Christine Wiltshire	Littlehampton
Councillor Bob Woodman	Littlehampton
Councillor Amanda Worne	Ford and Yapton
Councillor Amelia Worne	Littlehampton
Councillor Gillian Yeates	Bersted and Bognor Regis

There were no Declarations of Interest made.

133. PUBLIC QUESTION TIME

The Chair confirmed that two questions had been submitted for this meeting. The questions have been very briefly summarised below:

- 1) From Mr Coster to the Chair of the Environment Committee, Councillor Wallsgrove regarding the petition regarding parking at Middleton-on-Sea considered by the Council at its meeting held on 9 May 2024. A supplementary question was asked with Councillor Wallsgrove confirming that a written response would be provided.
- 2) From Mr and Mrs Smith to the Chair of the Corporate Support Committee, Councillor Oppler regarding Mr and Mrs Smith historically having been classified as vexatious complainants.

The Chair then drew Public Question Time to a close.

(A schedule of the full questions asked, and the responses provided can be found on the Public Question Web page at: [Arun District Council](#))

134. QUESTIONS FROM MEMBERS WITH PECUNIARY/PREJUDICIAL INTERESTS

The Chair confirmed that there were no questions for this meeting

135. PETITIONS

The Chair confirmed that no petitions had been received.

Full Council - 17.07.24

136. MINUTES

The minutes from the Annual Meeting of the Council held on 15 May 2024 were approved by the Council as a correct record and would be signed by the Chair at the end of the meeting.

137. CHAIR'S ANNOUNCEMENTS

The Chair confirmed that it was with the greatest of pleasure to be able to congratulate Mr Nathan Abbott who had been awarded a Medallist of the Order of the British Empire in the King's Birthday Honours in recognition of his services to charity and to Cleft Lip and Palate Awareness.

On behalf of the Council, the Chair extended its thanks to Mr Abbott for his excellent work and he confirmed that he had written to Mr Abbott on 19 June 2024 to personally congratulate him on his amazing achievement.

The Chair confirmed that he had attended the following events since the Annual Council Meeting held on 15 May 2024:

- 20 May 2024 - The Arun District Guides AGM at Arundel Castle
- 24 May 2024 – Raising of Blue Flags at Bognor Regis and Littlehampton beaches
- 28 May 2024 - Reopening of the World War II Pill Box situated on Ferring Seafront
- 6 June 2024 – D-Day Beacon Lighting at Littlehampton seafront
- 14 June 2024 – Opening of the new Shopmobility facility in Littlehampton with the Mayor of Littlehampton Town Council
- 16 June 2024 – Littlehampton Twinning Association's Strawberry Tea
- 29 June 2024 – Armed Forces Day event in Littlehampton with the Vice-Chair of the Council and with many other Councillors also being in attendance
- 15 July 2024 – Opening of the Changing Places Toilet in Hotham Park, Bognor Regis

138. URGENT MATTERS

The Chair confirmed that there were no urgent items to present to this meeting.

139. REVIEW OF ENTITLEMENT OF POLITICAL GROUPS TO SEATS ON COMMITTEES - PROPORTIONALITY AND APPOINTMENTS TO COMMITTEES

The Group Head of Law & Governance and Monitoring Officer presented this report which updated Members on changes to the allocation of seats to Political Groups and appointments to committees for the remainder of the municipal year following the resignation of Councillor Bence from the Conservative Group and confirmation received that he wished to be an Ungrouped Independent.

It had therefore been necessary to review the proportionality of the Council and allocation of seats on Committees. This exercise had confirmed that the Conservative Group needed to give up one seat from one of the Committees set out in the table at Paragraph 4.7 of the report.

The Leader of the Opposition and Conservative Group, Councillor Gunner, had confirmed that he wished this to be one of his Group's seats on the Standards Committee and this was confirmed by Councillor Gunner to be the seat occupied by Councillor Lloyd. Full Council needed to confirm if it supported this seat being gifted to Councillor Bence as an Ungrouped Independent. Councillor Bence had been contacted in advance of the Council meeting to be informed of the intention to gift him a seat on the Standards Committee and had confirmed that he did not wish to take up this seat. In considering the recommendations, Council therefore needed to consider how it wished to address this position. In the absence of any instruction, this seat would remain vacant.

Councillor Lury then formally proposed the recommendations set out in the report which were then seconded by Councillor Nash.

The Council

RESOLVED – That

- (1) The outcome of the review of entitlement of political groups to seats on committees, based upon proportionality rules, set out in Appendix 1 be noted;
- (2) The allocation of seats to political groups be approved; and
- (3) The appointments to Committees for the remainder of the municipal year, as outlined in Paragraph 4.11 of the report and as reported to the meeting be approved.

140. STANDARDS COMMITTEE - 11 JULY 2024

The Chair, Councillor Huntley, presented recommendations following the meeting of the Standards Committee held on 11 July 2024.

Full Council - 17.07.24

An extract from the minutes outlined a recommendation for Council to consider regarding the recruitment of Independent Persons to the Standards Committee. This minute extract had been circulated separately to the agenda as an additional supplement which had been circulated to Members on 16 July 2024 and uploaded to the Full Council web page on that date. Councillor Huntley then formally proposed the recommendation which was seconded by Councillor Woodman.

The Chair announced that the fire alarm had been activated and so it was necessary to safely evacuate the building using the Council's emergency procedures announced at the commencement of the meeting. He instructed the Committee Services team to pause the live webcast and assist with the evacuation.

The meeting was therefore adjourned to allow the evacuation to take place [18.30].

The meeting resumed at [18.43]

The Council

RESOLVED

That the terms of office of the Council's current Independent Persons be extended to 6 November 2024.

141. MOTIONS

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

142. QUESTIONS FROM MEMBERS

The Chair referred Councillors to the Questions from Members that had been submitted in line with Council Procedure Rule 14.3 and the schedule of questions that had been circulated to the meeting. This confirmed that four questions had been received.

The Chair invited Councillors who had submitted questions to read out their questions which would be responded to by the appropriate Committee Chair. It was explained that the schedule of questions would be updated to include the responses provided, supplementary questions and responses and would be uploaded to the Council's web page within ten working days of the meeting, in line with the Council's Constitution.

The questions have been summarised below:

Question (1) From Councillor Andy Cooper to the Chair of the Planning Policy Committee – Councillor Yeates regarding the introduction of mandatory housing targets.

Question (2) From Councillor Kelly to the Chair of the Planning Policy Committee – Councillor Yeates regarding the proposed toughening up of the presumption in favour of sustainable development.

Question (3) Lloyd to the Chair of the Planning Policy Committee – Councillor Yeates regarding the Government's proposed changes to the planning system.

Question (4) From Councillor Greenway to the Chair of the Environment Committee – Councillor Wallsgrove regarding the Bersted Brooks Country Park.

143. COMMITTEE MEMBERSHIPS

The Chair invited the Leader of the Opposition and Conservative Group, Councillor Gunner, to report any changes to Committee Memberships following consideration of Agenda Item 9.

Councillor Gunner confirmed the following changes to Committee Memberships:

- Councillor Pendleton would replace Councillor Bence as a Member of the Economy Committee;
- Councillor Kelly would replace Councillor Bence as a Member of the Licensing Committee;
- Councillor Purser would replace Councillor Bence as a Member of the Staff Appeals Panel and Housing Appeals Panel.

These changes in Committee Memberships were noted by the Council.

144. REPRESENTATION ON OUTSIDE BODIES

The Leader of the Council, Councillor Lury, proposed the following changes to representations on Outside Bodies, which were seconded by Councillor Nash:

- Councillor Tandy would replace Councillor Oppler as one of the Council's representatives on South-East Employers; and
- The West Sussex Mediation Service had been disbanded and so no longer existed as an Outside Body.

Full Council - 17.07.24

The Council, therefore

RESOLVED

That the following changes to representation on Outside Bodies be approved:

- Councillor Tandy would replace Councillor Oppler as one of the Council's representatives on South-East Employers; and
- The West Sussex Mediation Service had been disbanded and so no longer existed as an Outside Body.

(The meeting concluded at 6.59 pm)

Public Document Pack Agenda Item 9

Subject to approval at the next Audit and Governance Committee meeting

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AUDIT AND GOVERNANCE COMMITTEE

23 July 2024 at 6.00 pm

Present: Councillors Stanley (Chair), O'Neill (Vice-Chair), P. Bower, Goodheart, Haywood, Jones, Oppler, Purser, Turner, Wallsgrove and Butcher (Substitute for May)

145. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillor May.

146. DECLARATIONS OF INTEREST

Councillor Haywood initially declared a Prejudicial Interest in agenda item 16 as a Member of Littlehampton Harbour Board. However, at the outset of item 16 the Monitoring Officer advised Councillor Haywood that in his opinion she did not have a Prejudicial Interest in the matter but a Personal Interest instead. Councillor Haywood then declared a Personal Interest later in item 16 as a Member of Littlehampton Harbour Board.

Councillor Stanley declared a Personal Interest in agenda item 15 as an employee of Nationwide Building Society.

147. MINUTES

The Minutes of the meeting held on 29 February 2024 were approved by the Committee. These would be signed after the meeting.

148. ITEMS 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 CIRCUMSTANCE

There were no urgent matters for this meeting.

149. PUBLIC QUESTION TIME

There were no urgent matters for this meeting.

Audit and Governance Committee - 23.07.24

150. START TIMES

The Committee

RESOLVED

That its start times for meetings for 2024/25 be 6.00pm.

151. VALUE FOR MONEY INTERIM REPORT - 2022/23

Upon the invitation of the Chair, Simon Mathers, External Audit Partner from Ernst and Young LLP, and Hannah Lill, Senior Audit Manager from Ernst and Young LLP, introduced themselves and presented their report to the Committee. The Senior Audit Manager highlighted the area of Financial Stability. During 2022/23 the Council had been able to set a balanced budget using £5m from reserves, however this was not sustainable. Through planning the 2024/25 budget, the Council had identified a high level savings plan to bridge the gap. Ernst and Young LLP had made two recommendations to the Council, which were included in appendix B of the report. The first recommendation was around timely reporting of the financial position; the second was that the Council identified a savings plan or additional sources of income in order to achieve a sustainable financial position.

The Chair invited questions, and it was asked what the reasons were for the delay in the publishing of the outturn report. The Group Head of Finance and Section 151 Officer explained there had been technical issues with reporting, however significant measures had been put in place in the last 12 months to improve reporting, and he assured Members this would not happen in the 2023/24 outturn. A snapshot of the 2023/24 outturn had already been provided to the Policy and Finance Committee in July.

The Committee noted the report

152. AUDIT PLANNING REPORT - 2023/24

Upon the invitation of the Chair, Simon Mathers, External Audit Partner from Ernst and Young LLP presented the report to the Committee, highlighting key areas including the audit risks and areas of focus summarised on page 48; the Council Materiality on page 49; and the timeline on page 73.

The Chair then invited questions and the following points were raised:

- It was asked why the fees had risen by £100k this year. The External Audit Partner confirmed this was accurate and represented the level of work required and increased regulatory demand.
- It was asked whether fees would be reduced if the government simplified the process. The External Audit Partner explained that if changes were

made to the financial reporting framework produced by Chartered Institute of Public Finance and Accountancy (CIPFA) which simplified the work required, this would be reflected in the fees.

- Questions were asked around the new risk that had been identified regarding IFRS-16. The Group Head of Finance and Section 151 Officer confirmed an implementation plan was in place, and he expected the Council to be compliant with the auditing standard.
- It was asked whether there was a list of all Council owned assets. The Group Head of Finance and Section 151 Officer explained there was a fixed asset register, which he could share with Members upon request.

The Committee noted the report.

153. AUDIT RESULTS REPORT - 2021/22

Upon the invitation of the Chair, Simon Mathers, External Audit Partner from Ernst and Young LLP presented the report, which looked back on the 2021/22 audit, which had been signed off on 25 March 2024.

There were no questions from Members.

The Committee noted the report.

154. AUDITOR'S ANNUAL REPORT - 2021/22

Upon the invitation of the Chair, Simon Mathers, External Audit Partner from Ernst and Young LLP presented the report, which summarised the findings of the 2021/22 audit.

There were no questions from Members.

The Committee noted the report.

155. RESPONSE TO ERNST & YOUNG ON THE ANNUAL ASSURANCE LETTER REGARDING GOVERNANCE ARRANGEMENTS

Upon the invitation of the Chair, the Internal Audit Manager presented the report to the Committee. He explained that the Council's external auditors considered the risk of misstatements affecting the annual accounts due to fraud or error, and as part of this process, they requested the opinion of the Chair of the Audit and Governance Committee. Due to the timing of meetings, the response had been prepared with the previous Chair and was being presented to the Committee for noting.

Audit and Governance Committee - 23.07.24

The Chair invited questions and one Member asked about the reference to future Bognor Regis regeneration requirements and the Council's plans to increase its housing stock (as shown in the second paragraph on page 178), in particular whether details of these had been decided and finalised. The Internal Audit Manager explained Service Committees had received reports regarding such projects which were included in the medium term financial budgets, but as they would potentially incur substantial amounts of borrowing, they needed to be factored into the financial strategy. The Group Head of Finance and Section 151 Officer explained that any additional projects would be presented to the relevant Service Committees for full approval as usual. The Member stated that this paragraph should state that 'there **will** be a need for further future borrowing from the Council' not 'there **may** be a need'.

The Committee noted the report

156. ANNUAL INTERNAL AUDIT REPORT & OPINION 2023/24

Upon the invitation of the Chair, Nick Barrett, Audit Manager for Southern Internal Audit Partnership, introduced himself and presented his report to the Committee. He explained that the report had been presented to the Corporate Management Team on 11 June 2024. He then briefly summarised each section of the report including Section 4, Internal Audit Opinion, which he felt was the most important section of the report, confirmed that for the year an overall reasonable assurance opinion had been given, which was positive; Section 5 was an overview and key observations, and showed that 93% (13 of the 14 systems reviewed) fell within the substantial and reasonable assurance brackets, which was very positive. Two audits – Housing Rents and Housing Voids were not completed in time to feature in the annual report and would feature in the 2024/25 progress monitoring and subsequent annual report. Both of these had reached draft report stage with one due to complete that week and one in early August. The Control Section set out more detail around the one audit review, Asset Management of Council Buildings, that resulted in a limited assurance; He updated that there was a typing mistake in the first sentence of Section 9 which should read from 2023-24 and not 2022-23; Section 10 showed customer satisfaction was above target.

The Audit Manager for Southern Internal Audit Partnership thanked Arun Officers for enthusiastically engaging in the audit work throughout the year.

The recommendation was proposed by Councillor Bower and seconded by Councillor Purser.

The Committee

RESOLVED

That the annual audit report and opinion for the year ended 2023-24 be approved.

157. DRAFT ANNUAL GOVERNANCE STATEMENT 2023/24

Upon the invitation of the Chair, the Internal Audit Manager presented the report to the Committee. The Annual Governance Statement (AGS) was a mandatory document which accompanied the Council's accounts. It would be provided as a draft to the external auditors and published on the website along with the draft accounts. If significant governance changes occurred before the accounts were audited and accepted, then this could be reflected in the AGS and a final version would therefore be presented to a future meeting once the accounts had been audited. Some of the document remained the same from year-to-year and amended/new wording had been highlighted. The document had been considered by the Corporate Management Team and signed by the interim Chief Executive Officers and the Leader of the Council. The draft AGS was presented for the Committee to note at this stage, and the final version would be presented for approval at a later date.

The Chair invited questions. The AGS stated that 'The Council continues to publish its annual gender pay gap data, as required by central Government', and it was asked whether there was a gender pay gap at Arun District Council (ADC). Officers explained the data did not look at the difference in pay between genders for exactly the same role, but more around the split of genders in various roles at various levels within the organisation. This was information held and published by Human Resources (HR) and was available to view on the website. The Group Head of Finance and Section 151 Officer offered to circulate this data to the Committee.

It was highlighted by one Member that the first sentence on page 207 noted there was one Independent group, however this would need to be amended as there was more than one Independent Group. The Group Head of Law and Governance explained the draft AGS had been prepared prior to the new Independent Group being formed, and this would be amended in the AGS.

The Committee noted the report.

158. HOUSING TENANCY FRAUD UPDATE REPORT

Upon the invitation of the Chair, the Neighbourhood Services Manager, presented her report to the Committee, highlighting the comparative data which showed a significant increase in the number of referrals. There had been different kinds of fraud reported that they were able to investigate and stop, such as people attempting to fraudulently exchange into properties. The financial saving for the last financial year had been over £2m. Not only was this work stopping illegal activity, but also bringing properties back into use, reducing the need for expensive emergency accommodation.

Members congratulated the Neighbourhood Services Manager and her team on the excellent work, and savings to the Council.

Audit and Governance Committee - 23.07.24

The Committee noted the report

159. TREASURY MANAGEMENT - ANNUAL REPORT 2023/24

[During this item, the Chair, Councillor Stanley redeclared his Personal Interest in this Item as an employee of Nationwide Building Society.

Upon the invitation of the Chair, the Senior Accountant Treasury presented the report to the Committee. She highlighted a few key areas including paragraph 2 on page 238/239, which showed capital expenditure, and the table in 2.3 which showed the actual expenditure at the end of 2023/24 and how this was financed; paragraph 3 on pages 239-241 updated on borrowing and Capital Financing Requirement (CFR), with the table on 3.9 showing the actual CFR at 31 March 2024; paragraph 4 on pages 242-244 updated on the treasury position, with the table on 4.5 on page 243 showing investments at 31 March 2023 at £43.9m, and 31 March 2024 at £42.8m. It also showed the sector breakdown of investments, with an increase in the use of local authorities and money market funds, and a reduction in banks. The table in 4.6 on page 244 showed the investments greater than one year, which were at £8m. A list of all investments at 31 March 2024 in maturity date order could be seen at appendix 4 on page 256. Since this date £14m has matured and £24m new investments have been placed in 2024/25, some of which were short-term investments, and some liquidity investments; paragraph 5.2.2-5.2.5 on page 246 updated on the bank rate and the directional forecast from advisors, Link Group; page 248 showed external borrowing remained at £35.46m, which was currently all Housing Revenue Account (HRA). The next maturity was on 28 March 2030 at £8.87m; paragraph 7.5 on page 249 showed the budgeted rate of return on interest was £3.2%, however they had achieved a rate of return for the year of 4.94%, generating an increase of investment interest of around £890k; paragraph 8.3 on page 251 updated on International Financial Reporting Standard 9 (IFRS9) and showed the potential impact on the Council's revenue budget, should the override currently in place end on 31 March 2025.

The recommendations were proposed by Councillor Wallsgrove and seconded by Councillor Purser.

There were no questions from Members.

The Committee

RECOMMEND TO FULL COUNCIL that

1. the actual prudential and treasury indicators for 2023/24 contained in the report be noted
2. the annual treasury management report for 2023/24 be noted; and

3. the treasury activity during 2023/24 which has generated interest receipts of £2.43m (4.94%). Budget £1.54m (3.2%), be noted

160. CORPORATE RISK REGISTER UPDATE

[At the start of this Item the Group Head of Law & Governance advised Councillor Haywood that he was satisfied she did not have a Prejudicial Interest in this Item, and that she had a Personal Interest only]

Upon the invitation of the Chair, the Finance and Risk Manager presented the report, which provided the quarterly update on the Corporate Risk Register, and had last been reported to the Committee in February 2024. The Risk Register had been reviewed in line with the requirements of the Council's Risk Management Framework. Appendix 3 of the report contained the Corporate Risk Register Summary, highlighting any changes. One risk had been added - risk 19, which related to the Littlehampton Harbour Board; 2 risks had been removed – risk 4.3, relating to ICT and permission to access Government systems, and risk 16, relating to the Chief Executive vacancy. Appendix 3 also contained the detailed risk register entries with any changes in the content highlighted. At the Audit and Governance Committee on 19 February 2024, an enhanced written update had been requested in respect to CRR 2 - Organisational capacity to deliver, and CRR 5 - Corporate Business Continuity and these were included in appendix 4.

The Interim Chief Executive Officer and Director of Growth introduced his enhanced written update on CRR 2 - Organisational capacity to deliver. Members were invited to ask questions and it was asked whether there was felt to have been an adverse effect on staff morale following the removal of the coffee machines. The Interim Chief Executive Officer and Director of Growth explained whilst he believed staff would have preferred to keep them, the coffee machines were something felt to be desirable rather than essential.

The Group Head of Environment & Climate Change introduced his update on CRR 5 - Corporate Business Continuity. He also updated that all services had recently been requested to update their business continuity plans, particularly to ensure plans accounted for a loss of Information Technology (IT). This was prior to an exercise referred to in the written update that would be taking place in October 2024, and organised by the insurers, Protector Insurance. This would test services with a loss of IT, and the use of a disaster recovery drive. Following the exercise, Protector Insurance would provide a feedback report to highlight any improvements required. Following that the Corporate Business Continuity Plan would be updated. Online training had also been identified for all Managers at Arun to provide a greater awareness of the requirement for Business Continuity, and an intranet page had been set up which was accessible to all staff, identifying the role of emergency planning and the training programme.

Audit and Governance Committee - 23.07.24

Members were invited to ask questions around the Corporate Risk Register and the following points were raised:

- One Member felt that resources would be better spend mitigating the effects of climate change than trying to prevent it, as the Council had a limited amount of money and it shouldn't be spent in the wrong ways.
- Clarification was requested on the outcome of the latest negotiations with Littlehampton Harbour Board. The Interim Chief Executive Officer and Director of Growth explained we were currently in litigation, and were not able to say anything further at this stage.

The Committee noted the report.

161. COUNTER-FRAUD REPORT 2023/24

Upon the invitation of the Chair, the Internal Audit Manager presented his report, which was the annual update to the Committee on counter-fraud activity within the Council. He highlighted page 317-318, which explained that the Council remained proactive in respect of housing fraud investigation, which had been reported separately by the Neighbourhood Services Manager earlier in the meeting; page 318 showed a considerable amount of work had been performed by the Council's Revenues section in reviewing entitlement to Council Tax Single Person Discount (SPD) entitlement and, where appropriate, SPD had been removed and account holders rebilled; page 319 explained the Council's Empty Homes Officer continued to identify and assist in bringing empty homes back into occupation, which benefitted the Council both in terms of New Homes Bonus and Council tax. The work of the Empty Homes Officer was included in the Corporate Plan as indicator CP22 and would be reported to Service Committees as part of the Key Performance Indicator (KPI) reporting.

The Chair invited questions and it was asked whether ADC was sufficiently resourced within the fraud team to ensure the maximum amount of fraud was identified. The Group Head of Finance and Section 151 Officer explained that he felt Arun may not have sufficient resources in place currently, but this was being addressed. It was asked whether further data could be provided around this, in particular benchmarking this against other neighbouring local authorities, and whether it was likely more fraud would have been identified had there been additional resources. The Group Head of Finance and Section 151 Officer confirmed he would be happy to provide a report to the Committee with benchmarking data and actions implemented, although he explained it was not possible to know what fraud activity had been prevented by the team's counter-fraud work.

The Committee noted the report.

162. RECRUITMENT OF INDEPENDENT REMUNERATION PANEL

Upon the invitation of the Chair, the Group Head of Law and Governance presented the report which set out plans to enable the Council to recruit a new Independent Remuneration Panel (IRP) as the existing Panel's Terms of Office expired on 31 March 2024. He went on to explain the recommendations to the Committee.

The recommendations were proposed by Councillor Wallsgrove and seconded by Councillor Turner.

Members thanked the Officers for the report. It was asked when the advert would go out and when the new IRP members were expected to start. The Group Head of Law and Governance confirmed an update would be circulated to Members by the Committee Services Manager, with an expected timeframe for the process, upon her return from annual leave.

The Committee

RESOLVED

1. to endorse the options for recruiting a new Independent Remuneration Panel as set out in Section 4.6 of the report;
2. to agree that the Council seeks to recruit a Panel consisting of five members for a term of 4 years;
3. to agree the guidance note and application pack as attached to the report as Appendix 1;
4. to agree to appoint two Members of the Committee, one to be the Chair, to sit on the IRP's Interview Panel; and
5. it be noted that in line with the Constitution, the Chief Executive will make appointments to the Panel in line with their delegated authority.

163. WORK PROGRAMME

The Committee noted the Work Programme.

(The meeting concluded at 7.16 pm)

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Arun District Council

REPORT TO:	Audit and Governance Committee – 23 July 2024
SUBJECT:	Treasury Management – Annual Report 2023/24
LEAD OFFICER:	Antony Baden - Group Head of Finance and Section 151 Officer
LEAD MEMBER:	Cllr Matt Stanley
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT/CORPORATE VISION:	
<p>The Treasury Management function is required by regulation and has an effect on all Directorates of the Council.</p>	
DIRECTORATE POLICY CONTEXT:	
<p>This report is the Treasury Management Annual Report 2023-24.</p> <p>This report summarises:</p> <ul style="list-style-type: none"> • Capital activity during the year (<i>appendix 1, point 2</i>); • Impact of this activity on the Council’s underlying indebtedness (the Capital Financing Requirement) (<i>appendix 1, point 3</i>); • The actual prudential and treasury indicators (<i>appendix 1, points 3 and appendix 2</i>); • Overall treasury position identifying how the Council has borrowed in relation to its indebtedness, and the impact on investment balances (<i>appendix 1 point 4</i>); • Summary of interest rate movements in the year (<i>appendix 1 point 5</i>); • Debt activity (<i>appendix 1, points 3 and 6</i>); and • Investment activity (<i>appendix 1, point 4.3 and point 7 plus appendix 4</i>). 	
FINANCIAL SUMMARY:	
<p>The financial implications arising from this report are detailed in Appendices 1 to 4. The figures contained in this report are draft, and subject to revisions and external audit but they are not expected to change significantly. Any such changes will be reported to this Committee.</p>	

1. PURPOSE OF REPORT

- 1.1. The purpose of this report is to present the Treasury Management annual report for 2023/24 and to enable the Audit and Governance Committee to scrutinise the report prior to taking it to Full Council on 7 November 2024.
- 1.2. This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of such activities as well as the prudential and treasury indicators for 2023/24. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 1.3. During 2023/24 the minimum reporting requirements were that the Full Council should receive the following reports:
 - an annual treasury strategy in advance of the year (reported to Council 15 March 2023)
 - a mid-year, (minimum), treasury update report (reported to Council 10 January 2024)
 - an annual review following the end of the year describing the activity compared to the strategy, (this report)
- 1.4. The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
- 1.5. This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all the above treasury management reports by the Audit and Governance Committee before they were reported to the Full Council.
- 1.6. All Councillors were invited to attend a Treasury Management training session presented by Link Group (the Councils treasury advisors) to support members' scrutiny role. This was held on 4 July 2023 of which 22 Members attended. This was a more in depth session due to the introduction of the 2021 codes.

2. RECOMMENDATIONS

Audit and Governance Committee is requested to recommend Full Council to:

- 2.1. note the actual prudential and treasury indicators for 2023/24 contained in the report
- 2.2. note the annual treasury management report for 2023/24; and
- 2.3. note the treasury activity during 2023/24 which has generated interest receipts of £2.43m (4.94%). Budget £1.54m (3.2%)

3. EXECUTIVE SUMMARY

- 3.1. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that Members be updated on treasury management activities at least quarterly. The 2023/24 Treasury Management Strategy states this report will go to the Audit and Governance committee in September. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.
- 3.2. During 2023/24, the Council complied with its legislative and regulatory requirements. Including confirmation that the authorised borrowing limit was not breached.

4. DETAIL

- 4.1. The detail can be found in appendix 1-4.

5. CONSULTATION

- 5.1. Consultation has been undertaken with the Council's Treasury Advisors – Link Group, Link Treasury Services Limited.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1. The Treasury Management Annual Report is a mandatory requirement under the Local Government act 2003 and therefore the only option available is to request that Full Council accept the recommendations.

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

- 7.1. The Council is required to ensure that cash raised during the year will meet expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments in line with the Council's low risk appetite, providing adequate liquidity before considering investment return.
- 7.2. Another key function of the treasury management service is to manage the funding of the Council's Capital Programme. It determines borrowing needs in respect of longer-term cash flow planning so that the Council can deliver its capital plans. This involves arranging long and short-term loans as well as the use of cash flow surpluses. It can also involve restructuring existing debt if this reduces costs or risk exposure to interest rate increases.
- 7.3. The Treasury Management function looks to optimize interest income and reduce debt interest payments whilst ensuring that the Council has enough liquidity to meet all its spending commitments. Since cash balances generally consist of reserves and balances, it is paramount that investments are placed as securely as possible as any losses would have an adverse impact on the revenue budget.

7.4. The parameters guiding our approach to treasury management are set out in the Council's approved Treasury Management and Annual Investment strategies and the financial implications and detail arising from our Treasury Management activities are outlined in appendices 1-4.

8. RISK ASSESSMENT CONSIDERATIONS

8.1. The main risks in treasury management are financial ones. These are identified in the Council's Treasury Management Practices and the main risks in these activities are:

- liquidity;
- markets or investment;
- inflation;
- credit and counterparty;
- legal and regulatory

8.2. The consequences of ignoring these are the adoption of poor practices, diminished interest returns, loss of capital invested, and poor liquidity (funds available when required). The Council's Treasury Management and Annual Investment strategies mitigate most of these risks.

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

9.1. Treasury Management operates within specified legal and regulatory parameters. The presentation of the report is required by regulations issued under the Local Government Act 2003 to review the treasury management activities, the actual prudential indicators and the treasury related indicators.

9.2. There are no specific legal implications arising from this report.

10. HUMAN RESOURCES IMPACT

10.1. None

11. HEALTH & SAFETY IMPACT

11.1. None

12. PROPERTY & ESTATES IMPACT

12.1. None

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1. None

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

- 14.1. To support the Council's 2030 carbon neutral target there should be consideration to transitioning current (and future) investments into more sustainable investment options.
- 14.2. Current Investments with CCLA (diversified fund and property fund) and Standard Chartered (Sustainable deposits) all have positive ESG factors.
- 14.3. Further options will be explored and considered.

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: Sian Southerton

Job Title: Senior Accountant (Treasury)

Contact Number: 01903 737861

BACKGROUND DOCUMENTS:

- The Local Government Act 2003 ([The Local Government Act 2003](#)).
- Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (CIPFA, December 2021) (*Link not available as copyright*).
- The Prudential Code for Capital Finance in Local Authorities (CIPFA, December 2021) (*Link not available as copyright*).
- DLUHC Guidance on Local Government Investments
[Guidance_on_local_government_investments.pdf \(publishing.service.gov.uk\)](#)-
- Link Asset Services Ltd Annual Treasury Management review Template 2023/24. (*Link not available as copyright*).
- 2023/2024 Strategy:
[Treasury Management Strategy Statement and Annual Investment Strategy 2023/24](#)

Treasury Management Annual Report 2023/24

1.0 INTRODUCTION

The report summarises the following:

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to its indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

2.0 THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING 2023/24

2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

2.2 The actual capital expenditure forms one of the required prudential indicators. The table in 2.3 shows the actual capital expenditure and how this was financed.

2.3 Financing of Capital Expenditure

Capital Expenditure	Actual 2022/23 £'000	2023/24 Original £'000	2023/24 Revised £'000	2023/24 Actual £'000
Non HRA	7,023	5,944	14,452	7,206
HRA	6,443	8,998	16,007	7,085
Total	13,466	14,941	30,459	14,291
Financed by:				
Capital receipts (1-4-1)	1,896	1,285	3,222	1,639
Capital grants (inc s106)	4,753	1,400	10,284	4,493
Capital reserves	3,180	2,931	2,931	4,394
Revenue	1,549	0	1,815	1,112
Total	11,378	5,616	18,252	11,638
Unfinanced capital expenditure	2,088	9,325	12,207	2,653

“Unfinanced capital expenditure”- results in a financing or borrowing need that comes from either internal borrowing, grants, or other sums such as section 106 contributions.

3.0 THE COUNCIL'S OVERALL BORROWING NEED

- 3.1** The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2023/24 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 3.2** Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, Public Works Loan Board (PWLb) or the money markets), or utilising temporary cash resources within the Council, which is known as 'internal borrowing'.
- 3.3** In 2010/11 Arun DC had a housing revenue account subsidy liability of £4.8m. From April 2012, the Localism Act 2011 introduced a new financial regime for local authority housing. A new self-financing system replaced the previous subsidy system, giving Council's more freedom to borrow money and spend the income they receive from rents. To achieve this, Arun District Council made a substantial single payment of £71 million to the Government, financed with loans from the Public Works Loans Board (PWLb). The balance outstanding on these loans is £35.46m.

- 3.4** There may be an occasional need to borrow for liquidity purposes especially as the Council no longer has an overdraft facility. The facility was removed as banking costs made it very expensive and rather than incurring any costs for the facility, the treasury team maintains approximately £200k in the Council's Lloyds liquidity accounts (bank account or call account) each day. Both are available until the close of business each day.
- 3.5** The CFR increases when capital expenditure is incurred but not financed and reduces when amounts are set aside for loan repayments. The CFR is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of borrowing need.
- 3.6** Treasury management arrangements ensure that cash is available to meet capital commitments. External debt can be borrowed or repaid at any time, but this does not change the CFR, which is charged on the basis of the Council's MRP policy.

As well as the statutory MRP charge, the CFR can be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
 - charging more than the MRP each year through a Voluntary Revenue Provision (VRP).
- 3.7** The Council's 2023/24 MRP Policy, (as required by DLUHC Guidance), was approved as part of the Treasury Management Strategy Report for 2023/24 on 15 March 2023, and no changes have been made to the policy since being written in 2018/19.
- 3.8** The Council's CFR for the year is shown in the tables in 3.9 and 3.12 and is a key prudential indicator. It includes leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is required against these schemes as a borrowing facility is included in the contract.
- 3.9** Capital Financing Requirement (CFR) HRA and GF

CFR	2022/23 Actual £,000	2023/24 Original £,000	2023/24 Actual £,000
Opening balance	48,089	49,810	52,858
Additions in Year	*4,574	0	0
Add unfinanced capital expenditure	2,088	7,083	2,575
Less Voluntary Revenue Provision (VRP) & Minimum Revenue Provision (MRP)	(1,894)	(1,540)	(3,015)
CFR	52,858	55,352	52,418

* Extended cleansing contract with new vehicles.

- 3.10** Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorized limit - see paragraph 3.13.
- 3.11** In order to ensure that borrowing levels are prudent over the medium term and only used for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total CFR in the preceding year (2023/24) plus the estimates of any additional capital financing requirement for the current (2024/25) and next two financial years. The table in 3.12 highlights the borrowing position against the CFR at 31 March 2023 and 2024.
- 3.12** Gross borrowing position and CFR

	31.3.23 Actual	2023/24 Budget	31.3.24 Actual
Gross borrowing position	£35.46m	£35.46m	£35.46m
CFR	£52.86	£55.35m	£52.42m
Under funding of CFR	£17.4m	£19.89m	£16.96m

- 3.13 The authorized limit** - is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this is set and approved by Full Council, the Council does not have the power to borrow above this level, unless Full Council approve an increase to the limit. The authorized limit was not breached in 2023/24.
- 3.14 The operational boundary** – is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorized limit not being breached.
- 3.15** Actual financing costs as a proportion of net revenue stream identifies how much of the Council’s revenue resources are used to service debt. (in 2023-24 it was 18.25% for the HRA and -8.37% for the Non-HRA; the non-HRA figure is a minus because the Council received interest income but had no General Fund borrowing to repay).
- 3.16** During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council’s annual Treasury Strategy Statement (summary in appendix1). The limits are set and agreed by Full Council prior to each financial year and are deemed to be affordable.
- 3.17** Local authorities are required to have regard to all aspects of the Prudential Code that relate to affordability, sustainability, and prudence.

4.0 **TREASURY POSITION AS AT 31 MARCH 2024**

4.1 The Council's debt and investment position is organised to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

4.2 The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are shown in 4.3.

4.3 Impact of capital expenditure

Actual prudential and treasury indicators	31 March 2023 Actual £000	2023/24 Original £000	31 March 2024 Actual £000
Capital expenditure	13,466	14,941	14,291
Total Debt	(35,460)	(35,460)	(35,460)
Capital Financing Requirement at 31 st March:			
• Non-HRA	(19)	(314)	41
• HRA	52,876	55,666	52,377
• Total	52,858	55,352	52,418
Finance Lease Liability	(5,424)	(3,026)	(3,026)
Underlying Borrowing Requirement	47,434	52,326	49,392
(Over) / under borrowing	11,974	16,866	13,932
Total Investments	43,930	48,000	42,765
Net debt	8,470	12,540	7,305

4.4 The maturity structure of the debt portfolio is shown in the table below (the upper and lower limits are also shown in appendix 2) and the investment portfolio in the table in 4.5.

	31.3.23 actual	31.3.24 actual
Under 12 months	£0	£0m
12 months and within 24 months	£0m	£0m
24 months and within 5 years	£0m	£0m
5 years and within 10 years	£8.87m	£8.87m
10 years and within 20 years	£8.87m	£8.87m
20 years and within 30 years	£8.86m	£8.86m
30 years and within 40 years	£0m	£8.86m
40 years and within 50 years	£8.86m	£0m

4.5 Investment portfolio

	actual 31.3.23 £000	actual 31.3.23 %	current 31.3.24 £000	current 31.3.24 %
Treasury investments:				
Diversified Funds	2,000	5%	2,000	5%
Property Funds	5,000	11%	5,000	12%
In-house:				
Banks	32,740	75%	15,800	37%
Building societies - unrated	0	0%	0	0%
Building societies - rated	2,000	5%	1,000	2%
Local authorities	0	0%	6,000	14%
DMADF (H.M.Treasury)	0	0%	0	0%
Money Market Funds	2,190	5%	12,965	30%
Total treasury investments	43,930	100%	42,765	100%
Treasury external borrowing:				
PWLB	-35,460	87%	-35,460	92%
Finance leases	-5,424	13%	-3,026	8%
Total external borrowing	-40,884	100%	-38,486	100%
Net treasury investments / (borrowing)	3,046		4,279	

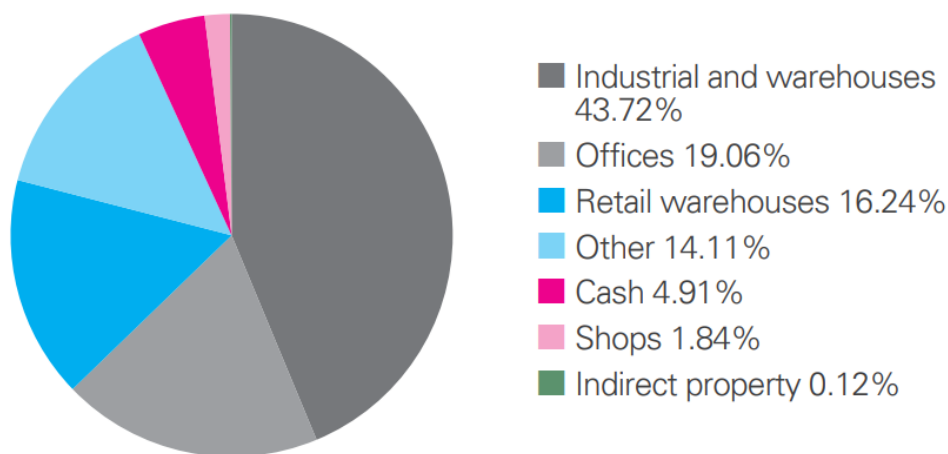
4.6 The maturity structure of the investment portfolio was as follows:

	31.3.23 Actual £000	2023/24 Budget £000	31.3.24 Actual £000
Investments			
Longer than 1 year	8,000	7,000	8,000
Up to 1 year	35,930	41,000	34,765
Total	43,930	48,000	42,765

4.7 Other prudential and treasury indicators are to be found in appendix 2.

4.8 This CCLA property fund has a diverse property investment portfolio, none of which are in shopping centres due to the current climate (although a few standalone shops). The spread as at 31 March 2024 is as follows.

Asset allocation at 31 March 24



The portfolio is managed actively with the aim of providing a high income and long-term capital appreciation. Valuations are likely to remain under pressure until bond yields fall significantly, (this will restore some of the yield premium necessary to attract larger volumes of investors back to the property market).

5.0 THE STRATEGY FOR 2023/24

5.1 Investment strategy and control of interest rate risk

- 5.1.1 Some of the information and tables in the following paragraphs are supplied by the Councils' treasury advisors, Link Asset Services and consist of detailed economic and market information which informed the Councils' treasury management decisions throughout the year.
- 5.1.2 Investment returns picked up throughout the course of 2023/24 as central banks, including the Bank of England, continued to respond to inflationary pressures that were not transitory, and realised that tighter monetary policy was called for.
- 5.1.3 Starting April at 4.25%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 5.25% by August. By the end of the financial year, no further increases were anticipated. Indeed, the market is pricing in a first cut in Bank Rate in either June or August 2024.
- 5.1.4 The upward sloping yield curve that prevailed throughout 2023/24 meant that local authorities continued to be faced with the challenge of proactive investment of surplus cash, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and "laddering" deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.
- 5.1.5 With bond markets selling off, UK equity market valuations struggled to make progress, as did property funds, although there have been some spirited, if temporary, market rallies from time to time – including in November and December 2023. However, the more traditional investment options, such as specified investments (simple to understand, and less than a year in duration), have continued to be at the forefront of most local authority investment strategies, particularly given Money Market Funds have also provided decent returns in close proximity to Bank Rate for liquidity purposes. In the latter part of 2023/24, the local authority to local authority market lacked any meaningful measure of depth, forcing short-term investment rates above 7% in the last week of March.
- 5.1.6 While the Council has taken a prudent approach to investing surplus monies, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Global Financial Crisis of 2008/09. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

5.2 Borrowing strategy and control of interest rate risk

- 5.2.1 During 2023/24, the Council maintained an under-borrowed position. This strategy was prudent as although near-term investment rates were equal to, and sometimes higher than, long-term borrowing costs, the latter are expected to fall back through 2024 and 2025 as

inflation concerns are dampened. The Council has not taken on long-term borrowing at elevated levels (>4%) and has focused on a policy of internal borrowing.

5.2.2 Interest rate forecasts initially suggested further gradual rises in short, medium and longer-term fixed borrowing rates during 2023/24. Bank Rate had initially been forecast to peak at 4.5% but it is now expected to have peaked at 5.25%.

5.2.3 By January it had become clear that inflation was moving down significantly from its 40-year double-digit highs, and the Bank of England signalled in March 2024 that the next move in Bank Rate would be down, so long as upcoming inflation and employment data underpinned that view. Currently the CPI measure of inflation stands at 3.4% but is expected to fall materially below 2% over the summer months and to stay there in 2025 and 2026. Nonetheless, there remains significant risks to that central forecast, mainly in the form of a very tight labour market putting upward pressure on wages and continuing geo-political inflationary risks emanating from the prevailing Middle East crisis and the Russian invasion of Ukraine.

5.2.4 *Our Treasury advisor forecasts at the time of approval of the treasury management strategy report for 2023/24 were as follows:*

Link Group Interest Rate View 07.02.23													
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

5.2.5 *Their interest rate forecast changed periodically during 2023/24 and below shows the change in a year:*

Link Group Interest Rate View 08.01.24													
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

5.2.6 PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of

borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

5.2.7 However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by levels of persistent inflation that are exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

5.2.8 HIGH/LOW/AVERAGE PWLB RATES FOR 2023/24

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.13%	4.20%	4.58%	4.27%
Date	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.53%	5.96%	5.74%
Date	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
Average	5.54%	4.99%	4.97%	5.34%	5.08%
Spread	1.71%	1.80%	1.33%	1.38%	1.47%

5.2.9 Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows: -

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps) - (reduction of 20bp)
- PWLB HRA Rate is gilt plus 40 basis points (G+40bps). This was introduced on 15 June 2023 – (reduction of 40bp)

5.2.10 As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

5.2.11 The Bank of England is also embarking on a process of Quantitative Tightening. The Bank's original £895bn stock of gilt and corporate bonds will gradually be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, and high in historic terms, is an unknown at the time of writing.

5.3 Change in strategy during the year

5.3.1 The strategy adopted in the original Treasury Management Strategy Report for 2023/24 approved by the Council on 15 March 2023 was subject the following revisions during the year.

1) Additions to the counterparty lending list in the way of:

- Handelsbanken Plc and
- Natwest Markets Plc (NRFB)

These both adhere to the minimum credit criteria in category 1 and 2 and were added for diversification and to offer further options due to the withdrawal of Qatar National Bank and First Abu Dhabi Bank.

2) Introduction of one new Money Market Fund (MMF) to the current lending list – State Street Global Advisors. The Fund seeks to promote some environmental and social characteristics.

5.3.2 A full list of the Council’s approved counterparties is included in appendix 3.

6.0 **BORROWING OUTTURN FOR 2023/2024**

6.1 Maturity loans of £70.902m were taken out on the 28 March 2012 to fund the new HRA self-financing system. The borrowing remaining as at 31 March 2024 was £35.46 as shown in the table below.

<u>Lender</u>	<u>Principal</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>
PWLB	£8.870m	Maturity	3.21%	28/3/2030
PWLB	£8.870m	Maturity	3.40%	28/3/2035
PWLB	£8.860m	Maturity	3.53%	28/3/2050
PWLB	£8.860m	Maturity	3.48%	28/3/2062
	£35.46m			

6.2 A maturity loan is a repayment loan which essentially means that you borrow at the start date, interest is paid on a semi-annual basis throughout the life of the loan and the principal is repaid at maturity. A maturity loan reduces exposure to risk of future rises in interest rates and the council has locked into low borrowing rates. The average rate of these loans at 31 March 2024 was 3.40%.

6.3 Due to the elevated cost of borrowing long-term, no new external borrowing was undertaken during the year and therefore the Council has not borrowed in advance of its need.

6.4 No rescheduling was carried out during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

7.0 **INVESTMENT OUTTURN IN 2023/24**

7.1 The Council's investment policy is governed by DLUHC investment guidance, which has been implemented in the Annual Investment Strategy approved by the Council on 15 March 2023. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

7.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

7.3 The Council's cash balances comprise, primarily, of revenue and capital resources, although these will be influenced by cash flow considerations. The Council's core cash resources are shown in the table in 7.4 (these are draft and still subject to possible revisions).

7.4 Core cash resources

Balance Sheet Resources (£m)	31 st March 2023 £m	31 st March 2024 £m
General Fund Balances	25.8	19.7
HRA Balances	1.5	0.6
Housing Major Repairs Reserve	3.9	3.8
Capital grants unapplied	6.6	10.6
Usable capital receipts	1.7	1.1
Total	39.5	35.8

7.5 Investments held by the Council.

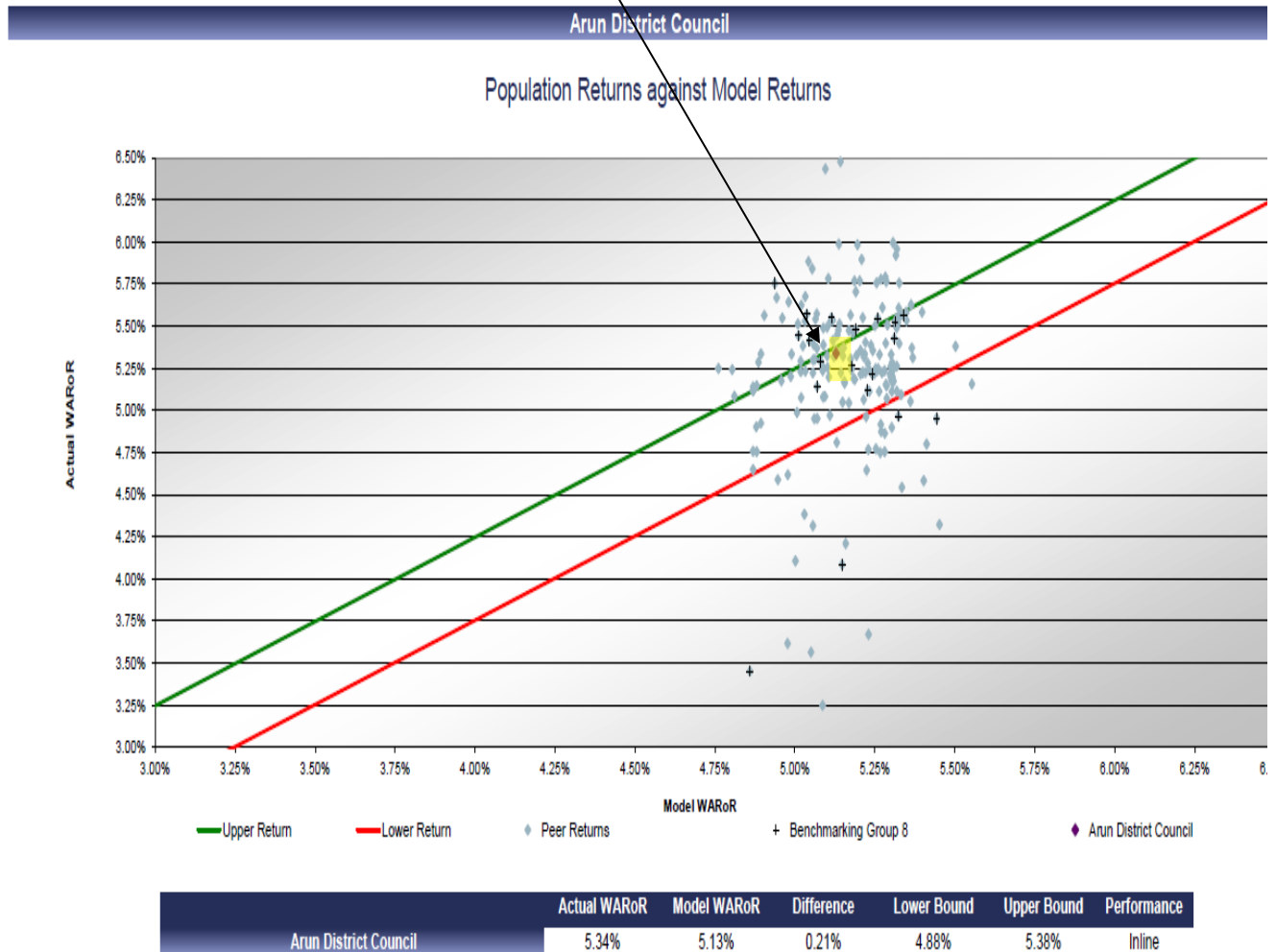
The Council maintained an average balance of approximately £42m of internally managed funds, plus £5m CCLA property fund and £2m Better World Cautious Fund (BWCF) (formerly called the Diversified Income Fund (DIF)). These internally managed funds earned an average rate of return of 5.05% plus 4.71% for the property fund and 3.3% for the BWCF / DIF giving an overall return of 4.94%. This compares with a budget assumption of £48m investment balances earning an average rate of 3.20%.

7.5.1 Total investment income was £2.43m compared to a budget of £1.54m. This was due to the increases in interest rates which were not predicted at the time and remained high, and a lower than anticipated pace of spend across the Council's capital programme.

7.5.2 The Council has also subscribed to Link's Investment Benchmarking Club to review the investment performance and risk of the portfolios.

7.5.3 A full list of investments at the 31 March 24 is included in appendix 4 and paragraph 7.5.4 below shows a comparison of Arun’s investment performance against other Councils.

7.5.4



The Councils performance for the treasury investment portfolio is just below the upper return boundary for the end of Q4 2024.

This is as a result of the yields on investments under 1 month (MMF, Call accounts & Notice accounts) rising in line with increases in the Bank rate and investments made in 1-to-6-month durations (Fixed Deposit) pushing the portfolio’s weighted average rate of return (WARoR) to 5.34% against the model portfolio’s WARoR of 5.13% in the model portfolio.

8.0 IFRS 9 fair value of investments

8.1 Following the consultation undertaken by the Department of Levelling Up, Housing and Communities [DLUHC] on IFRS 9, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2025. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

8.2 The valuation of investments previously valued under the available for sale category e.g., equity related to the “commercialism” agenda, property funds, equity funds and similar, will be changed to Fair Value through the Profit and Loss (FVPL).

8.3 The Council had the following valuations at 31 March 2024 which would affect the Council taxpayer if the override was not in place:

- CCLA property fund - £4,581,250 (£5 million invested)
- CCLA Better World Cautious Fund - £1,985,709 (£2 million invested)

This would have had an adverse impact of £433,041 on the Council’s revenue budget.

Prudential and treasury indicators

APPENDIX 2

1. PRUDENTIAL INDICATORS	2022/23	2023/24	2023/24
Extract from budget and rent setting report	Actual	Original	Actual
	£'000	£'000	£'000
Capital Expenditure			
Non – HRA	7,023	5,944	7,206
HRA	6,443	8,998	7,085
TOTAL	13,466	14,941	14,291
Ratio of financing costs to net revenue stream			
Non - HRA	(5.45)%	(6.51)%	(8.37)%
HRA	16.60%	18.19%	18.25%
Capital Financing Requirement as at 31 March			
Non – HRA	(19)	(314)	41
HRA	52,876	55,666	52,377
TOTAL	52,858	55,352	52,418
Annual change in Cap. Financing Requirement			
Non – HRA	*4,423	***3,457	(499)
HRA	345	**2,085	60
TOTAL	4,768	5,542	(440)

* Due to Extended cleansing contract with new vehicles

** New build and sheltered accommodation that has slipped

*** Alexandra theatre expenditure that has slipped

2. TREASURY MANAGEMENT INDICATORS	2022/23	2023/24	2023/24
	Actual	Original	Actual
	£'000	£'000	£'000
Authorised Limit for external debt			
Borrowing	53,000	59,000	59,000
Other long term liabilities	5,000	4,000	4,000
TOTAL	58,000	63,000	63,000
Operational Boundary for external debt			
Borrowing	48,000	55,000	55,000
other long term liabilities	5,000	4,000	4,000
TOTAL	53,000	59,000	59,000
Actual external debt	35,460	35,460	35,460
Upper limit for total principal sums invested for over 365 days (£m)	24,000	36,000	36,000
<i>(maximum of £36m in 23-24 was allowed to be invested for greater than 365 days)</i>			
	-		-

Maturity structure of fixed rate borrowing - upper & Lower limits	Actual at 31/03/24	lower limit	upper limit
under 12 months	0%	0%	40%
12 months and within 24 months	0%	0%	40%
24 months and within 5 years	0%	0%	50%
5 years and within 10 years	25%	0%	60%
10 years and above	75%	0%	100%

LIST OF AUTHORISED COUNTERPARTIES**Category 1 - Limit of £10 million for each institution - Maximum investment period - 5 Years**

		<u>Long</u> <u>Term</u>	<u>Short</u> <u>Term</u>
<i>Min Criteria</i>	Fitch	AA-	F1+
	Moody	Aa3	P-1
	S&P	AA-	A-1+
All Local Authorities			
Australia & New Zealand banking Group Ltd (ANZ - AUS)			
Bank of Nova Scotia (CAN)			
Development Bank of Singapore Ltd (DBS-SING)			
Handelsbanken Plc (UK)			
National Australia Bank (AUS)			
Oversea-Chinese Banking Corp Ltd (OCBC-SING)			
JP Morgan Chase (USA)			
United Overseas Bank Ltd (UOB - SING)			

Category 2 - Limit of £9 million for each institution - Maximum investment period - 3 Years

		<u>Long</u> <u>Term</u>	<u>Short</u> <u>Term</u>
<i>Min Criteria</i>	Fitch	A+	F1
	Moody	A1	P-2
	S&P	A+	A-1
Barclays Bank plc (RFB & NRFB) (UK)			
Bank of Scotland PLC (RFB) (Lloyds Banking Group-UK)			
Goldman Sachs International Bank (UK)			
HSBC Bank plc (RFB & NRFB) (UK)			
National Bank of Canada (CAN)			
National Westminster Bank PLC (RFB) (UK)			
Natwest Markets Plc (NRFB) (UK)			
Santander (UK)			
Standard Chartered Bank (UK)			
The Royal Bank of Scotland PLC (RFB) (UK)			

Category 3 - Limit of £6 million for each institution - Maximum investment period - 2 Years

		<u>Long</u> <u>Term</u>	<u>Short</u> <u>Term</u>
<i>Min Criteria</i>	Fitch	A-	F1
	Moody	A3	P-2
	S&P	A-	A-1
Nationwide Building Society (UK)			
Close Brothers (UK)			

**Category 4 - Limit of £4 million for each institution - Maximum Investment period - 1 year
Building Society with Assets greater than £10 billion**

Coventry Building Society (UK)
Leeds Building Society (UK)
Principality Building Society (UK)
Skipton Building Society (UK)
Yorkshire Building Society (UK)

Category 5 - Council's Bank

NO LIMIT - appropriate category 1 to 3 (Max of £9M term deposit)

Lloyds Bank Plc (RFB) (Cat 2 for Term deposit limit)
Lloyds Bank Corporate Markets Plc (NRFB) (Cat 2 for Term deposit limit)

**Collective Investment Schemes structured as Open Ended
Investment Companies (OEICs)**

	<u>Fitch</u>	<u>NAV</u>
<u>Category 6 - Money Market Funds (MMF's)</u>		
(CNAV, LVNAV, VNAV & Enhanced MMF's)		
Limit of £4million for each institution		
Aberdeen Standard (GBP)	AAA	LVNAV
CCLA Public sector deposit fund (PSDF)	AAA	LVNAV
Deutsche Banking Group	AAA	LVNAV
Federated Investors Ltd	AAA	LVNAV
Fidelity (GBP)	AAA	LVNAV
State Street Global Advisors	AAA	LVNAV
Northern Trust	AAA	

Category 7 - Alternative Investments - No defined maturity date

Maximum investment £4 million

Ultra-Short dated Bond Funds

Category 8 - Debt Management Agency Deposit Facility (DMADF)

NO LIMIT (UK Govt)

Debt management Office (DMO)

Category 9 - Bonds issued by multilateral development banks - 5 Years

Maximum investment £4 million AAA

Category 10 – Property Funds - No defined maturity date

Maximum investment £6 million

CCLA - Property Fund

Category 11 - Multi-Asset Funds - No defined maturity date

Maximum investment £6 million

CCLA - Better World Cautious Fund (previously called Diversified Income Fund)

Reference no.	Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate
900	London Borough of Barking & Dagenham	08/01/2024	04/04/2024	£2,000,000.00	5.600
878	Standard Chartered Bank - Sustainable Deposits	10/07/2023	05/04/2024	£1,000,000.00	6.260
884	Goldman Sachs International	15/09/2023	05/04/2024	£1,000,000.00	5.780
901	London Borough of Barking & Dagenham	17/01/2024	05/04/2024	£2,000,000.00	5.550
866	Close Brothers Limited	18/04/2023	17/04/2024	£4,000,000.00	5.000
872	Close Brothers Limited	19/05/2023	17/05/2024	£1,000,000.00	5.200
896	Lancashire County Council	13/12/2023	13/06/2024	£1,000,000.00	5.750
876	Nationwide Building Society	15/06/2023	14/06/2024	£1,000,000.00	5.310
890	DBS Bank Ltd	25/10/2023	25/07/2024	£1,000,000.00	5.620
892	Goldman Sachs International	01/11/2023	01/08/2024	£1,000,000.00	5.620
894	DBS Bank Ltd	15/11/2023	15/08/2024	£1,000,000.00	5.500
902	Merthyr Tydfill CBC	15/02/2024	15/08/2024	£1,000,000.00	6.000
888	Standard Chartered Bank - Sustainable Deposits	18/10/2023	17/10/2024	£1,000,000.00	5.820
889	Goldman Sachs International	20/10/2023	18/10/2024	£1,000,000.00	5.750
865	Goldman Sachs International	05/01/2023	06/01/2025	£1,000,000.00	4.645
893	Close Brothers Limited	06/11/2023	06/11/2025	£1,000,000.00	5.350
44447	Lloyds Bank			£1,800,000.00	5.140
100500	CCLA (Churches, Charities and LA's) (MMF)			£4,000,000.00	5.2711
110000	Federated Investors LLP (MMF)			£4,000,000.00	5.3138
99999	Fidelity Fund Management Ltd (MMF)			£4,000,000.00	5.2611
130000	Deutsche Bank (MMF)			£965,000.00	5.1857
140000	CCLA (Churches, Charities and LA's) LAPF			£5,000,000.00	*5.16
140500	CCLA (Churches, Charities and LA's) BWCF			£2,000,000.00	*4.40
				£42,765,000.00	

* rates at 31-3-24

MMF- Money Market Fund

LAPF - Local Authority Property Fund

BWCF- Better World Cautious Fund

PLANNING POLICY COMMITTEE

26 September 2024 at 6.00 pm

Present: Councillors Yeates (Chair), Lury (Vice-Chair), Bower, Elkins, Goodheart, Huntley, Long, McAuliffe, Partridge, Mrs Stainton and Tandy

Councillor McDougall was also in attendance for all or part of the meeting.

235. MINUTE'S SILENCE

The Group Head of Planning informed the Committee of the sad news of the passing of Charlie Hardy a member of the Council's Planning Policy Team. He informed members that the Planning department's condolences had been passed to Charlie's family and that he was sure that the Committee would wish to do so as well.

All present then stood and observed one minute's silence in her memory.

236. APOLOGIES

There were no apologies.

237. DECLARATIONS OF INTEREST

Councillor Elkins declared a Personal Interest in respect of Agenda Items 8 and 10 as a member of West Sussex County Council.

238. 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

The Chair confirmed that there were no urgent items to consider at this meeting.

239. PUBLIC QUESTION TIME

The Chair invited questions from a member of the public who had submitted their questions in advance of the meeting in accordance with the rules of the Council's Constitution.

The Chair confirmed that seven questions had been submitted from Ms Thompson and these were read out by the questioner and responded to by the Chair.

(A schedule of full questions asked, and the responses provided can be found on the meetings webpage [here](#)).

Planning Policy Committee - 26.09.24

240. BUDGET 2025/26 PROCESS

The Group Head of Finance and Section 151 Officer was invited by the Chair to present the report that set out the budget process for 2025/26. The report outlined the key service committee dates and explained the process was driven by the medium-term financial report to the Policy and Finance Committee on 24 October 2024. Briefings would be held with members throughout the budget process with dates to be confirmed.

The Chair then invited questions and comments from members. In response to a question concerning the increasing demands on service delivery referred to at paragraph 4.2 of the report, the Group Head of Finance and Section 151 Officer explained that the greatest challenge to the Council was the cost of providing homelessness provision. This provision would be a cost pressure for this year and next year due to the increasing demand, and measures were being taken to control these costs. A further pressure was uncertainty surrounding the Council's income levels being reduced following the Local Government Finance settlement for 2024/25, which had announced the discontinuation of the New Homes Bonus (NHB) and implied removal of the Minimum Funding Guarantee Grant (MFGG). He provided details of a Joint Finance officers briefing where local government finance experts had advised there had not been any national discussions on the Government's plans on the removal of the NHB and MFGG, which would not be known until the Local Government Finance settlement for 2025/26 was announced at the end of the year. If they were removed they were likely to be removed gradually.

A member welcomed member briefings during the process and asked that officers give members ample notice of them.

The Committee noted the Budget process for 2024/25 as outlined in the report.

241. BUDGET MONITORING REPORT TO 30 JUNE 2024

The Group Head of Finance and Section 151 Officer was invited by the Chair to present the report. He referred to the Quarter 1 2024/25 forecast at Table 1, paragraph 4.2, which set out a small underspend of £50k. Salary costs were forecast to underspend by £200k but would be largely offset by the recruitment of external professionals filling staff vacancies. Referring to the Community Infrastructure Levy (CIL) income, the Council was able to recover some of its costs from CIL receipts with the forecast predicting an overachievement of £70k. Following the deletion of a number of staff posts in the 2024/25 budget the Council was on target to meet those savings.

The Chair then invited questions and comments from members. A question was asked whether the reduced number of applications being received would lead to less income being received by the Council. The Group Head of Finance and Section 151 Officer responded that the variation related to the cost recovery for CIL receipts. He referred to the substantial planning fee increases announced by the Government in December 2023 and advised that the Council had exercised caution in factoring any increase in income in the budget, as the effect on the number of planning applications

received as a result were not known. The effect on the current budget will be monitored throughout the year and any increase or reduction in the number of planning applications received will be factored in to the 2025/26 budget process.

The Interim Head of Planning Policy provided details of the comments received from Financial Services to the National Planning Policy Framework consultation, that noted that if the householder planning application fee was increased to £528 it could potentially generate a fee income of up to £150k additional income. It was too early to know what the implications would be as the new fees had not been ratified. The Group Head of Planning explained that staffing levels were managed according to the amount of planning income received.

The Committee noted the report.

242. DRAFT FINAL OUT-TURN - 2023/24

The Group Head of Finance and Section 151 Officer was invited by the Chair to present the report. He advised that the figures contained in the draft 2023/24 draft final outturn report were subject to external audit. He referred to an overspend of £251k, which was an improvement on the level predicted at Quarter 3, the details of which were set out in paragraph 1. Although Planning services income had underachieved by £377k the position had improved during Quarter 4 due to an overachievement following an increase in Community Infrastructure Levy receipts.

The Committee noted the report.

243. CIL INFRASTRUCTURE INVESTMENT PLAN (IIP 2025-2027)

[Councillor Elkins re-declared his Personal Interest as a member of West Sussex County Council during discussion of this item]

The Interim Head of Planning Policy was invited by the Chair to present the report that provided an update to the Council's three-year Infrastructure Investment Plan 2025/27 (IIP). He drew attention to the Priority Shortlist that set out the recommended projects to be taken forward for funding allocations in the three-year period and the updated Baseline Longlist. A total of five projects had been identified to receive Community Infrastructure Levy payments from the strategic pot.

Details of the five projects for consideration were provided:

- Existing Littlehampton Waste Recycling Facility capped to actual receipts in Year 3 within the WSCC 70% pot;
- Existing project at Littlehampton Fire Station - Relocation or redevelopment (allocation Year 1 £50k; Year 2 £50k; Year 3 £0k and capped to actual receipts in Year 3 within WSCC 70% pot);
- Existing project for Route 8 Arundel to Ford Active Travel - allocation reduced to Year 1 £100k within ADC 20% pot – future funding subject to National Highways Designated Funds Review 2025; It was noted that officers will be giving further consideration to this allocation and whether it should

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continue to come out of the Arun District Council funding pot or if it was more appropriate to come out of the West Sussex County Council funding pot.

- Add existing project at Lion's Den Littlehampton – Play area improvements - £30k within ADC 20% pot;
- Add new project at Ferring Village Play Area – Play area improvements - £30k within ADC 20% pot.

It was noted that projects came forward ad hoc throughout the year and advised that officers will consider providing a more structured timetable of bidding rounds for each year.

The recommendations were then proposed by Councillor Partridge and seconded by Councillor Lury.

The Chair invited the Committee to make comment and ask questions.

- The Interim Head of Planning Policy responding to member questions clarified the position concerning the project for Route 8 Arundel to Ford Active Travel, confirming that it was not the intention to ask West Sussex County Council for an additional contribution. The project had initially included the green link that had included links to Arun District Council's proposals for a leisure route in the same location. The Council had sought external funding for the route but as it had not been successful the project had been paused. The £100k of funding sought was for a further feasibility study for non-motorized users with consideration being given to whether it would be more appropriate for the funding to be ring fenced from the County Council 70% strategic pot or if the smaller Arun District pot would be more appropriate. National Highways had advised that funding for the travel route from Ford to Littlehampton was not available in its current Road Investment Strategy (RIS2). He referred to the number of road improvement schemes that had been cancelled and that it was hoped that the unspent funding would be put towards sustainable transport projects, but this would not be known until RIS3.
- The lack of an active transport route between Chichester and Pagham was highlighted. Members were reminded of the current consultation on proposals for a scheme between Chichester and Bognor Regis that included improving cycle links.
- A member referred to the length of time involved in the implementation of the Littlehampton Fire Station replacement project, which should be considered a priority. The Interim Head of Planning Policy advised that the County Council have approached officers to see if the funds could be released earlier if they were to bring the feasibility work forward.
- A member advised of the increased train timetable this year, affecting the Ford Road level crossing project on the Baseline longlist. The effects of the any additional level crossing closure times, due to the additional trains, should be taken into account as part of any feasibility studies concerning this project. The Interim Head of Planning Policy advised that this would be taken into account as the project progressed under future funding rounds.

- Concern was raised regarding the further erosion of the Green Link project, which would have provided leisure and commuter access from Arundel to Littlehampton. Although it was understood that the rising sea levels along the River Arun was an issue to obtaining external funding. The move to prioritising the provision of a more northerly route to the south of Ford linking to the A259 was welcomed. Will the allocated funds for additional feasibility be used to confirm the engineering constraints? Can the Council consider a more westerly route linking the cycle routes along the A259? The Interim Head of Planning Policy advised that following a meeting with partners on active travel routes his understanding was that the £100k earmarked for feasibility would look at detailed interventions in priority order. As regards to the provision of an alternative route, the Council could put forward suggestions for consideration under the future feasibility.
- Responding to a question concerning the length of time that Baseline Longlist projects took to be implemented, the Interim Head of Planning Policy provided details of the process and advised that projects would be brought forward once they had reached the stage where they were ready to be implemented.
- The Interim Head of Planning Policy confirmed that the Lion's Den, Littlehampton and the Ferring Village Green play area Priority Shortlist projects would provide new infrastructure improvements, as required by the CIL regulations, and not replacing like for like.
- Disappointment was expressed that following the Infrastructure Investment Plan 2025/27 update the NHS had not provided any updates on progress with their projects, especially as there was money available to improve the health of residents. Both the Interim Head of Planning Policy and Group Head of Planning had discussed the lack of progress and would be seeking a meeting with senior NHS officers with the intention of progressing their projects.
- It was suggested that the NHS could be asked to attend a meeting of the Planning Policy Committee to provide details of their future delivery plans for health care provision in the District.
- The Director of Growth responded to a comment about the lack of joined up infrastructure linking the cycle route projects in the District. He provided details of the Arun Active Travel Study (AATS), similar to a Local Cycle and Walking Infrastructure Plan (LCWIP), that had assessed a range of cycling options. He explained that the Ford strategic allocation set out numerous requirements to upgrade cycle links from that development to Ford Railway Station and the River Arun. He explained that as the Ford housing development took place the funding would be available for cycling provision south of the Railway Station. Provision of a cycle link to Arundel from the Railway Station was an issue as there were no large developments in that area to fund it. In response a member advised they were aware that none of the proposals in the Study had been delivered and suggested that the AATS should be replaced by a LCWIP, as these were in line with national consensus and could result in more successful projects in the future. The cycling upgrades in place as part of the Ford development were not in line

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with cycle infrastructure design LTN1/20 or cycling infrastructure best practice and was a missed opportunity.

- The Group Head of Planning undertook to provide details of the latest position concerning the Ford Road Level Crossing project and the provision of a railway crossing road bridge and details of who was responsible for the Route 12: Active travel route (safe cycling) Aldwick Region cycling route project, outside of the meeting.

The Committee

RECOMMEND TO FULL COUNCIL that

The Arun Infrastructure Investment Plan (for the period 2025-2027) be agreed by Full Council before publication on the Council's website.

244. INFRASTRUCTURE FUNDING STATEMENT (IFS) 2023/2024

The Interim Head of Planning Policy was invited by the Chair to present the report which updated the Committee on the Council's annual Infrastructure Funding Statement (IFS). He explained that West Sussex County Council and neighbourhood bodies will carry out their own Infrastructure Statement in terms of their Community Infrastructure Levy (CIL) and Section 105 receipts. The number of CIL demand notices issued, of £4.5m, was significantly higher than the previous year. The increase in CIL receipts when compared with the previous year (£2.1m compared with £800k) and S106 receipts (£12.m compared with £2.5m) and what the money has been spent on were highlighted. The number of new affordable dwellings provided under S106 has increased from 395 to 607 this year.

The recommendations were then proposed by Councillor Partridge and seconded by Councillor Tandy.

The Committee

RESOLVED that

The Arun Infrastructure Funding Statement 2023/24 be noted and published on the Arun District Council website, in accordance with Regulation 121A of the Community Infrastructure Regulations 2010 (as amended).

245. ARUN SECONDARY SCHOOL STUDY UPDATE

[Councillor Elkins re-declared his Personal Interest as a member of West Sussex County Council during discussion of this item]

The Interim Head of Planning Policy was invited by the Chair to present the report. The report provided an update on the progress officers have made with landowner engagement concerning the potential site options for an Arun Secondary

School. He referred to paragraph 4.5 that provided details of each landowner's response, which was either that the landowner did not want their site to be considered or no response was received. It did not necessarily mean that the necessary work on potential sites could not progress, as they all met the necessary criteria for a new secondary school. It was noted that the Council had Compulsory Purchase Order (CPO) powers should it wish to allocate a site or if a planning application was received for a site. Paragraph 4.9 set out the further detailed investigative work to be commissioned to identify a suitable site. He referred to the decision made by the Committee at its meeting held on 30 January 2024 not to support Site Option F as a preferred site. However, officers suggested that members may wish to re-consider and agree to include this site alongside the five sites to be progressed under the further Site Constraints Study. The results of the feasibility work will be reported to the Committee. If further sites did come forward they would also be considered. Following the further detailed work to be undertaken by the Council in consultation with West Sussex County Council a final preferred site will be brought to the Committee for consideration.

The recommendations were then proposed by Councillor Bower and seconded by Councillor Partridge.

The Chair invited the Committee to make comment and ask questions:

- The Interim Head of Planning Policy clarified that the location of Site Option F was in Ford. He reminded members that West Sussex County Council had been in discussions with the landowner of this site but no land deal had been agreed as yet.
- A member asked if Academy Trusts had been approached concerning the sponsorship of a new school in Arun. The Group Head of Planning replied that West Sussex County Council would expect the site identification process to have taken place in the first instance, which was an important stage of the process, before they will discuss proposals with the school providers.
- Responding to a question regarding the use of a CPO, the Group Head of Planning explained that this process would only be used by the Council to acquire land for a suitable site only if all other avenues had failed. Before starting the process in the first instance some certainty would be required in the form of a school site allocation or a planning permission coming forward.
- A comment was made that it was disappointing to see West Sussex County Council, who were landowners and had the responsibility for delivering secondary schools, were not putting any site proposals forward in Arun. Given the known insufficient availability of secondary school placements in Arun, could the Council address this in its housing number constraints assessment would this be a viable option to include within the housing number targets to work towards a reduction? The Group Head of Planning explained that although this constraint was proving difficult it was not insurmountable. The Council would have to prove that there was no prospect of a scheme coming forward.
- A member urged for a secondary school to be found in Arun otherwise the Council would be doing a disservice to those pupils who had to travel to schools elsewhere.

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- In response to a comment made regarding the lack of infrastructure being built following strategic development, the Group Head of Planning advised that the details for the provision for a new school were set out in the Council's Infrastructure Funding Statement. All strategic allocations made financial contributions towards a new secondary school which would build up until enough funds were received to provide a new secondary school.
- A further comment was made concerning the impact on pupils if a new secondary school site was not delivered and the need to move the process forward following the delays in finding a suitable site.

The Committee

RESOLVED

- i. That the Council will progress a further detailed Site Constraints Study at a cost of circa £30K to include the five sites agreed by Planning Policy Committee of 30 January 2024 (Site 14: Site to the South of Yapton; Site 5: Land South of Yapton Road; Site 4: Land North of Yapton Road and East of Blossom Way; Site 3: Land at Maypole and North End Road and Site 2: Choller Farm, Barnham Lane) plus Site F from the 2019 Study (land adjacent to the Ford Allocation). Additional sites will be added to this list if alternative opportunities emerge before the report is complete.
- ii. That following the further detailed work and consultation with West Sussex County Council, officers are to report back to this Committee at a future meeting, with the final preferred site for the Secondary School, so that formal legal processes can be commenced by a Council.

246. LOCAL PLAN UPDATE DIRECTION OF TRAVEL - CONSULTATION RESPONSE

The Interim Head of Planning Policy was invited by the Chair to present the report. He provided details of the public consultation on the Direction of Travel (DoT) document that had taken place following approval by the Committee. The consultation set out a vision and objectives, and asked respondents if they considered that the Council was considering the correct issues in the DoT. A good response had been received with 73 respondents, of which there were 299 specific comments. The comments received mainly related to three key areas: providing homes in the right places, climate change and the need to deliver infrastructure to support growth. The results of the consultation will be used to develop the next stage of the Local Plan for which evidence and preparatory work has already commenced. During the process, there will be extensive engagement with members via direct consultation and through the committee process. The detailed responses to the consultation were available on the Council's website for viewing.

The recommendations were then proposed by Councillor Lury and seconded by Councillor Partridge.

The Chair invited the Committee to make comment and ask questions.

Councillor Lury referred to the Special Planning Policy Committee held on 18 September 2024 and the Committee's agreement to send a letter to the regarding the proposed changes to the National Planning Policy Framework (NPPF). He advised that the letter, signed by the Group Leaders, had been sent and advised that the letter had been copied to the four Arun MPs and to the press. He thanked the Group Head of Planning for his assistance and the Group Leaders for supporting the letter.

In response to a comment made that due to the proposed changes to the NPPF the DoT document should be reviewed due to the unknowns that the new planning system will bring and whether or not the Council should continue to prepare a new Local Plan. The Group Head of Planning advised that both this Committee and the Council was committed to continue preparing a new Local Plan under the current planning system, as the changes to the new system were not yet known and was progressing its evidence-based work in the meantime.

The Committee

RESOLVED

- i. That the summary of the consultation responses is noted and that the consultation responses do not cause any issues which prevents officers from progressing onto the next stages of the Local Plan Update, and
- ii. That the contents of the consultation comments will be used, where relevant, to inform the next stage of Local Plan evidence base work.

247. THE THREE HARBOURS STRATEGY 2024-2028

The Interim Head of Planning Policy was invited by the Chair to present the report. He explained that the Council had recently become aware of the Three Harbours Partnership and its draft Strategy for 2024-2028 at a late stage. Notwithstanding this, officers have assessed the Strategy in terms of water quality, diversity and carbon capture that were broadly in line with the Council's climate change emergency and its ambitions in terms of carbon reduction and improvements to the environment. Officers had assessed the Council's involvement and were of the opinion that the best way forward would be for the District Council to become a signatory to the Partnership to include member involvement. He drew attention to paragraph 4.6 that set out the 10 key inputs envisaged by 2028 in the high-level plan.

The recommendations were then proposed by Councillor Huntley and seconded by Councillor McAuliffe.

The Chair invited questions and comments from members. Comment was made that although the opportunity to become a member of the Partnership was belated it was welcomed due to the significant importance of the three harbours.

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A member expressed the view that a member representative should be appointed to represent the Council on the Chichester Harbour Conservancy if there was not already a member appointed to this outside body.

The Director of Growth clarified that the Three Harbours Partnership and Sussex Bay Project were two distinct projects although there was synergy between them. Officers were working with the Sussex Bay Project and at the same time, albeit belatedly, the Council was getting involved with the work of the Three Harbours partnership. The Interim Head of Planning Policy added that the Partnership's proposed integrated recovery plan would map all its projects. The engagement strategy proposed working groups and a standing citizens' assembly providing greater involvement and collaboration. Officers undertook to provide Councillor Goodheart with further information surrounding citizens' assemblies.

Members welcomed the opportunity to join the Three Harbours partnership and become a formal signatory to the Strategy.

The Committee

RESOLVED that the Committee

- i. Consider the Final Draft of the Three Harbours Strategy document (2024-2028); and
- ii. Agree that Arun District Council should join the Three Harbours partnership and become a formal signatory to the Strategy.

248. WORK PROGRAMME

The Interim Head of Planning Policy advised that since the publication of the agenda a number of updates had been made to the work programme. He undertook to circulate the latest version to the Committee following the meeting.

The Committee noted the work programme for 2024/25.

(The meeting concluded at 8.01 pm)

REPORT TO:	Planning Policy Committee 26 September 2024
SUBJECT:	CIL Infrastructure Investment Plan (IIP 2025-2027)
LEAD OFFICER:	Zac Ellwood (Interim Head of Planning Policy)
LEAD MEMBER:	Cllr Gill Yeates (Chair of Planning Policy Committee)
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:	
<p>The recommendations supports:-</p> <ul style="list-style-type: none"> • Improve the Wellbeing of Arun; • Supporting our environment to support us. 	
DIRECTORATE POLICY CONTEXT:	
<p>The Community Infrastructure Levy receipts and priority spend within the council's Infrastructure Investment Plan (IIP) will help to deliver infrastructure through working together with agencies and partners investing in delivering infrastructure facilities. This will promote active healthy lifestyles, including leisure, arts and culture and deliver housing and other needs while enhancing the quality of heritage and the natural and built environments and promoting economic growth, in a sustainable manner.</p>	
FINANCIAL SUMMARY:	
<p>The projects are to be funded from CIL receipts apportioned and capped to actual CIL receipts. However, there may be implications for allocation of CIL funding priorities from the projects to be included on the Shortlist that exceed delegated authority (i.e. projects over £25,000) and require approval via Full Council in accordance with Governance procedures.</p>	

1. PURPOSE OF REPORT

- 1.1. This report seeks the Committee's agreement of the full update to the council's three-year Infrastructure Investment Plan (IIP 2025/27), following an eight-week stakeholder consultation (1 February to 1 April 2024). The IIP 2025/27 allocates Community Infrastructure Levy (CIL) funds to key infrastructure projects, assessed and prioritised using submitted evidence, for delivery within the three-year period. Following the Committee's agreement, the IIP 2025/27 will need to be referred to Full Council for approval.

2. RECOMMENDATIONS

- 2.1. Planning Policy Committee resolves to agree:

1. The Arun Infrastructure Investment Plan (for the period 2025-2027) and that it be referred to Full Council for approval before publication on the council's website.

3. EXECUTIVE SUMMARY

- 3.1 Arun District Council (ADC) became a Community Infrastructure Levy (CIL) Charging Authority in April 2020. A CIL Governance process was approved at Full Council on 25 January 2021 which set out how CIL receipts will be prioritised and allocated towards infrastructure projects. This process includes Arun District Council undertaking informal consultations with infrastructure providers and Town/Parish Councils through inviting project bids and supporting evidence, to help identify a three year programme of infrastructure projects eligible for funding and prioritisation. This programme is called the Infrastructure Investment Plan (IIP 2025/27).
- 3.2 Following an eight week stakeholder consultation (February to April 2024) two updates for existing projects were received and bids for two new projects submitted. These have been assessed and prioritised where they meet the eligibility criteria for inclusion either on the 'Priority Shortlist' or 'Baseline Longlist'. Collectively these will form an updated IIP for the financial years 2025 to 2027.

4. DETAIL

- 4.1 The IIP 2025/27 preparation process included ADC undertaking formal consultations with infrastructure providers and Town/Parish Councils, inviting project bids and supporting evidence, to help identify infrastructure projects eligible for funding and prioritisation assessment.
- 4.2 For existing and new project proposals to be assessed following the consultation, they must meet the definition of Infrastructure as defined in the Planning Act 2008 (e.g. provision of waste handling facilities, health and emergency service facilities, transport footpaths/cycle routes, green infrastructure and play areas etc.) in order for them to be eligible for ADC CIL funding, which can help to support the delivery of the Local Plan or Neighbourhood Development Plan.
- 4.3 If a project is already included in the IIP and has been updated, or there is a new project bid, prioritisation assessment will depend on the robustness of the supporting project procurement timetable, degree of fit with prioritisation eligibility criteria, and any necessary engagement with other stakeholders affected (e.g. residents and businesses) and infrastructure providers where relevant (e.g. West Sussex County Council, the applicable Town or Parish Council, Fire, Police or Health authority/body). A proforma is provided and information must be submitted in the correct format to ADC (Background Paper 1).
- 4.4 There are currently three extant infrastructure projects on the Priority Shortlist
- 16/IDP/ES Relocation or redevelopment of Littlehampton Fire Station;
 - 12a/IDP/WM Littlehampton Waste Recycling Centre;
 - 18/ADC/TI Route 8: Active Travel Route (safe cycling) from Arundel to Littlehampton via Ford Station).
- 4.5 Following the current IIP 2025/27 update consultation, officers received cost and project updates for two existing projects on the Baseline Longlist:

- £30K for play park enhancement at Lion's Den Play Park in Littlehampton (this is a 50% reduction on the previous bid figure;
 - £3m for a Sports Hub at Palmer Road, Angmering.
- 4.6 The council also received bids for two new infrastructure projects to be assessed and prioritised:
- £30k for a new project at Ferring Village Green Play Area from Arun Parks & Greenspace as identified in the ADC Play strategy 2018-2028; and
 - £135k for provision of pavement/improvements at Horsemere Green Lane from Climping Parish Council. There is also a S106 contribution towards this project.
- 4.7 Available CIL receipts (i.e. net of 5% administration; reliefs and apportionments to Parish and Town Councils) for the IIP are broadly ring fenced to a West Sussex County Council (WSCC) Projects 70% pot; an ADC projects 20% pot; and an Other 10% pot (e.g. Fire, Police, NHS). New or updated infrastructure projects must, therefore, be vetted by the joint 'Arun Member and Officer CIL Liaison Meeting' with WSCC and, subsequently, recommended for approval by the Planning Policy Committee. Those projects that exceed £25,000 cost will need to be approved as a Planning Policy Committee recommendation to Full Council.
- 4.8 The Arun Member and Officer CIL Liaison Meeting' with WSCC on 22 May 2024 identified updated spend profiles for two existing projects on the Priority Shortlist. Littlehampton Waste Recycling Facility and the Littlehampton Fire Station project allocations will need to be capped to CIL actual receipts within the WSCC 70% pot they are allocated.
- 4.9 In addition, for the ADC 20% pot the existing Priority Shortlist includes Route 8: Active Travel Route (safe cycling) from Arundel to Littlehampton via Ford Station. This remains a priority, but as the result of project slippage (National Highways funding to be reviewed in 2025), it has therefore, only been allocated £100k for Year 1, which is likely to be used for a feasibility study. Funding allocation for Year 2 and Year 3 will be dependent on progress. The following amendments to the Priority Shortlist and Baseline Longlist were also discussed.

Priority Shortlist

- 4.10 The Priority Shortlist (Background Paper 2) proposes promoting one existing project from the Baseline Longlist and adding one new submitted project onto the proposed Priority Shortlist, which together with the three extant priority projects, now comprises a total of five separate projects identified for priority funding:-
- Existing Littlehampton Waste Recycling Facility capped to actual receipts in Year 3 within the WSCC 70% pot;
 - Existing project at Littlehampton Fire Station - Relocation or redevelopment (allocation Year 1 £50k; Year 2 £50k; Year 3 £0k and capped to actual receipts in Year 3 within WSCC 70% pot);

- Existing project for Route 8 Arundel to Ford Active Travel - allocation reduced to Year 1 £100k within ADC 20% pot – future funding subject to National Highways Designated Funds Review 2025;
- Add existing project at Lion's Den Littlehampton – Play area improvements - £30k within ADC 20% pot;
- Add new project at Ferring Village Play Area – Play area improvements - £30k within ADC 20% pot.

4.11 Priority status is indicated by a green designation following assessment applying a red, amber or green RAG coding. Each priority project is then allocated a spend profile showing the proposed CIL funding allocation across each of the three-years within the IIP programme. It is proposed that Appendix 1 should be agreed as the basis for Arun District Council's funding priorities over the next three years as part of the updated IIP 2025/27.

Baseline Longlist

4.12 The Baseline Longlist (Background Paper 3) includes of all project bids, including priority and non-priority projects (with RAG coding). Following the consultation submissions it is proposed to:-

- Update existing Arun Green Space project for Sport Hub and Adventure facility at Palmer Road Angmering costs to £3m;
- Add new project provision of pavement at Horsemere Green Lane, submitted by Climping Parish Council, because delivery and implementation information are uncertain.

4.13 The Baseline Longlist will be kept under review as the status and priority of existing or new projects may change over time against eligibility and deliverability criteria. However, this is subject to the availability of CIL funding and ensuring that committed funding priorities are not undermined. Given the strategic nature and significance of some infrastructure projects, CIL funding may not necessarily be allocated for delivering smaller projects that may become eligible. This is to ensure that important strategic infrastructure can be funded in the medium and longer term in accordance with the council's governance procedure.

4.14 There are now 50 projects in total on the Baseline Longlist (5 Green, 25 Amber and 20 Red). A number of schemes have been assessed as Red or Amber because of a failure to provide updated eligibility, funding and procurement evidence. Three schemes (set out below) have also been removed from the Baseline Longlist as they have been implemented, including a scheme that has now been fully funded through S.106 contributions:-

- Canada Gardens in Arundel – landscaping and improvements.
- Fletchers Field refurbishment and upgrade (Angmering)
- Refurbishment/reconfiguration of wet side changing rooms at Arun Leisure Centre

CIL Income

- 4.15 The level of CIL funding income, while increasing year on year, is significantly behind previous estimates and projections based on land supply (i.e. the Housing and Economic Land Availability Assessment) as a result of consented schemes/allocated sites not coming forward as quickly as had been anticipated. Further monitoring of CIL receipts (e.g. held, or the value of demand and liability notices) will, therefore, be used to guide the prioritisation work and will continue to be closely monitored each year of the IIP, in order to set a realistic funding programme. This will include applying a cap upwards or downwards, as applicable, to reflect actual and secured CIL income. This is necessary to ensure that projects can be funded and minimises the risk of projects being prioritised but subsequently finding that CIL monies are not available at the level forecast.

5. CONCLUSION

- 5.1. Currently, following the IIP 2025/27 update only West Sussex County Council and Arun District Council have projects on the Priority Shortlist. Other providers have projects on the Baseline Longlist including the NHS although no project updates were received, despite officers proactively seeking to engage with the NHS to encourage progress.
- 5.2. Following member agreement of the draft IIP 2025/27 at this Committee, the next stage of preparing the IIP involves subsequent referral to Full Council for final approval on 7 November 2024.
- 5.3. Following the full IIP update, ADC will carry out another 'light touch' update in 2026 where stakeholders and delivery bodies may have new projects or updates to promote under the IIP.

6. CONSULTATION

- 6.1. The Chair of Planning Policy Committee and West Sussex County Council have been consulted in addition to Parish and Town Councils and other infrastructure providers.

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

- 7.1. Infrastructure projects are to be funded from CIL receipts apportioned and capped to actual CIL receipts with projects over £25,000 requiring approval via Full Council in accordance with Governance procedures. Officer time is met from existing budgets.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1. There are not likely to be any significant risks with this policy. Nevertheless, because of the local criteria restrictions, the policy should be periodically reviewed.

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

9.1. There are no Governance or legal implications as these have been set out and agreed by Full Council and published on the Council's website while CIL funding is regulated by the under the Community Infrastructure Regulations 2010, as amended.

10. HUMAN RESOURCES IMPACT

10.1. There are no implications arising for Human Resources.

11. HEALTH & SAFETY IMPACT

11.1. There are no direct implications for Health & Safety.

12. PROPERTY & ESTATES IMPACT

12.1. There are no direct implications for council property, other than in respect of proposed CIL funding for Parks & Leisure enhancement projects as set out in this report and the Shortlist.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1. There are no direct adverse implications for Equalities/Social Value.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1. There are no direct adverse implications for climate change from this report. However, delivering necessary infrastructure in support of development mitigation, may assist in achieving sustainability benefits downstream, e.g. though green and social infrastructure including sustainable forms of transport and travel, to create sustainable communities, reducing carbon emissions.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1. There are no direct adverse implications for Crime and Disorder.

16. HUMAN RIGHTS IMPACT

16.1. There are no direct adverse implications for Human Rights.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1. There are no implications for FOI/Data Protection.

CONTACT OFFICER:-

Name: Julie Grieves
Job Title: Senior CIL Officer

Contact Number: 01903 737947

BACKGROUND DOCUMENTS:

Background papers

- **Background paper 1: Infrastructure Provider Proforma:-**

<https://www.arun.gov.uk/download.cfm?doc=docm93jjm4n19336.docx&ver=21649>

- **Background Paper 2: Priority Shortlist:-**

Priority Shortlist attached.

<https://www.arun.gov.uk/cil-adoption>

- **Background Paper 3: Baseline Longlist:-**

Baseline Longlist attached.

<https://www.arun.gov.uk/cil-adoption>

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‘Priority Shortlist’ schedule of projects that have been prioritised (Green) for funding in the IIP programme period following the IIP Consultation February - March 2024 (2025-2027) Yr1 Yr2 and Yr 3.

ID No.	Project	Projected Cost (£)	Funding Secured (£)	Consultation Update	Total cost of CIL required minus secured funding (£)	Proposed Funding Arrangement	Phasing Period	Delivery Partners	Evidence source
16/IDP/ES	Relocation or redevelopment of Littlehampton Fire Station FD2	2 bay fire station is £5.4m, 3 bay £7.0m.	£0 Received £7,527 (LU/355/10 WSCC to confirm - another 8 tbc amounts agreed)	Cost estimates via independent study for new fire stations, based on 2 bay fire station c£5.4m or 3 bay would be c£7m. estimate of project preparation and delivery costs, to be confirmed – a-c10% of costs, D 10% of cost and e 80% of cost	£5.4-£7.0m Estimated a) feasibility to c) preliminary design £100k d) detailed design £100k e) Construction 50% £6.8m= £3.4m e) Construction 50% £6.8m= £3.4m	WSCC Capital/ CIL	Yr 1 2025/26 - £50k Yr 2 2026/27 £50k Yr 3 2027/28 £0k Capped	Promoted by ADC and WSCC	ICSDP, 2017 and resubmitted by WSCC in 2021. To be included in Community Risk Management Plan 3-5yr period 2022-2027 -as high priority (enable Fire Service to meet stat duties). CRMP consultation autumn 2021 Promoted at CIL liaison meeting by WSCC May 2024
12a/IDP/WM	Littlehampton Waste Recycling Centre	£3.645m	TBC – WSCC Capital £0.6m	New 2023	£3.045m		2025-2028 Yr1 £1m	Promoted by WSCC	

							Yr2 £1m		
							Y3+£452k Capped		
							Yr4 IIP3		
18/ADC /TI	Route 8: Active travel route (safe cycling) from Arundel to Littlehampton via Ford Station between A259 and A27	£1.9-2.2 million Option 8a) £1.9m Option 8b £2.2m	£0 No s.106 June 2021	Active Travel/ LCWIP	£1.9m – £2.2m Based on upper cost range:- a)c) feasibility/preliminary design £100k d) detailed design £100k e) Construction £2m	CIL S106	Tbc – to discuss with WSCC Yr1 £100k Yr2 £0 Y3 £0 Subject to review 2026	Promoted by ADC, WSCC and ATC	Active Travel Study (one of 5 priorities) Highways England Ford to Arundel Study Feb 2020 WSP Highways England Designated Funds -A27 NMU link improvements package Ford to Arundel 2020. Project number 70055187 Promoted by ATC/WSCC steering group May 2024.
10/ADC/GI	Lion's Den, Littlehampton – play area improvements	£60K update 2024 £125k	£0 No s.106 at April 2024 Update 2024 £95k	None	£60k Update 2024 £30k	CIL	Within 2 years Within new IIP period Y 1 £30k	Promoted by ADC	Parks & Greenspace CIL spending list 2021

79/ADC/GI	Ferring Village Green Play Area	£78,926.2 3	ADC – 34k S106 – 2k Ferring Parish – 13k	New 2024	30k	ADC Parks CIL & Ferring PC	Y 1 £30k	ADC	ADC Play strategy 2018- 2028
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Spend Prolines Listed Below

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Proposed IIP Prioritisation allocation of CIL based on Green Scoring Projects		Baseline monitor (2024/25)		Y1 (2025/26)		Yr2 (2026/27)		Yr3 (2027/28)	Comment
20% ADC CIL		455,040	=	496,176	=	403,411	=	484,093	Actual CIL receipts 2023/24 ceiling £307,160
40/PC Arundel Town Council project at Priory Pt		5,560							
7/ADC/GO Eldon Way Multi Use Games Area (MUGA)		36,000							
10/ADC/GI 40 Lion's Den, Littlehampton – play area improvements				30,000		0			0 Project CIL cost 60k reduce to £30k
18/ADC/TI Route 8: Active Travel route Arundel Ford Littlehampton				100,000		0			0 Subject to National Highways Designated Funds review RIS 2025.
79/ADC/GI Ferring Village Green				30,000		0			0 Project CIL cost £30k
Total Allocation		41,560		160,000		0		0	Allocated CIL money within the ceiling
Baseline =Forecast secured demand minus spend		413,480		336,176		403,411		484,093	
Proposed IIP Prioritisation allocation of CIL based on Green Scoring Projects									
Proposed IIP Prioritisation allocation of CIL based on Green Scoring Projects		Baseline monitor (2024/25)		Yr1		Y2		Yr3	Comment
70% WSCC CIL		1,592,639	=	1,911,167	=	2,053,400	=	2,224,080	Actual CIL receipts 2023/24 ceiling £1,075,060
77/IDP/WM - Littlehampton Waste Recycling Centre		0		100,000		100,000		575,060	(Project cost £3.645m. WSCC Capital £0.6m thus require a net CIL contribution of £3.645m - £1,075m = £2,570m shortfall v's potential residual pot £1.549m)
16/IDP/ES Relocation or redevelopment of Littlehampton Fire Station		0		100,000		100,000		100,000	Yr 1 + Yr 2+ Yr3 = £100k +£100k+£100k (£300k)
Total Allocation		0		200,000		200,000		675,060	Allocated CIL money will need to be within this ceiling £200k + £200k + £100k + £675k = £1.075m
baseline =Forecast secured demand minus spend		1,592,639		1,711,167		1,853,400		1,549,020	
Proposed IIP Prioritisation allocation of CIL based on Green Scoring Projects									
Proposed IIP Prioritisation allocation of CIL based on Green Scoring Projects		Baseline monitor (2024/25)		Y1		Yr2		Yr3	
10% Other		1,592,639	=	1,911,167	=	2,293,400	=	2,752,080	Actual CIL receipts 2023/24 ceiling £153,580
NA		0		0		0			No evidenced project/ update assessed as Priority (Green)
Total Allocation		0		0		0			(£1.79m CIL contribution)
baseline =Forecast secured demand minus spend		1,592,639		1,911,167		2,293,400		2,752,080	Improvements Littlehampton Police Station

Agreed (on a signed s106 but no certainty of knowing if or when it is to be paid), **Secured** (More certainty of receipt as trigger for payment met or shortly due to be met) and **Received** (We hold the funds)

Table 1 – Arun CIL Baseline Infrastructure List from the Arun ICSDP 2017.										
Column 1.	2.	3.	4.	5.	6.	7.	8.	9. Phasing Period	12.	
Infrastructure Type	ID No.	Project	Projected Cost (£)	Funding Secured (£). ¹	Consultation Update	Net CIL (£). ²	Proposed Funding Arrangement.		Prioritisation rating RAG	
Green infrastructure	1/IDP/GI	Arundel to Littlehampton Green Link Walking and Cycle provision along the River Arun between Littlehampton and Arundel	£9.8m and £15.8m for the main route and a further £1.4m for various connecting elements.	£62k from business rate pool No s.106 at April 2024	No.	£9.74m - £15.74m	CIL and other contributions tbc	Unknown A contribution of approximately £2-3 million would be requested in the short to medium term – 2-5 years.	Essential	
	10. Delivery Partners	Promoted by ADC, Economic Development. Greenspace; Town and Parish Councils; Environment Agency, on SDNP IBP								
	11. Evidence source	ICSDP, 2017 Arun Cycleway Feasibility Study (presented to Littlehampton Regeneration Sub-Committee, March 2021)								
	2/IDP/GI	Felpham Rife Countryside Park – links to BEW rife parkland and old canal	£3.5 million £115,000 per annum maintenance	£0 No s.106 at April 2024	No.	£3.5 million £115,000 per annum maintenance	Anticipate S.106 from BEW cover majority cost. CIL and other contributions tbc	Unknown Tbc -in line with BEW Rife parkland	Essential	
	10. Delivery Partners	Promoted by ADC Greenspace; BEW site promoters; landowners; Environment Agency								

¹ Column 5 Funding Secured (£): **Agreed** (on a signed s.106) **Secured** (Certainty- trigger for payment met) **Received** (finance are holding the funds)

² Column 7 Net CIL required i.e. net of s.106 or other contributions set out in column 5.

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11. Evidence source	ICSDP, 2017, Green Infrastructure Study 2012 Bognor Regis GI Framework A Landscape & Green Infrastructure Framework Connecting Bognor Regis to the South Downs National Park								
3/IDP/GI		Urban Greening Project North Bersted	£10k	£0 No s.106 funding at April 2024	No.	£10k	CIL and parish CIL tbc	Unknown 2023-2024	Essential
10. Delivery Partners	Promoted by ADC Parks and Greenspace								
11. Evidence source	ICSDP, 2017, Green Infrastructure Study 2012 Greenspace CIL spending list 2021								
4/IDP/GI		Urban Greening Project Wick, Littlehampton	£10k	£0 No s.106 funding at April 2024	No.	£10k	CIL and parish CIL tbc	Unknown 2023-2024	Essential
10. Delivery Partners	Promoted by ADC Parks and Greenspace								
11. Evidence source	ICSDP, 2017 Green Infrastructure Study 2012 Greenspace CIL spending list 2021								

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	5/ADC/GI	Gateway to South Downs National Park (SM10)	£280k	£0 No s.106 funding at April 2024	No.	£280k	CIL S106 North/South Consortium	Unknown In line with Fontwell Strategic Allocation WA/48/19/RES	
	10. Delivery Partners	Promoted by ADC. Seek scope for cross boundary work with South Downs National Park Authority							
	11. Evidence source	Bognor Regis GI Framework A Landscape & Green Infrastructure Framework Connecting Bognor Regis to the South Downs National Park <ul style="list-style-type: none"> - Enhanced pedestrian/cycle/bridle access. - New shared pedestrian/cycle/ bridle route linking the housing developments to the underpass. - Tree Planting and wildflower verge to path. - Lighting, surfacing and signage enhancements to underpass. New pedestrian crossing							
	6/ADC/GI	New (South Downs) north-south pedestrian/cycle/ bridle route (SM9)	£1.1m	£0 No s.106 at April 2024	No.	£1.1m	CIL S106 North/South Consortium	Unknown In line with Fontwell Strategic Allocation WA/48/19/RES	
	10. Delivery Partners	Promoted by ADC. Seek scope for cross boundary work with South Downs National Park Authority							
	11. Evidence source	Bognor Regis GI Framework A Landscape & Green Infrastructure Framework Connecting Bognor Regis to the South Downs National Park <ul style="list-style-type: none"> - New shared pedestrian/cycle/bridle route. - Avenue tree planting. Wildflower verge to path.							

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	8/ADC/GI	Hotham Park play area improvements	£60k	£74.5k agreed in s.106 April 2024 (but not secured)	No.	£0	CIL	Unknown – to be removed if s.106 delivers project.	
	10. Delivery Partners	Promoted by ADC							
	11. Evidence source	Parks & Greenspace CIL spending list 2021							
	9/ADC/GI	King George V Recreation Ground, Felpham – pitch improvements (KGV)	£300k	Funding of £67,397.64 spent in 2023/24 on the Play area	No.	£300k	CIL S106	Unknown	
	10. Delivery Partners	Promoted by ADC							
	11. Evidence source	Parks & Greenspace CIL spending list 2021							

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Infrastructure Type	ID No.	Project	Projected Cost (£)	Funding Secured (£). ¹	Consultation Update	Net CIL (£). ²	Proposed Funding Arrangement.		Prioritisation rating RAG
	10/ADC/GI	Lion's Den, Littlehampton – play area improvements	£60K update 2024 £125k	£0 No s.106 at April 2024 Update 2024 £95k	Yes.	£30k Update 2024 £30k	CIL	Within new IIP period Within 2 years	
	10. Delivery Partners	Promoted by ADC							
	11. Evidence source	Parks & Greenspace CIL spending list 2021							
	11/ADC/GI	Southfields Recreation Ground, Littlehampton – pitch improvements (SPE)	£100k	£19,801.40 received and £92k agreed from s.106 at April 2024	No.	£0	CIL S106	Unknown - to be removed if s.106 delivers project. 2023-2024.	
	10. Delivery Partners	Promoted by ADC							
	11. Evidence source	Parks & Greenspace CIL spending list 2021							

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Waste Management	12/IDP/WM	Reconfiguration of Westhampnett transfer station/household waste recycling site to increase capacity to meet future demand. 100% of Arun's residual waste is bulked up for onward treatment/disposal.	£2.5m (£5 million in total to be split 50:50 with Chichester District)	No s.106 April 2024	No. Pending update at Liaison meeting. WSCC propose CIL Indicative funding for Arun should be £200k £1.125m £1.125m	£2.45m	a)c) £50k feasibility preliminary design d) £1.2m detailed design e) £1.2m Construction	Medium Term Yr1 Yr2 Yr3	High Priority
	10. Delivery Partners	<p>Promoted by ADC, WSCC and Chichester District Council. Initial design x 4 options prepared and 2 now being considered for the redesign/reconfiguration of the Westhampnett site. Indicative costs, c£4.5m and £5.2m (plus professional fees). c£2.5m for Arun estimate of project preparation and delivery costs TBC: A to C 10% of costs, D 10% of cost and E 80% of the cost.</p> <p>Project is funded by two authorities so fund draw down drawing down may vary between the authorities. Funds received via s106 of £42,472 in Arun (FP9204 site 6). S106 £20,000 in Chichester District. The previous information identified that the project was to be delivered over two years, as set out in the Chichester IBP. This is now being requested to be amended for delivery over three years using CIL from each authority. Delays to programme moves project to baseline long list - replaced by Littlehampton Waste Recycling Facility</p>							

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	11. Evidence source	ICSDP, 2017 and resubmitted by WSCC in 2021. Outline business case approved internally at WSCC. Capital Programme for recommendation for approval at Council in February 2022. Added WSCC Waste Asset Strategy. Chichester District Council Essential in IBP (IBP710 £250k 2022/23 and £2.25m 2023/24). This scheme has not progressed according to the timetable/milestones/ WSCC have re-evaluated the appropriate alternative option for Littlehampton Recycling Facility for the short to intermediate term. This project on baseline list as red							
Leisure	13/IDP/L	New District Leisure Centre (SPG, SWI)	Up to £30 million based on current estimates.	£221,165.12 received from s.106 (with potentially up to an additional £84,392) and £903,818.58 agreed in s.106 (of which £29,619 is secured)	No.	£28.9m	CIL S106 And possible opportunity to apply for Sport England funding.	Unknown 2028- 2030	High Priority
	10. Delivery Partners	Promoted by ADC, WSCC, Leisure							
	11. Evidence source	ICSDP, 2017 and resubmitted by Leisure in 2021							

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Emergency Services	15/IDP/ES	Expansion and Improvements to Bognor Police Station (POB, (POC))	£1,920,000	<p>£66,701 received from s.106 and £259,479 agreed in s.106 (£93,828 of which secured) at April 2024</p> <p>NOTE a further £278,557 agreed for Police infrastructure across district which could end up allocated to Bognor or Littlehampton Police Station</p>	No.	£1.594m	CIL S106	<p>Unknown</p> <p>2024/25-commencement</p>	Essential	
	10. Delivery Partners	Promoted by ADC and Sussex Police								
	11. Evidence source	ICSDP, 2017 and resubmitted by Sussex Police in 2021								

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	16/IDP/ES	Relocation or redevelopment of Littlehampton Fire Station (FD2, FSG) for new fire stations, based on 2 bay fire station c£5.4m or 3 bay would be c£7m.	2 bay fire station is £5.4m, 3 bay £7.0m.	£14,626 received from s.106 and £1,066 agreed. Plus, future tbc amounts are agreed but all figures must be confirmed by WSCC. (as at May 2023)	No. Independent study estimate of project preparation and delivery costs, confirmed.	£5.38 - £6.98m Yr1 £50K Yr2 £50K Yr 3 £0K	WSCC Capital/CIL/S106 Estimated a) feasibility to c) preliminary design £100k d) detailed design £100k e) £100k (Construction £1.232m) e) Construction £3.77m to £5.37m	Unknown Yr1 £50K Yr2 £50K Yr 3 £0K	Essential	
	10. Delivery Partners	Promoted by ADC and WSCC – updated figures June 2024								
	11. Evidence source	ICSDP, 2017 and resubmitted by WSCC in 2021. To be included in Community Risk Management Plan 3–5-year period 2022-2027 -as high priority (enable Fire Service to meet stat duties). CRMP consultation autumn 2021. Independent study estimate of project preparation and delivery costs, confirmed – a-c10% of costs, D 10% of cost and e 80% of cost								
	17/IDP/ES	Littlehampton Police Station redevelopment (POA, (POC))	£1.222m	£208,410.45 Received (of which £72,879.05 has been spent) from s.106 and	Yes. But no further evidence.	£792.7k	CIL S106	Unknown 2024/25	Essential	

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				£220,848 on agreed s.106 April 2024					
	10. Delivery Partners	Promoted by ADC and Sussex Police capital program							
	11. Evidence source	ICSDP, 2017 and resubmitted by Sussex Police in 2021.							
Transport Infrastructure	18/ADC/TI	Route 8: Active travel route (safe cycling) from Arundel to Littlehampton via Ford Station between A259 and A27 Linked with 37PC Note: Arundel Ford Scheme to LTN120 Standard significant cost initial WSCC feasibility WSP £3.84m+	£1.9-2.2 million Option 8a) £1.9m Option 8b £2.2m	No s.106 at April 2024	No. Active Travel/LCWIP A Steering Group established, (WSCC, National Highways, Arun District Council and Arundel Town Council).	£1.9m – £2.2m Based on upper cost range*	CIL S106 *a)- c) feasibility preliminary design £100k d) detailed design £100k e) Construction (£2m):- £896k e) Construction (£2m):- £604k - £904k	Unknown Tbc – to discuss with WSCC Yr1 Yr2 Yr3 Yr4 IIP2	

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10. Delivery Partners	<p>Promoted by ADC WSCC, National Highways. Informal engagement with the owners adjacent to the Ford Road, confirmed prepared to make available for the safe cycle pathway. Arundel TC received £110,678 in CIL payments in 2023/24.</p> <p>National Highways indicate £15,000 Designated Funds for WSP Consultancy work on business case in 2022/23 financial year however, national funding review has now to significantly cast doubt on accessing National Highways' contribution to the pathway costs. Unlikely to consider funding until after the election and the Design Stage (at £500,000) until RIS3 in 2025.</p> <p>The scheme remains a priority however, evidence on deliverability within the next 3 years is at risk. If a light touch review in 2026 confirms this the progress the scheme will revert to an Amber score. The CIL allocation is therefore, reduced for year 2 of the IIP to £50,000</p>								
11. Evidence source	<p>Active Travel Study (one of 5 priorities) Highways England Ford to Arundel Study Feb 2020 WSP Highways England Designated Funds - A27 NMU link improvements package Ford to Arundel 2020.</p> <p>Project number 70055187 WSCC included Arundel to Ford section within LCWIP prioritisation work supported by Arundel Parish Council See also 37PC. SDNPA has added the scheme to the IBP</p>								
19/ADC/TI	Route 2: Active travel route Fontwell to Felpham	£590,000	£0 No s.106 at April 2024	No.	£590k	CIL S106	Unknown	To align with Fontwell and Northern BEW site	
10. Delivery Partners	Promoted by ADC, WSCC								
11. Evidence source	Active Travel Study (one of 5 priorities)								
20/ADC/TI	Route 6: Active Travel Route	£3,352,500	£0 No s.106 at April 2024	No.	£3.3m	CIL S106	Unknown		

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		Ford- North Mundham						To align with Ford, Yapton and BEW strategic sites	
10. Delivery Partners	Promoted by ADC, WSCC								
11. Evidence source	Active Travel Study (one of 5 priorities)								
21/ADC/TI	Route 9: Active Travel Route – Littlehampton - Goring by Sea NCN2 -inbound option	£2,500,000	£0 No s.106 at April 2024	No.	£2.5m	CIL S106	Unknown		
10. Delivery Partners	Promoted by ADC WSCC Note Kingston Parish council Objection to elements of route options on Elmer Road Kingston Lane and use of Prow involving private land								
11. Evidence source	Active Travel Study (one of 5 priorities)								
22/ADC/TI	Route 12: Active travel route (safe cycling) - Aldwick Region	£3,326,000	£0 No s.106 at April 2024	No.	£3.33m	CIL S106	Unknown	To align with West of Bersted allocation	
10. Delivery Partners	Promoted by ADC, WSCC Aldwick received £854 in 2023/24.								

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	11. Evidence source	Active Travel Study (one of 5 priorities)							
	23/ADC/TI	Ford Road Level Crossing	£9.1m	£3m requested (not secured) No s.106 funding at April 2024	No.	£9.1m	S106	Unknown Tbc and in alignment with Ford allocation.	
	10. Delivery Partners	Promoted by ADC, WSCC							
	11. Evidence source	Transport Apportionment Study and Arun Transport Study							
	25/ADC/TI	A29 Realignment (HWA)	£69.765m Phase 1 £22.669m and Phase 2 £47.096m	9.9m Grant funding from Coast to Capital LEP WSCC £11.9m £664,276 received and £2,285,642 agreed (of which £42,454 likely secured)	No..		LEP Grant funding, WSCC and S106 £44.459m will be sought from Fontwell, West Bersted and BEW strategic developments	Unknown Tbc and in alignment with BEW	

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Table 1 – Arun CIL Baseline Infrastructure List from the Arun ICSDP 2017.

Column 1.	2.	3.	4.	5.	6.	7.	8.	9. Phasing Period	12.
Infrastructure Type	ID No.	Project	Projected Cost (£)	Funding Secured (£). ¹	Consultation Update	Net CIL (£). ²	Proposed Funding Arrangement.		Prioritisation rating RAG
				in s.106 at April 2024 But all these figures should be checked and confirmed by WSCC					
10. Delivery Partners	Promoted by ADC, WSCC, Phase 1 -WSCC, Phase 2 – BEW Developers								
11. Evidence source	Arun Apportionment Study, Arun Transport Study								
26/ADC/TI	A259 Corridor Improvement scheme (Bognor Regis – Littlehampton) H04	£30m	Bid for £25m to DfT. Minimum of 15% funding will be required from local sources. £183,655 agreed in s106 But all figures need confirming with WSCC (as at May 2023)	No.	TBC	S106 DfT and local sources TBC	Unknown	Tbc – project ongoing and led by WSCC Promoted by ADC	
10.	WSCC								

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Delivery Partners									
11. Evidence source	Arun Apportionment Study, Arun Transport Study, West Sussex County Council consultation June – August 2021								
27/ADC/TI	A284 Lyminster Bypass North (HWB)	£27.334m	£1,871,014 received from s.106 and £1,490,000 in agreed s.106. But all figures to be confirmed with WSCC (and amounts relate to the whole bypass, not just the northern section) Received £3m grant funding	No..	TBC.	S106, Grant and WSCC	Unknown Tbc		
10. Delivery Partners	Promoted by ADC, WSCC								
11. Evidence source	Transport Apportionment								

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	31/PC/	Urban Greening project for a tree lined avenue in Bognor Regis (Shripney road)	£5-6k	£725 No s.106 funding at April 2024	No.	£5-6k	Part funded by CIL BRTC	Unknown Within current IIP	
	10. Delivery Partners	Promoted by Bognor Town Council ADC							
	11. Evidence source	BRTC CIL Spending list 2021 Parish CIL apportionment receipts £4.3k (June 2023). BRTC clarify cost estimate from ADC. BRT consider scheme may be a manageable cost for BRTC, to be part-funded by CIL receipts within five years of receipt. Longer term if more cost implications would look for CIL. No contact has yet been made with potential joint funding providers							
	37/PC	Make Ford Road Safe - A cycle and walking route between Arundel and Ford along the Ford Road. This project is the Arundel to ford station link - part of 18/ADC/TI Route 8 Arundel to Littlehampton A27-A259	Contribution of £450k over yr1, Yr2 and Y3 (i.e. £150k pa) Detailed Design Stage cost estimate provided by Highways England £350k (2022/23) Full project delivery cost £4m (2023/24)	£0 No s.106 funding at April 2024	No. Discussions ongoing - likely to be agreed by Nov 2021. Provider 1 Highways England cost contribution 80-90% Provider 2 WSCC/ADC 9-19% 2022 £31.5 – 66.5k 2023/24 £315 – 950	See funding allocation under 18/ADC/TI Route 8 which will cover ADC CIL contribution Y1 and Yr2	CIL	Unknown Starting 2022/23	

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					Provider 3 Arundel Town Council 1% 2022 £3.5k 2023/24 £35-50k				
10. Delivery Partners	Promoted by Arundel Parish Council, WSCC, Highways England, Arundel TC received £110,678 in CIL payments in 2023/24.								
11. Evidence source	Arundel CIL Spending List 202, WSCC LCWIP prioritisation process, Highways England Designated Funds -A27 NMU link improvements package, Ford to Arundel 2020. Project number 70055187								
41/PC/	The Lido Extended Activities Plan (LEAP)	Contribution of £150k LEAP project cost estimated at £3m	£0 No s.106 funding at April 2024	No.	£150k	CIL	Unknown 2023		
10. Delivery Partners	Promoted by Arundel Parish Council, Arundel Lido charitable trust who would lead the project, Lottery Funding bid, Arundel TC received £110,678 in CIL payments in 2023/24.								
11. Evidence source	Arundel CIL Spending List 2021. Supported by ADC (Leisure Strategy) and Arundel Town Council (Neighbourhood Plan). South Downs National Park support new leisure and included on SDNP IBP Policy 8 of the Arundel Neighbourhood Plan support additional leisure and community use at the Arundel Lido'								
42/PC/	Leisure and community route signage in Arundel.	Contribution of £27k	£0 No s.106 funding at	No. No details demonstrate	£27k	CIL	Unknown July 2022		

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Infrastructure Type	ID No.	Project	Projected Cost (£)	Funding Secured (£). ¹	Consultation Update	Net CIL (£). ²	Proposed Funding Arrangement.		Prioritisation rating RAG
			Project cost: £30k	April 2024	costs/procurement. No agreement of costs with providers in place.				
	10. Delivery Partners	Promoted by Arundel Parish Council (Arundel TC received £110,678 in CIL payments in 2023/24). Seek scope for cross boundary opportunity with SDNPA.							
	11. Evidence source	Arundel CIL Spending List 2021							
	43/PC/	Arundel Green Infrastructure Network	Contribution of £9k Project cost: £10k	£0 No s.106 funding at April 2024	No. No further details to demonstrate costs/procurement. No agreement of costs with providers in place. Arundel would	£9k	CIL	Unknown August 2022	

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					allocate £1,000 yr 1				
10. Delivery Partners	Promoted by Arundel Parish Council (Arundel TC received £110,678 in CIL payments in 2023/24), WSCC, South Downs. Seek cross boundary opportunity with SDNPA.								
11. Evidence source	Arundel CIL Spending List 2021, The need for a Green Infrastructure Network was identified in the Arundel Neighbourhood Plan								
45/PC/		Community Building for Proposed Ford Road Development	Contribution of £400k Project cost: £500k	£0 No s.106 funding at April 2024	No. No further details to demonstrate costs/procurement. No agreement of costs with providers in place.	£400k	CIL S106	Unknown	
10. Delivery Partners	Promoted by Arundel Parish Council (Arundel TC received £110,678 in CIL payments in 2023/24).								
11. Evidence source	Arundel CIL Spending List 2021								
51/PC		Speed Activated sign.	£2000 - £2500	£0	No.	£2-2500	CIL	Unknown	

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		Chalcraft Lane		No s.106 at April 2024					
	10. Delivery Partners	Promoted by Bersted Parish Council WSCC							
	11. Evidence source	Bersted CIL spending List. Parish CIL apportionment receipts £3k (June 2023).							
	52/PC		Unknown	£0 No s.106 funding at April 2024	No. Map included on area. However, no further details to demonstrate costs. No agreement of costs with providers in place.	£0	CIL	Unknown 2021	
	10. Delivery Partners	Promoted by Bersted Parish Council, WSCC, ADC Engineers							

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	11. Evidence source	Bersted CIL spending List, Parish CIL apportionment receipts £3k (June 2023).							
	53/PC	New or replacement outdoor play/gym equipment (PAY)	£500-£1000 per item	£7k received from BE/60/15/PL towards 'Bersted Park Play Area' April 2024	No. No map provided.	£0 but depends if the £7k from S106 covers it?	CIL S106	Unknown 2021	
	10. Delivery Partners	Promoted by Bersted Parish Council, Sports England, ADC parks							
	11. Evidence source	Bersted CIL Spending List, Parish CIL apportionment receipts £3k (June 2023).							
	58/PC	Boules/Petanque at Mewsbrook Park; Outdoor Leisure Equipment	Unknown	0 No s.106 funding at April 2024	No.	Unknown	CIL	Unknown 2025	
	10. Delivery Partners	Promoted by Littlehampton Town Council ADC							
	11. Evidence source	Littlehampton CIL Spending List, Parish CIL apportionment receipts £2.5k (June 2023).							
	59/PC	Wick Information Centre (WIC)	Unknown	0	No.	Unknown	CIL	Unknown	

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				No s.106 funding at April 2024				Tbc	
	10. Delivery Partners	Promoted by Littlehampton Town Council, ADC							
	11. Evidence source	Littlehampton CIL Spending List, Parish CIL apportionment receipts £2.5k (June 2023).							
	60/PC	North Littlehampton Community Centre & Youth Facility. Request is to extend facilities once built. (CCC, CCL)	Unknown	£42,903 received and allocated from s.106 and £1,008,500 agreed in s.106 for the main fitting out of the community building. (at April 2024)	No. No cost procurement info provided.	£0	S106 CIL reconsider once facilities are built.	Unknown 2023	
	10. Delivery Partners	Promoted by Littlehampton Town Council ADC							
	11. Evidence source	Littlehampton CIL Spending List, Parish CIL apportionment receipts £2.5k (June 2023).							

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	61/PC	Cycleway – Pagham to Chichester (HW6)	Unknown	£0 £239,954 agreed in s.106 funding at April 2024	No. No costs/procurement details WSCC can confirm that a feasibility study is currently being finalised on this route.	£0	Part funded by S106 CIL	Unknown In line with strategic development	
	10. Delivery Partners	Promoted by Pagham Parish Council, ADC, WSCC							
	11. Evidence source	Pagham CIL Spending List, Parish CIL apportionment receipts £23.8k (June 2023) . Significant contributions via s.106 will be delivered by Strategic Allocations to such facilities. CIL receipts will be nominal. However, see: Route 12: Active travel route (safe cycling) - Aldwick Region at project 22 ADC TI above							
	67NHS	Primary care centre, Littlehampton (HCL)	£4 mil Est	£866,803 received in s.106 funding. £409,884 agreed in s.106 funding at April 2024	No. .		A joint council WSCC and NHS remises build was preferred OPE (One Public Estate) project which WSCC concluded was not viable (for multiple users/stakeholders)	Unknown Not specified	

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10. Delivery Partners	NHS								
11. Evidence source	NHS Estate Plan								
68NHS	Grove House GP Practice, Paghams or site in Bersted TBC (HC5, HC7)	£2m Est (but if no s106 until 2030, project could reach £4m).	£1,565,402 in agreed or secured s.106 funds and £10,127 in received s.106 funds at April 2024 To be funded as s.106 mitigation of Strategic allocations	No. Options under review	£424k	S106 GP owner to pay the difference left.	Unknown Not specified. Developer s.106		
10. Delivery Partners	NHS								
11. Evidence source	NHS Estate Plan								

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	69NHS	Croft (Eastergate) New Build (HC2, HC1, HCC, HC9, NHS)	£7m	£873,595 received from s106 and £831,861 in agreed s.106 at April 2024	No. New 2023	£5.3m	S106 & CIL	Unknown Aiming for 2024	
	10. Delivery Partners	NHS							
	11. Evidence source								
	70NHS	Yapton (Avisford GP) New Build (HCV, HCW)	£5.4m	£284,690 received from s.106 at April 2024	No. New 2023	£5.1m	S106 & CIL	Unknown No Timescale	
	10. Delivery Partners	NHS							
	11. Evidence source								
	71NHS	Littlehampton Health Centre (extension) (HCL, NHS)	£2,263,800m	£866,803 received in s.106 funding. £409,884 agreed in s.106	No. New 2023	£987k	S106 & CIL	Unknown Aiming for 2024	

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				funding at April 2024					
10. Delivery Partners	NHS								
11. Evidence source									
72NHS	North Littlehampton Fitzalan GP (HCL, NHS)	£4.5m	See 71NHS	No.	£4.41m	S106 & CIL	Unknown	No Timescale	
10. Delivery Partners	NHS								
11. Evidence source									
73NHS	Angmering GP (HCA, HCG, HCJ)	£2m	£603,857 received in s.106 funds £47,679 agreed in s.106 at April 2024	No.	£1.34m	S106 & CIL	Unknown	No Timescale	
10. Delivery Partners	NHS								

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11. Evidence source									
	74NHS	Bognor Health Centre (HC3)	£1.25m	£145,838 received from S106 but some or all could be spent on other projects. £91,460 in agreed s.106	No. New 2023	£1.012m	S106 & CIL	Unknown No Timescale	
10. Delivery Partners	NHS								
11. Evidence source									
	75/ADC/GI	Palmer Road Sports Hub, Angmering (PA8)	£5.083m Although Football Foundation cost tbc	£1.485m received from s.106 some of which is already spent £1.681m in Secured or Agreed s.106 at April 2024 Football Foundation £TBC	Yes New 2023	£1.917m -(plus S106 = £5.056m)	S106 & CIL	2025-28 if project cost can be met, if not, potentially spread across 2 IIP periods.	

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				(As at April 2024)					
10. Delivery Partners	ADC								
11. Evidence source									
76/ADC/GI	Brookfield Adventure Park, Rustington	£80k	£40k ADC No s.106 funds at April 2024	No. New 2023		ADC Capital & CIL	Unknown 2023/24		
10. Delivery Partners	ADC								
11. Evidence source	Identified in Capital Strategy for delivery in 2023/24								
77/IDP/WM	Littlehampton Waste Recycling Centre	£3.645m	TBC – WSCC Capital £0.6m No s.106 funds at April 2024	Yes. New 2023	£3.045m Y1 £1m Y2 £1m Y3 £452K	WSCC & CIL	2024 – 2027 Ready to start		
10. Delivery Partners	WSCC – Ready to commence. Update at Liaison meeting. Updated figures June 2024								
11. Evidence source									

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	78/PC/CM	Horsemere Green Lane – Provision of pavement	£150k	£15k PC CIL s.106 funds are agreed which should either contribute to or provide these improvements. April 2024	New 2024	135K	Climping PC		
	10. Delivery Partners	Climping PC. There is a significant development that may trigger s.106 contributions. The scale is unknown but is likely to be significant and so there is uncertainty over the need for Arun District CIL funding at this time.							
	11. Evidence source	WSCC Vision & Objective, CM/1/17/OUT, F/4/20/OUT, ALP Climping PC received £12,655 CIL payments in 2023.							
	79/ADC/GI	Ferring Village Green Play Area	£78,926.23	ADC – 34k £2022.21 of s.106 funds spent 2023-24 Ferring Parish – 13k	New 2024	£30k	ADC Parks Ferring PC		
	10. Delivery Partners	ADC							

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	11. Evidence source	ADC Play strategy 2018-2028							

DRAFT

Public Document Pack Agenda Item 11

Subject to approval at the next Audit and Governance Committee meeting

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AUDIT AND GOVERNANCE COMMITTEE

3 October 2024 at 6.00 pm

Present: Councillors Stanley (Chair), Mrs Bower, Goodheart, Haywood, May, Turner, Wallsgrove and Tandy (Substitute for O'Neill)

[Councillor Goodheart was absent from the meeting during discussion for all or part of minute number 249 - 253]

249. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors O'Neill, Jones and Purser.

250. DECLARATIONS OF INTEREST

Councillor Haywood declared a Personal Interest in agenda item 8 as a Member of Littlehampton Harbour Board.

Councillor Stanley declared a Personal Interest in agenda item 9 as an employee of Nationwide Building Society.

251. MINUTES

The Minutes of the meeting held on 23 July 2024 were approved by the Committee. These would be signed after the meeting.

252. ITEMS 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 CIRCUMSTANCE

There were no urgent matters for this meeting.

253. PUBLIC QUESTION TIME

There were no urgent matters for this meeting.

254. EXTERNAL AUDIT UPDATE REPORT

Upon the invitation of the Chair, Simon Mathers, External Audit Partner from Ernst and Young LLP presented the report to the Committee. Details of the 2022/23 audit commenced on page 14 of the agenda pack. The External Audit Partner reminded

Audit and Governance Committee - 3.10.24

Members that at the last Committee meeting he updated about national measures to address the backlog in local government audits, and there had been significant movement in respect of this. In September 2024 legislation had been laid before parliament, which then came into force on Monday 30 September 2024. The statutory backstop date for completion of 2022/23 audits had been fixed at 13 December 2024. Backstop dates had also been set for subsequent years, and audits had to be completed by these dates, with Councils having published accounts and audit reports completed. If the work was not finalised by these dates, an audit report based on what had been done would be formed, which essentially meant the auditors would issue some sort of modification or qualification to that report.

Ernst & Young LLP had previously set out their strategy, which was not to attempt the 2022/23 audit in order to clear the backlog. They had communicated to Members at the last meeting that they expected to disclaim the 2022/23 audit. They had now moved forward with their programme of work, and were required to complete their work across all local authorities by the end of November, giving time for local authorities to complete the signing and publication of the accounts by the backstop dates. The next scheduled meeting of the Audit & Governance Committee was 03 December 2024, so the report could be brought to that meeting, accounts for year ending 31 March 2023 could then be approved, and Ernst & Young LLP could sign the disclaimed report. The accounts and disclaimed report could then both be published together, hitting the backstop date, which would be tight, but manageable.

Details of the 2023/24 audit started on page 16 of the agenda pack, and it was clear there was a significant amount of work that needed to be done in a short space of time. Ernst & Young LLP's resources were finite, and they had therefore had to undertake a prioritisation review. A letter had been sent to all Section 151 Officers in August 2024, setting out that they would be looking at all Councils that had not published accounts by the end of July 2024. They updated this assessment in early September, and Arun District Council's (ADC) 2023/24 accounts had not been published, although Officers had indicated the accounts were in a position to be published, and working papers could be made available. Ernst & Young LLP, had taken the difficult decision to deprioritise the audit and move the resources to those councils that had published their accounts on time, or onto the team undertaking the work to complete disclaimed audits for 2022/23. This was a change from their position at the last Audit & Governance Committee. ADC were not alone in this position.

Ernst & Young LLP had committed that upon completion of ADC's 2023/24 accounts, they would reassess whether they would be able to start and complete the audit, and should circumstances change with sufficient resources freed up, they would inform Members of this. He explained the planned work on Value for Money arrangements for 2023/24 audit would still be completed. There was not currently a team allocated to the 2023/24 financial statements audit, and it was likely they would disclaim those accounts similar to 2022/23.

The Chair invited questions and it was asked what the implications were for ADC following this update. The Group Head of Finance explained that the accounts would be published within the next week or two. He went onto say that in the past the Council

had always produced a high standard of papers and been in a position to publish these in good time, which had been acknowledged by previous auditors. He felt disappointed at the situation, and although he understood Ernst & Young LLP were also in a difficult position, he highlighted that delays to the 2021/22 and 2022/23 had not been down to the ADC. However, those sets of accounts were still to be signed off, and furthermore ADC had only recently been requested by Ernst & Young LLP to provide further information. The 2023/24 Accounts had not been published within the required timescales, but Officers had been working under exceptional circumstances. ADC was likely to get a disclaimer opinion, which was not where the Council would want to be, but for 2022/23 it had no choice in this, and this was likely also the case for 2023/24. He emphasised this did not mean ADC would have a qualified set of accounts for those financial years, which would be the worst case. The situation would not affect ADC in cash and budget terms, and Officers would work to make sure we would not be in the same situation for 2024-25.

One Member asked whether the delay was something the Committee should be seeking positive intervention on, and who was responsible. The Group Head of Finance explained a restructure was being carried out in the finance department, aimed at tackling several issues including ensuring they were able to complete accounts in a timely fashion going forwards, and increasing accountability. Arun had always had a good relationship with Ernst & Young LLP in the past, and he was sure this would continue.

The Chair highlighted that the next meeting was 03 December 2024, however the agenda would need to be published in advance of this, and he requested clarification that we would be in a position to meet these deadlines, and whether Ernst & Young LLP were waiting on anything from ADC. The External Audit Partner believed all of the requested information had been provided to the auditors and they could offer outputs for the Audit Completion Report and Letter of Representation by the end of November at the latest. For the December meeting, the Committee could consider all the necessary items, or delegate authority to Officers to approve these.

The Chair explained his understanding was that ADC would not be audited for 2022/23 in order to complete the backlog, and he asked whether the Council had therefore paid for an audit that would not be happening. The External Audit Partner explained that some work had been completed including the Value for Money report, and they had also undertaken limited procedures on the financial statements. He explained ADC bought into a framework arrangement that was run by Public Sector Audit Appointments Ltd, and they would determine the fee payable for 2022/23 based on the level of work undertaken. The Council had already been invoiced for this, and if it was determined that the level of work completed did not merit the amounts paid, the appropriate amounts would be adjusted back to the Council.

The Committee noted the report.

255. INTERNAL AUDIT PROGRESS REPORT JULY 2024

Upon the invitation of the Chair, Nick Barrett, Audit Manager for Southern Internal Audit Partnership (SIAP), presented the report to the Committee, the purpose of which was to update on internal audit progress. He highlighted section 3, the performance dashboard, which indicated SIAP were slightly behind the curve in delivery, however since the report had been completed a number of the reviews had progressed. The review of housing voids had concluded with a reasonable assurance opinion; the section 106 review had completed with a substantial assurance opinion; the final report on the UK prosperity fund review had been issued that afternoon with a substantial opinion; the close of audit meeting for the parks and greenspaces review was scheduled for the following week; the accounts payable and housing benefits review were nearing reporting stage; the payroll, community safety and environmental health and protection review were underway; the review of Wi-Fi security had now been finalised and the disaster recovery review, originally scheduled for quarter 2, had now been allocated a resource and would be commenced in quarter 3; it had been agreed with the Senior Leadership Team that the cleansing services review, originally set for quarter 1, would move into quarter 3 and scoping meetings for this and other quarter 3 reviews were currently being arranged; the neighbourhood services and tenancy management review originally in quarter 1, had moved into quarter 3 following discussion with the Group Head of Housing. He hoped this would provide Members with assurance on SIAP's progress, and he remained confident they would be in a position to produce their annual report and opinion at the end of the year.

The Audit Manager also highlighted the action tracking, explaining SIAP were comfortable that there were not many actions running over the target dates and were satisfied for the reasons of any slippages.

The Chair invited questions and the following points were raised:

- It was asked whether there was an update on the management actions regarding the Corporate Information Asset Register. The Group Head of Finance explained that this area was not in his remit, however he stated Members could ask for an update on this or other areas by way of the relevant manager's attendance at the Committee meeting or an email update circulated to Members.
- Business Continuity on page 32 was listed as limited, and only medium priority. Had management changes been put in place and were they likely to get a better result once this had been done? The Group Head of Finance explained that his teams had been ensuring business continuity plans were online and up-to-date. He would ask other Group Heads to provide an email update to Committee regarding their areas.

The Committee noted the report.

256. CORPORATE RISK REGISTER UPDATE

Upon the invitation of the Chair, the Group Accountant presented the report to the Committee, the purpose of which was to highlight the updates to the Corporate Risk Register since it was last brought to Committee. He highlighted appendix 3, and explained the risks had remain stable, the CEO had taken over responsibility for CRR2 (organisational capacity to deliver) and CRR3 (change management and transformation). As of 20 August 2024 four items had been removed from the Corporate Risk Register, and had been moved to the relevant operational risk registers. Some of the detailed working had been updated for CRR1b, CRR7, CRR10 and CRR1a, with amendments highlighted in yellow. Appendix 4 was an example of an alternative reporting format which Officers planned to use going forwards.

The Chair invited questions and the following points were raised:

- The new reporting format was welcomed and felt to be easier to understand.
- CRR2 – concern was expressed about the stress members of staff were under and it was asked why ADC were having difficulty recruiting and holding onto staff. The Group Head of Finance explained the issue of staff wellbeing was being addressed, it was staff wellbeing week the following week; there was an employee assistance programme available to all staff; and when staff were off sick, managers were in contact with them. He suggested the risk owner appear before the Committee at its next meeting to give a full update on this.
- CRR11a – the Alexandra Theatre Project risk was concerning and it was asked whether an update could be provided. The Internal Audit Manager confirmed regular progress reports regarding the Alexandra Theatre Project were taken to the Policy & Finance Committee meetings.
- One Member congratulated the housing team, as she had received positive feedback from a resident about them stating how much improved things were with the support they had been getting.
- CRR5 – Corporate Business Continuity – it was asked that the CEO also take responsibility for CRR5 as it was strongly linked to CRR2. The Group Head of Finance would take this request to the Corporate Leadership Team, however felt this was being taken very seriously by the Council.
- CRR1b – when referring to Housing Revenue Account (HRA) it says ‘are now at critical levels’, which was concerning. The Group Head of Finance explained reserves were well below the Council’s self imposed target of £2m. Quarterly updates were provided to Housing & Wellbeing Committee and the HRA accounts were reported to the Corporate Leadership Team on a monthly basis, where any necessary actions were addressed. The situation was being actively managed.

The Chair advised Members to provide questions regarding the Corporate Risk Registers in advance of the Committee meetings, so answers could be sought from the relevant Officers and provided at the meetings.

The Committee noted the report.

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257. TREASURY MANAGEMENT – QUARTER 1 REPORT 2024/25

[During this item, the Chair, Councillor Stanley redeclared his Personal Interest in this Item as an employee of Nationwide Building Society]

Upon the invitation of the Chair, the Senior Accountant Treasury presented the report to the Committee, explaining it was the Quarter 1 Treasury Management report which updated on activities up to the end of June 2024. She highlighted pages 86 and 87 which provided information on the economic situation and interest rate forecasts from the treasury advisors. Their forecast on 28 May 2024 indicated that the Bank of England Base rate would reduce to 4% by March 2025 and would rest at 3.25% by March 2026, however they were currently looking to revise this forecast.

Appendix 1 provided information on the investment position at 30 June 2024 and the Senior Accountant Treasury highlighted some key points as follows: the table in 1.4 showed investments held were £48m, this had been £42.77m on 31 March 2024, this change was largely to do with the timing of payments such as precepts which were paid on 05 July 2024; the average level of funds held throughout the quarter was £44m; 1.11 - performance against the budget was positive by 0.52%, which was largely due to better rates than expected in the budget; 1.12 - outturn was expected to achieve over £2m in investment income, which was around £140k above budget at June, but this had improved since; 1.14 - The IFRs 9 International Financial Reporting Standard (page 95) override was in place until 31 March 2025, but should it not have been in place the valuations on our CCLA funds at June would have meant an adverse impact of £477k on the Council's revenue budget.

Appendix 2 provided information on the Councils borrowing position and the Senior Accountant Treasury highlighted some key points as follows: there had been no new external borrowing in Quarter 1; the only external borrowing was for the HRA self-financing settlement (£70.9m initially to £35.45m currently) of rates between 3.21% and 3.48% for maturity loans

Appendix 3 provided information on the Prudentials Indicators.

The recommendations were proposed by Councillor Tandy and seconded by Councillor Wallsgrove.

The Chair invited questions and debate and it was asked why ADC were investing in local authorities when it was known these were struggling. The Group Head of Finance explained no Councils had actually gone bankrupt, and local authorities were still considered to be a safe investment.

The Committee

RECOMMEND TO FULL COUNCIL that

- 2.1. the Quarter 1 treasury management report for 2024/25 be noted;
- 2.2. the treasury activity for the quarter ended 30 June 2024, which has generated interest receipts of £563,000 (5.15%) against a budget of £1,896,310 (4.63%), be noted; and
- 2.3. the quarter 1 prudential and treasury indicators for 2024/25 contained in the report be noted.

258. UPDATED ANTI-MONEY LAUNDERING POLICY

Upon the invitation of the Chair, the Internal Audit Manager presented the report to the Committee. The existing policy had not been reviewed for several years and this had been commented upon by SIAP in a recent audit. The updated policy was attached for consideration and adoption by the Committee. A recently updated document from another authority had been used as a base for the new policy, and the changes were not substantive. It was felt unlikely that events would occur requiring action to be taken, as the Council no longer accepts cash payments directly for its services

The recommendations were proposed by Councillor Wallsgrove and seconded by Councillor Bower.

There were no questions or comments from Members.

The Committee

RESOLVED that

1. It agrees the proposed amendments and approves the updated Anti-Money Laundering Policy for adoption by the Council; and
2. Authority be delegated to the Group Head of Finance & Section 151 Officer to make consequential changes to the Policy in respect of any organisational/legislative changes and minor typographical corrections.

259. UPDATED ANTI-FRAUD, CORRUPTION & BRIBERY POLICY

Upon the invitation of the Chair, the Internal Audit Manager presented the report to the Committee. The Council's anti-fraud policy had last reviewed by the Committee in 2019, which had been raised by SIAP. The opportunity had therefore been taken to make some minor updates to the policy and also to present it in a different structure, as

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recommended by SIAP. The new policy was shown at pages 127-144, with the old policy for comparison at pages 145-169

The recommendations were proposed by Councillor Wallsgrove and seconded by Councillor Bower.

The Chair invited questions and debate and the following points were made:

- One Member requested an update to a question he asked at the previous meeting around whether Arun were sufficiently resourced to tackle fraud and corruption. The Group Head of Finance explained there were specific fraud resources within Housing, and the Finance restructure would be looking at resources for this elsewhere in the Council. It was an issue being taken very seriously.
- The Housing team were congratulated on their results in tackling fraud.
- Paragraph 5.11 mentioned recovery of costs and it was asked whether this had been successfully done. The Internal Audit Manager explained this was in relation to staff for example having stolen something, and there were not believed to have been any instances of this.

The Committee

RESOLVED that

1. It agrees the proposed amendments and approves the updated Anti-Fraud, Corruption & Bribery Policy for adoption by the Council; and
2. Authority be delegated to the Group Head of Finance & Section 151 Officer to make consequential changes to the Policy in respect of any organisational/legislative changes and minor typographical corrections.

260. REGULATION OF INVESTIGATORY POWERS ACT (RIPA) - REVIEW OF POLICY AND PROCEDURES

Upon the invitation of the Chair, the Group Head of Law and Governance presented the report to the Committee. The Regulation of Investigatory Powers Act 2000 (RIPA) governed the acquisition and disclosure of communications data and the use of covert surveillance by local authorities. The Council was required to have in place a policy governing its use of RIPA powers, and a set of procedures detailing how Officers would implement its policy as part of investigations. ADC have not used these powers for a long time, however they were available, should it be necessary and proportionate. On 13 March 2023 the Council was the subject of its periodic inspection by the Investigatory Power Commissioner's Office (IPCO), with the process facilitated by the Group Head of Law & Governance. The inspection took place over the course of

one day, and the IPCO's inspection letter was shown as Appendix 1. The Commissioner's report provided positive conclusion and comments regarding both the Council's policy and procedures, and the way in which the use of RIPA was governed at the Council. Paragraph 4.9 highlighted the main actions from the inspection. Some of these were complete, including the annual update to Committee, and a review of the equipment used and how that equipment would be booked in and out. All of the other actions were for consideration at this meeting and had been included in Appendices 2 and 3.

The Group Head of Law and Governance updated that the lists of Authorising Officers and Approved Ranked Officers on page 209 were slightly incorrect, and should read Authorising Officers: Chief Executive (Head of Paid Service) – Dawn Hudd; Director of Environment and Communities - Philippa Dart; Director of Growth - Karl Roberts; Group Head of Technical Services – Nat Slade. Approved Rank Officers: Chief Executive (Head of Paid Service) - Dawn Hudd; Director of Environment & Communities - Philippa Dart; Director of Growth - Karl Roberts; Group Head of Law & Governance - Daniel Bainbridge; Group Head of Housing, Wellbeing & Communities – Richard Tomkinson.

The recommendation was proposed by Councillor May and seconded by Councillor Turner.

There were no question or comments from Members.

The Committee

RESOLVED

That the revisions to the 'Corporate RIPA Policy & Procedures' and 'Guidance on the Use of Social Media in Investigations' be approved, and that the revised Policy is adopted by the Council.

261. WORK PROGRAMME

The Committee noted the Work Programme.

(The meeting concluded at 7.19 pm)

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REPORT TO:	Audit and Governance Committee – 3 October 2024
SUBJECT:	Treasury Management – Quarter 1 report 2024-25
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 Treasury Management function is required by regulation and has an effect on all Directorates of the Council.	
DIRECTORATE POLICY CONTEXT:	
This report is the Treasury Management update report for Quarter 1 (Q1) 2024-25.	
This report summarises:	
<ul style="list-style-type: none"> • Investment position (Appendix 1) • Borrowing position (Appendix 2) and • Prudential Indicators (Appendix 3) 	
FINANCIAL SUMMARY:	
The financial implications arising from this report are detailed in Appendices 1 to 3. Some of the figures contained in this report are draft, and subject to external audit but they are not expected to change significantly. Any such changes will be reported to this Committee.	

1. PURPOSE OF REPORT

1.1. To note the Treasury Management activities for the first financial quarter ending 30th June 2024.

2. RECOMMENDATIONS

The Audit and Governance Committee is asked to recommend the following to Full Council:

2.1. note the Quarter 1 treasury management report for 2024/25;

2.2. note the treasury activity for the quarter ended 30 June 2024, which has generated interest receipts of £563,000 (5.15%) against a budget of £1,896,310 (4.63%); and

2.3. note the quarter 1 prudential and treasury indicators for 2024/25 contained in the report.

3. EXECUTIVE SUMMARY

- 3.1. The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that Members be updated on treasury management activities at least quarterly. The 2024/25 Treasury Management Strategy states this report will go to the Audit and Governance Committee around September time. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.
- 3.2. During the first quarter to 30 June 2024, the Council complied with its legislative and regulatory requirements, including confirmation that the authorised limit was not breached.

4. DETAIL

- 4.1. The Council has also implemented the Ministry of Housing, Communities and Local Government (MHCLG) investment guidance in producing these regular reports.
- 4.2. The investment activity to date conforms to the approved strategy and the Council has had no liquidity difficulties. This report focuses on the 2024/25 financial period ending 30 June 2024 and is based on the data available at the time of writing.

4.3. The detail can be found in appendices 1 to 3.

4.4. Economic update

4.5. The first quarter of 2024/25 saw:

- GDP growth flatlining in April following positive Q4 2023/24 growth figures of 0.7% q/q.
- A stalling in the downward trend in wage growth, with the headline 3myy rate staying at 5.9% in April.
- CPI inflation falling from 2.3% in April to 2.0% in May.
- Core CPI inflation decreasing from 3.9% in April to 3.5% in May.
- The Bank of England holding rates at 5.25% in May and June.
- 10-year gilt yields climbing to 4.35% in April, before closing out at 4.32% in May.

4.6. The economy grew by 0.7% q/q in Q4 2023/24 and confirmed that it moved out of its very mild technical recession that prevailed at the back end of 2023. However, data released for April and May so far shows a slight stalling in the recovery, with GDP data for April coming out at 0.0% m/m.

4.7. Interest rate forecasts

4.8. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012. For Housing Revenue Account authorities, the lower Housing Revenue Account (HRA) PWLB rate has also been available since 15 June 2023 (standard rate minus 60 bps) but is available for HRA borrowing only.

4.9. The latest forecast, updated on 28th May, sets out a view that both short and long-dated interest rates will start to fall once the Bank of England feels that it has a sufficient handle on inflation.

4.10. Below is Link group's Interest rate view at 28 May 2024.

Link Group Interest Rate View 28.05.24												
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.00	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	5.30	5.00	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	5.30	4.90	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	5.10	4.80	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	5.00	4.80	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.30	5.20	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	5.10	5.00	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

5. CONSULTATION

5.1. Consultation has been undertaken with the Council's Treasury Advisors – Link Group, Link Treasury Services Limited.

6. OPTIONS / ALTERNATIVES CONSIDERED

6.1. As the CIPFA Code of Practice for Treasury Management 2021 recommends that Members be updated on treasury management activities at least quarterly, the only option available is to request that Full Council note the recommendations (2.1, 2.2, 2.3).

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

7.1. The Council is required to ensure that cash raised during the year will meet expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments in line with the Council's low risk appetite, providing adequate liquidity before considering investment return.

7.2. Another key function of the treasury management service is to manage the funding of the Council's Capital Programme. It determines borrowing needs in respect of longer-term cash flow planning so that the Council can deliver its capital plans. This involves arranging long and short-term loans as well as the use of cash flow surpluses. It can also involve restructuring existing debt if this reduces costs or risk exposure to interest rate increases.

7.3. The Treasury Management function looks to optimize interest income and reduce debt interest payments whilst ensuring that the Council has enough liquidity to meet all its spending commitments. Since cash balances generally consist of reserves and balances, it is paramount that investments are placed as securely as possible as any losses would have an adverse impact on the revenue budget.

7.4. The parameters guiding our approach to treasury management are set out in the Council's approved Treasury Management and Annual Investment strategies and the financial implications and detail arising from our Treasury Management activities are outlined in appendices 1 and 2.

8. RISK ASSESSMENT CONSIDERATIONS

8.1. The main risks in treasury management are financial ones. These are identified in the Council's Treasury Management Practices and the main risks in these activities are:

- liquidity;
- markets or investment;
- inflation;
- credit and counterparty;
- legal and regulatory

8.2. The consequences of ignoring these are poor practices implemented, diminished interest returns, loss of capital invested, poor liquidity (funds available when required). The Council's strategies guard against most of these risks.

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

9.1. Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority including securing effective arrangements for treasury management. There are no other specific legal implications arising from this report.

10. HUMAN RESOURCES IMPACT

10.1. None direct

11. HEALTH & SAFETY IMPACT

11.1. None direct

12. PROPERTY & ESTATES IMPACT

12.1. None direct

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1. None

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

- 14.1. Best practice is taken when reviewing investment options to ensure that they are with companies or banks that are actively looking to reduce their impact on the environment and increase sustainability.
- 14.2. Current Investments with CCLA (better world cautious fund and the property fund) and Standard Chartered (Sustainable deposits) have positive ESG (Environmental, Social and Governance) factors.
- 14.3. Further options will be explored and considered.

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: Sian Southerton

Job Title: Senior Accountant (Treasury)

Contact Number: 01903 737861

BACKGROUND DOCUMENTS:

- The Local Government Act 2003 ([The Local Government Act 2003](#)).
- Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (CIPFA, December 2021) (*Link not available as copyright*).

- The Prudential Code for Capital Finance in Local Authorities (CIPFA, December 2021) (*Link not available as copyright*).
- MHCLG Guidance on Local Government Investments
[Guidance on local government investments.pdf \(publishing.service.gov.uk\)](#)-
- Link Asset Services Ltd Annual Treasury Management review Template 2023/24. (*Link not available as copyright*).
- 2024/2025 Strategy:
[\(Public Pack\)Agenda Document for Audit and Governance Committee, 19/02/2024 18:00 \(arun.gov.uk\)](#)

Arun District Council

Investment Position

1. Investment and Strategy review

1.1. The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by the Council on **13 March 2024**. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being (SLY):

- Security of capital
- Liquidity
- Yield

1.2. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 2 years with high credit rated financial institutions to achieve the best yield possible but with SLY at the forefront.

1.3. A full list of investments held as at 30 June 2024 are shown in the following table:

Reference no.	Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate
904	DBS Bank Ltd.	09/04/2024	05/07/2024	£1,000,000.00	5.2800
905	DBS Bank Ltd.	11/04/2024	22/07/2024	£3,000,000.00	5.2900
890	DBS Bank Ltd	25/10/2023	25/07/2024	£1,000,000.00	5.620
892	Goldman Sachs International	01/11/2023	01/08/2024	£1,000,000.00	5.620
894	DBS Bank Ltd	15/11/2023	15/08/2024	£1,000,000.00	5.500
902	Merthyr Tydfill CBC	15/02/2024	15/08/2024	£1,000,000.00	6.000
910	Lloyds Bank Plc (RFB)	13/06/2024	13/09/2024	£3,000,000.00	5.2600
907	Lancashire County Council	25/04/2024	20/09/2024	£3,000,000.00	5.3600
903	Goldman Sachs International Bank	08/04/2024	07/10/2024	£1,000,000.00	5.2750
906	Lloyds Bank Plc (RFB)	18/04/2024	14/10/2024	£2,000,000.00	5.2300
888	Standard Chartered Bank - Sustainable Deposits	18/10/2023	17/10/2024	£1,000,000.00	5.820
889	Goldman Sachs International	20/10/2023	18/10/2024	£1,000,000.00	5.750
909	Goldman Sachs International Bank	09/05/2024	19/11/2024	£1,000,000.00	5.2800
908	City of Bradford Metropolitan District Council	02/05/2024	20/11/2024	£2,000,000.00	5.3800
865	Goldman Sachs International	05/01/2023	06/01/2025	£1,000,000.00	4.645
911	National Westminster Bank PLC (RFB)	20/06/2024	20/02/2025	£2,000,000.00	5.1800
912	Goldman Sachs International Bank	27/06/2024	07/04/2025	£1,000,000.00	5.2050
893	Close Brothers Limited	06/11/2023	06/11/2025	£1,000,000.00	5.350
44447	Lloyds Bank			£2,000,000.00	5.140
100500	CCLA (Churches, Charities and LA's) (MMF)			£4,000,000.00	5.2103
110000	Federated Investors LLP (MMF)			£4,000,000.00	5.2231
99999	Fidelity Fund Management Ltd (MMF)			£4,000,000.00	5.1886
130000	Deutsche Bank (MMF)			£10,000.00	5.1062
140000	CCLA (Churches, Charities and LA's) LAPF			£5,000,000.00	*5.33
140500	CCLA (Churches, Charities and LA's) BWCF			£2,000,000.00	*3.40
				£48,010,000.00	

* rates at 30-6-24

MMF - Money Market Fund

LAPF - Local Authority Property Fund

BWCF - Better World Cautious Fund

1.4. The table below shows the £48m investment portfolio and percentage in each sector.

INVESTMENT PORTFOLIO	31.3.24 Actual £000	31.3.24 Actual %	30.6.24 Actual £000	30.6.24 Actual %
Treasury investments				
Banks	15,800	37%	23,000	48%
Building Societies - rated	1,000	2%	0	0%
Building Societies - unrated	0	0%	0	0%
Local authorities	6,000	14%	6,000	13%
Money Market Funds	12,965	30%	12,010	25%
Total managed in house	35,765	83%	41,010	86%
Property funds	5,000	12%	5,000	10%
Diversified funds	2,000	5%	2,000	4%
TOTAL TREASURY INVESTMENTS	42,765	100%	48,010	100%

- 1.5. Investment rates have remained elevated during the first quarter of 2024/25 but are expected to fall back through the second half of 2024 as inflation reduces and the MPC starts to reduce interest rates.
- 1.6. Creditworthiness - There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.
- 1.7. Investment counterparty criteria - The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.
- 1.8. Investment balances - The average level of funds available for investment purposes during the quarter was just shy of £44m. The level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.
- 1.9. The table below shows the total useable reserves compared to the investment balances at 31 March 2024. The figures contained in this table are draft, and subject to revisions and external audit.

Usable Reserves at 31 March 2024	£m
Earmarked Reserves	14.677
Housing Revenue Account Balance	0.481
General Fund Revenue Balance	5.000
Usable Capital Receipts	1.103
Housing Major Repairs Reserve	4.209
Capital Grants Unapplied	10.560
Total	36.030
S106 / CIL	8.067
ADC acting as Agents for grants	1.188
Reserves + S106/CIL + Grants to repay	45.285
<i>Investments at 31-3-24</i>	<i>42.765</i>
<i>Lloyds Bank current account</i>	<i>0.295</i>
Investments & Bank at 31-3-24	43.060

1.10. The usable reserves and the above other elements will never match exactly to cash & investments, due to timing differences (accruals mainly), but also there are other cash movements which are not captured in the table above.

1.11. Investment performance for quarter ended 30 June 2024

Benchmark	Benchmark Return	Budgeted Return	Council Performance	Investment Interest Earned
Average O/N *Sonia	5.20%	4.63%	5.15%	£563,000

* The SONIA is a risk-free rate for sterling markets administered by the Bank of England. It is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and institutional investors.

1.12. As illustrated, the authority is outperforming the budgeted interest return and is close to the benchmark rate. The Council's budgeted investment return for 2024/25 is £1,896,310 and performance for the year to date is above budget based on a straight-line profile. The estimated outturn is currently around £2.04m showing an over achievement of around £140k. This enhanced return is largely due to rates applied to investments being higher than expected plus more principal available to invest, in some case due to large payments being delayed as works not completed.

1.13. The CCLA property fund continues to increase the returns the Council is achieving on its investments and currently £5M is invested in this fund achieving an average rate of return of

approx. 4.96%, however the Capital value is down around 8.8% (at 30 June 2024). This is a long-term investment, and values will rise and fall over the years.

1.14. The Council had the following valuations at 30 June 2024:

- CCLA property fund - £4,558,037 (£5m invested)
- CCLA better world cautious fund - £1,964,520 (£2m invested)

This would have had an adverse impact of £477,443 on the Council's revenue budget if the IFRS 9 override was not in place.

1.15. IFRS 9 - following the consultation undertaken by the Ministry of Housing, Communities and Local Government (MHCLG), the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2025. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

1.16. Approved limits - Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30 June 2024.

1. **Borrowing position**

- 1.1 No borrowing was undertaken during the quarter ended 30th June 2024.
- 1.2 The Council has no immediate plans to borrow externally for capital expenditure in the current financial year, although funding will need to be arranged for approved schemes. We will look to borrowing internally for these in the first instance, until interest rates reduce further.
- 1.3 Currently Arun's only borrowing relates to the HRA Self-Financing settlement (£35.46m), also summarised in the table below:

<u>Lender</u>	<u>Principal</u>	<u>Type</u>	<u>Interest Rate</u>	<u>Maturity</u>
PWLB	£8.870m	Maturity	3.21%	28/3/2030
PWLB	£8.870m	Maturity	3.40%	28/3/2035
PWLB	£8.860m	Maturity	3.53%	28/3/2050
PWLB	£8.860m	Maturity	3.48%	28/3/2062
	£35.46m			

- 1.4 Officers will continue to keep borrowing policy under review and use internal balances where possible to minimise borrowing costs.

1. Treasury and Prudential Indicators

- 1.1. As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following Treasury Management Prudential Indicators.
- 1.2. The borrowing activity is controlled by prudential indicators for net borrowing, the Capital Financing Requirement (CFR), and by the authorised limit which is summarised in the table below and in 4.6.

Prudential Indicators	*31 March 2024 Actual £000	**2024/25 Original Forecast £000	2024/25 Current Forecast £000
Capital Expenditure:			
Non - HRA	7,224	24,020	31,302
HRA	7,114	15,151	26,897
TOTAL	14,338	39,171	58,200
Ratio of financing costs to net revenue stream:			
Non - HRA	(8.37)%	(6.22)%	(7.14)%
HRA	18.25%	16.96%	17.91%
Capital Financing Requirement (CFR):			
Total opening CFR	52,858	55,212	51,884
<u>Closing CFR</u>			
Non - HRA	119	6,451	6,640
HRA	51,765	60,538	58,304
TOTAL	51,884	66,989	64,944
Annual change in CFR:			
Non – HRA	138	5,707	4,915
HRA	(1,111)	6,069	8,145
TOTAL	(973)	11,776	13,060
Unfinanced capital expenditure	2,654	16,277	***25,724

* Slightly amended from annual report as there have been changes to the 23-24 accounts since

** Original estimate as per the 2024-25TMSS

***Of the £58.2m capital expenditure it is assumed that £25.7m is currently unfinanced

1.3. The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need: or
- If insufficient financing is available, or a decision is taken not to apply internal resources, the capital expenditure will give rise to a borrowing need.

1.4. In the table in 4.2, all "unfinanced capital expenditure" results in a financing or borrowing need which will come from either internal or external borrowing.

1.5. The ratio of Financing Costs to the Net Revenue Stream is estimated to be (7.14)% by the end of the financial year (non-HRA) which is a change of (0.92)%. This is largely due to better than expected interest rates.

1.6. The treasury Indicators are shown in the table below:

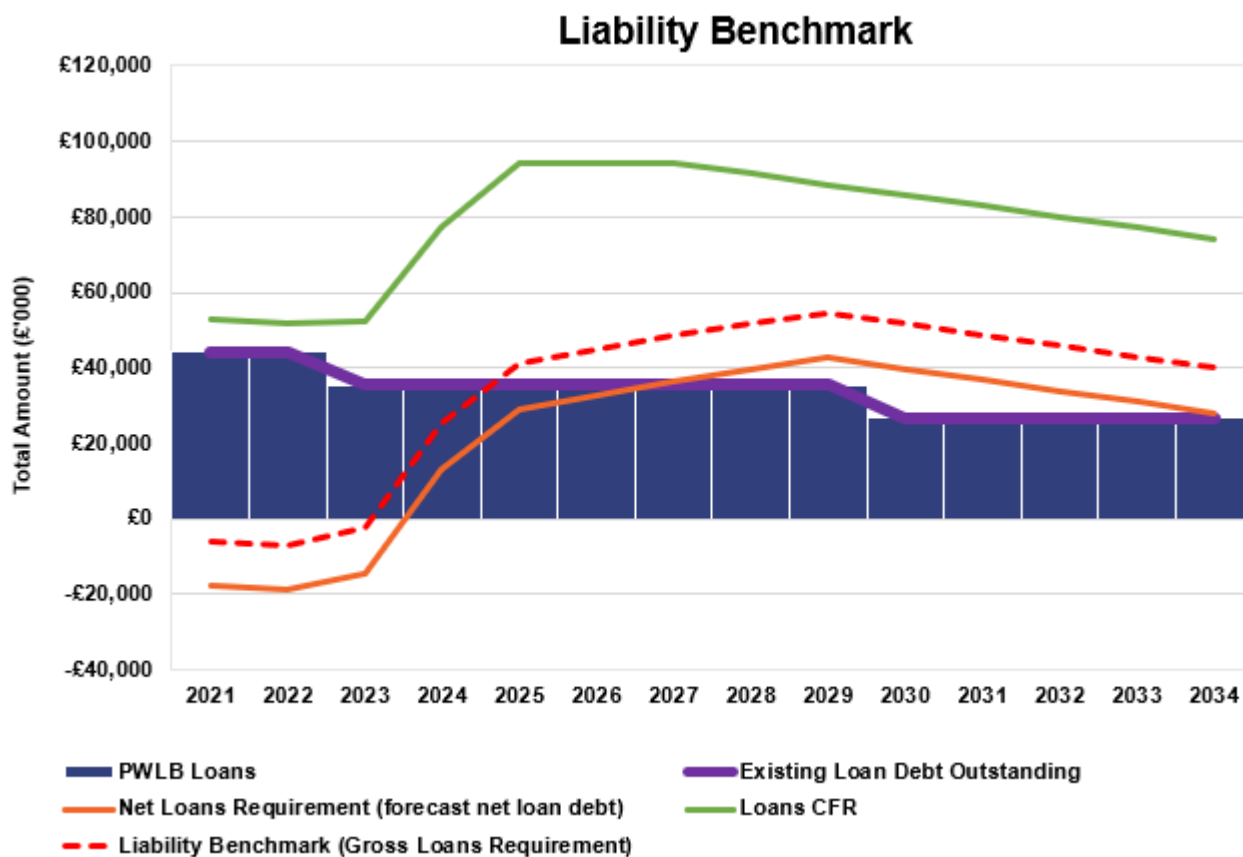
Treasury indicators	31 March 2024 Actual £000	2024/25 Original £000	June 2024 Position £000
Authorised Limit for External Debt:			
Borrowing	59,000	75,000	75,000
Other long-term liabilities	4,000	8,000	8,000
TOTAL	63,000	83,000	83,000
Operational Boundary for External Debt:			
Borrowing	55,000	70,000	70,000
Other long-term liabilities	4,000	8,000	8,000
TOTAL	59,000	78,000	78,000
Gross External Debt (Actual)			
Non – HRA	0	0	0
HRA	35,460	35,460	35,460
TOTAL	35,460	35,460	35,460
Remaining Authorised Limit for External debt:	27,540	47,540	47,540
Total Investments	42,765	40,000	48,010
Net borrowing (Net debt)	7,305	4,540	12,550

1.7. There is one treasury borrowing related prudential indicator against the maturity structure of the Council’s borrowing portfolio. Gross upper and lower percentage limits are set to limit exposure to large sums falling due for refinancing.

1.8. The current limits are shown in the table below:

Maturity structure of borrowing – upper & lower limits:	Actual fixed borrowing 30 June 24	lower limit	upper limit
Under 12 months	0%	0%	40%
12 months and within 24 months	0%	0%	40%
24 months and within 5 years	0%	0%	50%
5 years and within 10 years	25%	0%	60%
10 years and above	75%	0%	100%

1.9. The Liability Benchmark compares the Council’s actual existing borrowing against a Liability Benchmark that has been calculated to show the lowest risk level of borrowing.



1.10. The liability benchmark is a projection of the amount of loan debt outstanding that the authority needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows. The benchmark shows the gap between the authority's outstanding loans (purple line) at future points in time and the authority's need to borrowing (the benchmark- red line). It can be used to identify the debt maturities needed for new borrowing in order to match to future liabilities.

1.11. **An explanation of what this is showing is highlighted below:**

- The green line (at the top) represents the Loans CFR.
- The purple line represents the existing load debt outstanding and tracks the existing debt balance.

A liability benchmark above the current maturity portfolio, indicates an additional borrowing need, should the schemes in the CFR come to fruition.

1.12. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 30th June 2024, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2024/25. The Group Head of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

Public Document Pack Agenda Item 12

Subject to approval at the next Standards Committee meeting

289

STANDARDS COMMITTEE

17 October 2024 at 6.30 pm

Present: Councillors Huntley (Chair), May (Vice-Chair), Batley, Kelly, Turner, Woodman, Worne and Lawrence (Substitute for Ayling)

Also present was Independent Person Mr John Cooke

197. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillors Purser, Goodheart and Ayling and Independent Persons Mr John Thompson and Mrs Sandra Prail.

198. DECLARATIONS OF INTEREST

There were no Declarations of Interest made.

199. MINUTES

The Minutes of the meeting held on 11 July 2024 were approved by the Committee and signed by the Chair.

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

There were no urgent matters for this meeting.

201. PUBLIC QUESTION TIME

No public questions had been submitted for this meeting.

202. MONITORING OFFICER REPORT - OCTOBER 2024

Upon the invitation of the Chair, the Monitoring Officer introduced the report to Committee. He highlighted paragraph 4.2 'Maintaining the Constitution', explaining that he had amended the Constitution to reflect the changes to the senior management structure following the arrival of Dawn Hudd as Chief Executive in July 2024. These changes were being made under the Monitoring Officer's delegated authority.

There were no questions from Members.

The Committee noted the report.

Standards Committee - 17.10.24

203. MEMBER LEARNING AND DEVELOPMENT

Upon the invitation of the Chair, the Monitoring Officer introduced the report, explaining that the training matrix had been updated to reflect that additional training for the Licencing Committee had taken place, and all Members of the Licencing Committee were now trained to sit on it.

One Member had submitted a question in advance of the meeting to the Monitoring Officer, which was around the take up of online Data Protection Training with Hut Six in July 2024 for all Council Members. The Monitoring Officer explained that he had been unable to find the answer to this prior to the meeting, however would circulate this separately to Members of the Committee.

The Committee noted the report.

204. RECRUITMENT OF INDEPENDENT PERSONS

[Independent Person John Cooke and Alan Ladley (who was seated in the Public Gallery), left the meeting during discussion of this item]

The Chair wished thanks to be recorded for the current Independent Persons, Sandra Prail, John Cooke and John Thompson, who are coming to the end of their terms of service.

Upon the invitation of the Chair, the Monitoring Officer introduced the report, explaining the Independent Person interviews had taken place on Friday 4 October 2024. The interview panel consisted of Councillor David Huntley, Chair of the Standards Committee; Councillor Maralyn May, Vice-Chair of the Standards Committee; Councillor Mark Turner, Member of the Standards Committee; Sandra Prail, Independent Person; and Daniel Bainbridge, Group Head of Law & Governance. Having interviewed the candidates and assessed each against the criteria previously agreed by the Committee, the interview panel agreed to recommend the appointment of Alan Ladley, John Cooke and John Thompson. The Committee were asked to recommend to Full Council that they be appointed as Independent Persons for the period of 4 years from 7 November 2024.

There were no questions from Members.

The recommendations were proposed by Councillor Kelly and seconded by Councillor Turner.

The Committee

RECOMMEND TO FULL COUNCIL

That Alan Ladley, John Cooke and John Thompson be appointed as Independent Persons for the period of 4 years from 7 November 2024.

205. INDEPENDENT PERSON PROTOCOL

Upon the invitation of the Chair, the Monitoring Officer introduced the report. The functions of the Standards Committee included those relating to the standards of conduct of District Councillors, Town and Parish Councillors and co-opted members under the Localism Act 2011 or regulations made under it. National good practice was that the Council should devise and adopt a protocol to ensure clarity around the roles of Independent Persons and to make sure that there was clear separation of the roles of the Independent Persons, the Monitoring Officer and the Standards Committee. The Council had an adopted set of Local Assessment Procedures (LAP) which comprehensively set out the way in which complaints about Member conduct would be dealt with by the Monitoring Officer and the Standards Committee, and the proposed Protocol mirrored the LAP's requirements. The Protocol had been devised at the recommendation of the Independent Persons and Hoey Ainscough Associates, who supported the delivery of Code of Conduct and Standards Committee induction training in 2023, and who also supported the development of the model Code of Conduct and the Council's Local Assessment Procedures. The Monitoring Officer reminded Members that subjects of complaints, were also entitled to seek views from an Independent Person, and this would be a different Independent Person to the one providing views to the Monitoring Officer in that particular complaint.

The Chair invited debate from Members, and one Member spoke to say he was supportive of the content of the proposed protocol, but suggested the final version should be formatted with paragraph numbering and headings. The Monitoring Officer confirmed he would be happy to do this.

The recommendations were proposed by Councillor Kelly and seconded by Councillor Turner.

Having considered the Protocol,

The Committee

RESOLVED

That the Protocol be formally adopted.

206. REVIEW OF COUNCILLORS GUIDE TO PERSONAL SAFETY

Upon the invitation of the Chair, the Monitoring Officer introduced the report to Committee. The Councillors Guide to Personal Safety had last been reviewed in March 2023, and recent incidents in 2024 which had impacted upon Councillor safety suggested that a review of the document should be undertaken and refreshed to reflect updated guidance. The Councillor Guide to Personal Safety was introduced to help Councillors to maintain personal safety whilst conducting their duties and was attached

Standards Committee - 17.10.24

to the agenda pack at Appendix 1. The recommendation was that the Committee consider the Councillors Guide to Personal Safety and any updates necessary, and then for Members to seek views from their political groups regarding potential updates to the Guide. In the meantime, the Monitoring Officer would also be contacting Group Leaders to seek views, and the report would be brought back to Committee for consideration at its meeting on 16 January 2025.

The Chair invited debate, and one Member shared his experience of an incident threatening his personal safety, and he expressed concern with how the police had handled his complaint. The Monitoring Officer would liaise with the Police to establish the protocol for dealing with such complaints.

The recommendations were proposed by Councillor Batley and seconded by Councillor Lawrence.

The Committee

RESOLVED that

1. The Councillors Guide to Personal Safety and any updates that it considers necessary were considered; and
2. Its Members seek views from all political groups on updates to the Guide, for consideration at the meeting on 16 January 2025.

207. REGISTER OF ASSESSMENTS OF COMPLAINTS AGAINST COUNCILLORS

Upon the invitation of the Chair, the Monitoring Officer introduced the report to Committee. He highlighted paragraph 4.2 which showed the complaints received, and the progress of each complaint, a number of which had been completed since the Committee last met. When looking at patterns and trends, the Monitoring Officer noted that most complaints related to Town and Parish Councillors, however some did involve Arun District Council (ADC) Councillors. There had been an increase in numbers of complaints from towns and parishes. As a comparison from last year, there had already been as many complaints in the first 6 months of this year as in the entirety of last year or the year before. He was hoping this trend would not last, and that the outcome of each complaint would have a positive impact. The Monitoring Officer had a good relationship with the Town and Parish clerks around the District, and had recently delivered Code of Conduct training in Aldwick, which had been positively received by the Councillors. There had been fewer complaints about and between Arun District Councillors than two years ago. He also felt the standard of conduct in the Council Chamber had greatly improved at ADC and Members were more aware of what was expected of them. Members and Officers were working together to achieve a reduction in complaints. There was no pattern in terms of the types of complaints being made, which was very varied.

There were no questions from Members.

The Committee noted the report.

208. WORK PROGRAMME

The Committee noted the Work Programme.

(The meeting concluded at 7.11 pm)

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Arun District Council

REPORT TO:	Standards Committee – 17 October 2024
SUBJECT:	Recruitment of Independent Persons
LEAD OFFICER:	Daniel Bainbridge, Group Head of Law & Governance
LEAD MEMBER:	Councillor David Huntley
WARDS:	All
<p>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: The Standards Committee is responsible for maintaining high governance standards within the council pursuant to its duties under the Localism Act 2011. The committee has the role of ensuring that the ethical standards regime forming part of the governance framework of the council is robust, thereby engendering public confidence that the council can deliver upon its priorities.</p>	
<p>DIRECTORATE POLICY CONTEXT: The Law & Governance and Monitoring Officer functions sit within the Chief Executive’s directorate.</p>	
<p>FINANCIAL SUMMARY: There are no financial implications associated with this report.</p>	

1. PURPOSE OF REPORT

- 1.1 To update Members on the Council’s recruitment process in respect of Independent Persons and for Committee to recommend the appointment of three Independent Persons (IPs), following a recruitment process.

2. RECOMMENDATIONS

It is recommended that the Committee agrees to recommend to Full Council that Alan Ladley, John Cooke and John Thompson be appointed as Independent Persons for the period of 4 years from 7 November 2024.

3. EXECUTIVE SUMMARY

- 3.1 The Standards Committee’s functions include considering membership and recruitment of Independent Persons and making recommendations for appointments to Full Council.
- 3.2 Independent Persons are appointed for a fixed period of time, and all three of the Council’s Independent Persons terms of appointment are due to expire on 6 November 2024. A recruitment process was agreed by the Committee at its meeting on 18 January 2024 and the terms of office of the three current Independent Persons was extended to 6 November 2024 to allow for this process to be completed (as agreed at the Full Council on 17 July 2024).

4. DETAIL

- 4.1 An advert and information pack were approved by the Standards Committee at its meeting on 18 January 2024 and the advert was published on the Council's website on 29 August 2024.
- 4.2 The advert was also promoted via the council's Business Partnership newsletter and also posted on the Forces Employment Charity and Forces Families Job websites, following a suggestion from a Committee Member that this kind of role would be of interest to veterans.
- 4.3 The closing date for applications was Friday 13 September 2024 and we received a total of four applications.
- 4.4 The Monitoring Officer and the Chair of Standards Committee undertook a shortlisting exercise and three applicants were invited to interview.
- 4.5 An interview panel was convened and interviews took place on Friday 4 October 2024. The interview panel consisted of:
- Councillor David Huntley, Chair of the Standards Committee
 - Councillor Maralyn May, Vice-Chair of the Standards Committee
 - Councillor Mark Turner, Member of the Standards Committee
 - Sandra Prail, Independent Person
 - Daniel Bainbridge, Group Head of Law & Governance
- 4.6 Having interviewed all three candidates and assessed each against the criteria previously agreed by the Committee, the interview panel agreed the recommend to the Committee the appointment all three interviewed applicants:
- Alan Ladley
 - John Cooke
 - John Thompson.

5. CONSULTATION

- 5.1 No additional consultation is required following the decision of the interviewing panel.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1 Having no Independent Persons is not an option.

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

- 7.1 There are no direct financial implications. Any expenditure in relation to the recruitment process is met from existing budget. The allowance paid to Independent Persons is covered within the Members Allowances Scheme in Part 9 of the council's constitution.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1 Appointing Independent Persons supports the Council's governance arrangements and aids the mitigation of risk through the maintenance of strong standards of conduct within the authority.

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

- 9.1 Councils are statutorily obliged to appoint at least one Independent Person (IP). IPs' views are to be sought and taken into account by the Monitoring Officer and/or Standards Committee when a decision is taken on an allegation under the Members' Code of Conduct. Their views may also be sought by the Monitoring Officer and/or Standards Committee at any other stage in the procedure when a complaint of a breach of the code is considered, or by the councillor facing the allegation. The Monitoring Officer routinely consults with the IP at the assessment stage of any complaint.
- 9.2 The council's constitution requires the Council to have a minimum of three Independent Persons appointed at any one time. The Standards Committee is responsible for considering membership and recruitment of Independent Persons to the Committee and making recommendations for appointments to Full Council.
- 9.3 IPs cannot be employees of the Council, or councillors, and are invited to attend meetings of the Standards Committee in an advisory, non-voting capacity.
- 9.4 Section 27 Localism Act 2011 provides that an authority must promote and maintain high standards of conduct by Members and co-opted members of the authority.
- 9.5 Section 28 Localism Act 2011 requires that the Council appoints an Independent Person and the steps that must be undertaken in the process.
- 9.6 Section 28(8)(c)(iii) Localism Act 2011 provides that an Independent Person's appointment must be approved by a majority of Members at Full Council.

10. HUMAN RESOURCES IMPACT

- 10.1 There are no human resources implications.

11. HEALTH & SAFETY IMPACT

- 11.1 There are no such implications associated with this report.

12. PROPERTY & ESTATES IMPACT

12.1 There are no such implications associated with this report.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1 There are no such implications associated with this report.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1 There are no such implications associated with this report.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1 There are no such implications associated with this report.

16. HUMAN RIGHTS IMPACT

16.1 There are no such implications associated with this report.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1 There are no such implications associated with this report.

CONTACT OFFICER:

Name: Daniel Bainbridge

Job Title: Group Head of Law & Governance

Contact Number: 01903 737607

BACKGROUND DOCUMENTS: None

Public Document Pack Agenda Item 13

Subject to approval at the next Constitution Working Party meeting

1

CONSTITUTION WORKING PARTY

21 October 2024 at 6.00 pm

Present: Councillors Yeates (Chair), Bower and Haywood.

1. APOLOGY FOR ABSENCE

An Apology for Absence had been received from Councillor Purser.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest made.

3. MINUTES

The minutes of the last meeting of the Working Party held on 15 April 2024 were approved as a correct record and signed by the Chair.

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

The Chair confirmed that there were no urgent matters for this meeting.

5. WORKING PARTY START TIMES

As this was the first meeting of the Working Party in this Municipal Year, the Working Party

RESOLVED

That its start times for the remainder of 2024/25 be 6.00 pm.

6. RECOMMENDATION FROM THE SPECIAL MEETING OF THE ECONOMY COMMITTEE - 12 SEPTEMBER 2024

The Working Party received the minutes from the Special Meeting of the Economy Committee held on 12 September 2024 and were alerted to a recommendation to consider at Minute 210 [Work Programme].

Constitution Working Party - 21.10.24

The recommendation was asking the Working Party to review the frequency of meetings for the Economy Committee. It was explained by the Committee Services Manager and the Group Head of Law & Governance and Monitoring Officer that in preparing for the change in structure to a Committee System in 2021, Full Council had approved the frequency of meetings for the newly established Service Committees. This was confirmed as five meetings per year, apart from the Economy and Corporate Support Committees, with 4 meetings per year. Since that time, the Economy Committee had struggled to accommodate its workload with just 4 meetings resulting in several Special Meetings being held each year.

It was emphasised that in setting the Calendar of Meetings each year and planning the workload of the officer team it would be beneficial to confirm the number of required meetings in advance and to not have to rely upon organising special meetings.

Following discussion, it was confirmed that if the Working Party recommended increasing the frequency of meetings from 4 to 5, the change would apply following the Annual Council Meeting in 2025. There were views expressed in terms of whether consideration of this recommendation should form part of the review of the Committee system which was the next item on the agenda and as that review would address some of the feedback received about the number of reports containing 'to note' recommendations as well as the workloads of some Committees.

The Working Party

RECOMMEND TO FULL COUNCIL

That the frequency of meetings for the Economy Committee in each municipal year be increased from 4 to 5 meetings with this taking effect from the Annual Council Meeting on 21 May 2025.

7. REVIEW OF THE COMMITTEE SYSTEM

The Working Party received a report from the Group Head of Law & Monitoring Officer which was seeking endorsement to commence a review of the Council's committee system of governance allowing any adaptations or improvements to be made in time for the 2025/26 municipal year.

Since the introduction of the committee system in May 2021, the Council had periodically amended the Constitution, following recommendations made by the Constitution Working Party, to reflect procedural and operational needs and to respond to issues and suggestions from Members and Officers. No comprehensive review of the new structure had taken place since 2021 to assess the effectiveness of the system or how it could be developed further. Since arriving in post in July 2024, the Chief Executive had met with all political group leaders and the Chairs and Vice-Chairs of all Committees to obtain their views on the committee system.

The feedback received from Members through those discussions held with the Chief Executive and regular interaction with Monitoring Officer had been listed in the report at Paragraph 4.8. It was proposed that a review of the committee system should take place with the areas highlighted forming the focus of the review. If endorsed, the review would be conducted by the Monitoring Officer using the channels set out in Paragraph 4.10 of the report with regular reporting back to the Working Party to review progress. It was confirmed that this review would not include any consideration of returning to the Leader and Cabinet form of governance.

In discussing the report, there were varying viewpoints expressed. One Member strongly believed that the review needed to include an assessment of whether returning to the Leader and Cabinet form of governance might be more appropriate for the council in the future, linking into the work starting to take place in reviewing Councillor numbers as part of the electoral review being overseen by the Corporate Support Committee. The Monitoring Officer confirmed that this review would not include considering any return to reverting to the cabinet system. The electoral review project's timeline and key target dates were working to that review being concluded to allow any change in Councillor numbers to be confirmed in time for the District Elections in May 2027. The Local Government Boundary Commission for England could also not advise what structure the Council should have in place relative to Councillor numbers.

Turning to the feedback received that would form some of the key areas to be reviewed, there was concern expressed that the substantial points listed had evolved from discussions had with just a small percentage of Councillors. If further engagement to include all Councillors was planned, this could result in too many issues to consider in a relatively short period of time.

The priority areas requiring review were highlighted by the Monitoring Officer being the lack of an identified scrutiny function and an effective call in/recovery system that could be practically operated. The review would also ensure that the committee system was as effective and efficient as possible. In terms of conducting an all-member survey, a request was made to consider how this might be conducted as an all on-line method did not always provide healthy responses. A request was made to conduct face to face forums. This was noted and it was confirmed that such meetings had been included in the list of engagement channels identified within the report.

The Working Party

RESOLVED – That

- (1) It endorses the Head of Paid Service and Monitoring Officer's proposed review of the committee system; and
- (2) The areas of focus for the review as set out in the report be confirmed together with the process and methods of engagement as discussed.

Constitution Working Party - 21.10.24

8. UPDATES TO THE COUNCIL'S CONSTITUTION

The Working Party received a report from the Group Head of Law & Governance and Monitoring Officer asking Members to approve two amendments to the Council's Constitution.

The first change related to a permanent delegation that had been given to the Group Head of Finance and Section 151 Officer and Chief Executive by the Policy and Finance Committee (Minute 326 – Policy & Finance Committee – 26 October 2023) regarding the West Sussex Business Rates Pool.

This was *“The Committee agrees to delegate authority to the Section 151 Officer and the Chief Executive Officer in consultation with the Chair of the Policy & Finance Committee to decide future participation in any West Sussex Business Rates Pool”*.

It was explained that this delegation should be further formalised as part of the Chief Finance Officer delegations to ensure that in future years the delegation would not necessitate referral back to the minutes of an historic meeting it or when personnel changes arose in the future.

The Working Party agreed to this update.

The second change related to The Joint Staff Consultative Panel. The Chief Executive had been reviewing the Constitution with the Monitoring Officer and Chief Finance Officer to ensure that the Council's governance arrangements were as robust as possible and to ensure that the Council was always acting lawfully. As part of this review, the Chief Executive was of the view that this Panel conducted functions that were her responsibility and were part of her statutory role as Head of Paid Service and so blurred the line between what was the responsibility of the Chief Executive in the statutory role and the more limited functions of Councillors in relation to employment matters.

The Working Party was asked to approve the removal of the Joint Staff Consultative Panel from the Constitution and in its place the Chief Executive would create a regular Union Consultation meeting between staff union members and the Chief Executive through which engagement with the Union would take place. It was confirmed that UNISON had been consulted on the proposals as had the Chair and Vice-Chair of the Corporate Support Committee who attended the Joint Staff Consultation Panel. No concerns had been forwarded for action.

The Working Party

RECOMMEND TO FULL COUNCIL – That

(1) The delegated Authority given to the Section 151 Officer and Chief Executive Officer in consultation with the Chair of the Policy & Finance Committee to decide future participation in any West Sussex Business Rates Pool be formalised within the Council's Constitution as part of the Chief Finance Officer delegations within the Officer Scheme of Delegation at Part 7, Section 2 (delegations to the Group Head of Finance); and

(2) The Joint Staff Consultative Panel be disbanded and any reference to it removed from the Constitution.

9. PROTOCOL FOR COUNCILLOR CONTACT WITH APPLICANTS, DEVELOPERS, CONTRACTORS, AGENTS AND INVESTORS

The Working Party received a report from the Group Head of Law & Governance and Monitoring Officer asking it to introduce a protocol to support Councillors in understanding the approach and behaviour that was expected when dealing with third parties in the planning process. This Protocol also aimed to protect all Councillors, the public and Council officers whilst providing assurance of the impartiality and transparency of decision-making processes governing planning, thus creating and maintaining public confidence in those processes.

The Council's Planning Protocol at Part 8, Section 3 of the Constitution contained limited references around Councillors attending meetings with developers (at paragraphs 9.2 (iii) and (iv)). It had been identified across the Corporate Leadership Team (CLT) that there should be comprehensive guidance to support Councillors when they received contact from a range of third parties which should sit separately to the Planning Protocol. The new Protocol aimed to be a document that could be easily understood by Councillors, Officers and third parties whilst providing levels of reassurance as it complied with national guidance, best practice and drew on experiences nationally where issues had arisen in this area and where lessons had been learned as a result.

The Protocol intended to explain and supplement the Members' Code of Conduct and had been attached to the report at Appendix 1. Annexe 1 was a Protocol covering informal presentations to Councillors relating to development and provided detailed supplementary guidance to Councillors and third parties on attending such presentations. As with the main document it applied to all areas of the Council's business, including both planning and property functions. Both documents aimed to provide some consistency in terms of how varying requests should be handled.

Following brief discussion, and having endorsed the Protocol fully, the Working Party

Constitution Working Party - 21.10.24

RECOMMEND TO FULL COUNCIL – That

(1) It endorses and approves the 'Protocol for Councillor contact with Applicants, Developers, Contractors, Agents and Investors' with the Protocol being included within the Council's Constitution; and

(2) Future reviews of the Protocol are conducted by the Standards Committee.

(The meeting concluded at 7.11 pm)

Arun District Council

REPORT TO:	Constitution Working Party – 21 October 2024
SUBJECT:	Review of the Committee System
LEAD OFFICER:	Daniel Bainbridge, Group Head of Law & Governance
LEAD MEMBER:	Cllr Gillian Yeates
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: It is the Monitoring Officer's responsibility to maintain the Constitution and to report to members on proposed changes that support sound governance and working practices that in turn underpin effective and lawful decision-making for the benefit of the district, its residents, businesses and visitors.	
DIRECTORATE POLICY CONTEXT: Responsibility for the Council's three statutory officer functions (Head of Paid Service, Chief Finance Officer and Monitoring Officer) sits within the Chief Executive's Office.	
FINANCIAL SUMMARY: There are no direct financial implications arising from the proposals in this report.	

1. PURPOSE OF REPORT

To seek the endorsement of the Constitution Working Party of a review of the Council's committee system of governance.

2. RECOMMENDATIONS

2.1 It is recommended that the Constitution Working Party:

- i) considers and endorses the Head of Paid Service and Monitoring Officer's proposed review of the committee system; and
- ii) confirms the areas of focus for the review and provides comments to the Monitoring Officer on the process and methods of engagement.

3. EXECUTIVE SUMMARY

3.1 The Council moved from a cabinet system of governance to a committee system in May 2021, involving the production of a new Constitution and new committee structure. Since that date the Council has periodically made amendments where required to its Constitution in order to address any procedural and operational issues that have arisen as decision-making has taken place under the committee system. However, no full review has been conducted of the system since its introduction.

- 3.2 This report proposes that a periodic review of the committee system is conducted at this point in time with a view to introducing any improvements and adaptations to the system in time for the 2025/26 civic year.
- 3.3 For the avoidance of doubt, it is not proposed that the Council conducts a review of its governance arrangements with a view to moving to the cabinet system of governance.

4. DETAIL

- 4.1 In May 2021 the Council moved from its previous cabinet system of governance to the 'committee system', following a resolution of Full Council in 2020. The Council as part of that move introduced a new Constitution and a new suite of service committees that replaced the previous Cabinet and Overview and Scrutiny model, to sit alongside its regulatory committees, and since then has operated under that model.
- 4.2 As reflected in the Executive Summary, the Council has periodically amended the Constitution in order to reflect procedural and operational needs and to respond to issues and suggestions as they have arisen from members and officers, and those changes have been progressed through the Constitution Working Party making recommendations to Full Council.
- 4.3 However, no comprehensive review of the system has taken place in order to examine the effectiveness of the system and how it can be further developed as the Council's decision-making and governance model.
- 4.4 Since arriving in post in July 2024, the Chief Executive has been meeting with political group leaders and chairs and vice-chairs of all committees, and as part of those meetings has been exploring with members their views on the committee system, its operation, strengths, weaknesses and areas for improvement.
- 4.5 The Monitoring Officer has, since arriving at the Council in June 2022, received a feedback from members, both in the current civic cycle and prior to the May 2023 local elections, regarding the operation of the committee system and areas for improvement – some of which have already been addressed through the Working Party and Full Council, and some of which have already been agreed by the Working Party to be addressed as part of its work programme.
- 4.6 This report brings together all of that engagement with members into one report that seeks to commence a periodic review of the committee system with a focus on key areas to examine and to develop with the aim of ensuring that the system is as effective and efficient as possible, and in order that councillors and council officers can work within the system optimally and to the benefit of the district, its residents, businesses and visitors.

- 4.7 The aim of the review would be to engage with all members and key stakeholder groups of officers in order to report back through the Constitution Working Party and ultimately to Full Council with a view to any developments of the Constitution being agreed by Full Council in time for the 2025/26 civic year.
- 4.8 The feedback from members through the Chief Executive and Monitoring Officer can be summarised into the following key areas, themes and suggestions:
1. Service committees are not aligned with the Council's operational model, with functions spread across multiple committees.
 2. Too many service and regulatory committees, with some committees having lighter workloads and committees could be reduced/combined in order to increase the quality of work at each committee and reduce acute workloads upon Committees team.
 3. Responsibilities for Functions should be reviewed for each committee. Financial decisions should rest with Policy & Finance Committee as financial decisions that impact the Medium Term Financial Plan are not always appreciated or taken into account by the other service committees.
 4. Too many reports contain 'to note' recommendations rather than seeking input from members.
 5. Increase use of member briefings in order to reduce 'update' and 'to note' reports coming through committees.
 6. Reports should more often present options for members in order for them to better debate options rather than a single option that can often lead to a lack of debate and a feeling of fait accompli.
 7. Better use of Chairs of service committees as lead members in their committees' areas of responsibility in order to better brief the committees ahead of meetings.
 8. All chairs of service committees to sit on Policy & Finance Committee
 9. Lack of identified scrutiny function within the service committees or as a separate scrutiny committee.
 10. Lack of a call-in/recovery system that can operate in practical terms.
 11. Level of debate can be lacking, and some debates suffer from members not having read papers in advance.
 12. Review the reliance on working parties and task & finish groups, which should be less necessary in a committee system.

13. The quality of debate and management of meetings can be variable, and a focus on ongoing member development in areas of procedure and chairing of meetings would help to raise the quality of debates and meetings generally.

4.9 Feedback to the Chief Executive regarding the quality of officer reports and presentations has generally been good, and with thanks for the support that officers provide to members in advance of and at committee meetings. Nevertheless, some of the above points identify areas where the pre-briefing of members can be improved in order to better equip members for decision-making at committee and Full Council meetings.

4.10 If endorsed, the Monitoring Officer would conduct the review through the following engagement channels:

1. All-member survey
2. Meetings with group leaders, chairs and vice-chairs to further refine their constructive views on developments
3. Meetings with key officer stakeholder groups, including Corporate Leadership Team, Senior Leadership Team, specific teams such as Committee Services, Finance, Legal Services, HR and report writers
4. Review and introduction of best practice from other authorities, the LGA, Lawyers in Local Government, Centre for Government Scrutiny
5. Reports back to the Constitution Working Party to propose changes to the committee structure, procedures and Constitution generally for recommendation to Full Council
6. Reports back to the Constitution Working Party for any recommendations to other committees, such as Standards Committee regarding any specific member development.

4.11 It is proposed that this work would take place with the aim of final recommendations being made to a Full Council meeting in May 2025.

5. CONSULTATION

5.1 The Constitution Working Party is responsible for monitoring and reviewing the operation of the Constitution to ensure the aims and principles of the Constitution are given full effect. The Working Party reports directly to and makes recommendations to Full Council for decision.

5.2 The proposed review will include consultation and engagement with all members and key stakeholder groups of officers in order to develop proposals for development of the committee system, with reporting back via the Working Party which will make any recommendations to Full Council.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1 The Chief Executive and the Monitoring Officer have identified this as an area of the Council's governance arrangements that should be reviewed. It is clear from the conversations with group leaders and chairs and vice-chairs that members identify areas where the committee system works well, but also where it can be improved.
- 6.2 Not conducting a periodic review is not considered a viable option, as this would miss the opportunity to ensure the system is working as effectively as possible.
- 6.3 This report is not a pre-cursor to a review of the Council's governance arrangements – i.e. it is not intended as a move to the cabinet system of governance.

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

- 7.1 None associated with this report.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1 None associated with this report.

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

- 9.1 These comments are all contained within the body of the report. It is essential that the Council keeps its governance arrangements under review in order to ensure they operate effectively and lawfully for all who take part in and engage with the Council as a decision-making body.

10. HUMAN RESOURCES IMPACT

- 10.1 None associated with this report.

11. HEALTH & SAFETY IMPACT

- 11.1 None associated with this report.

12. PROPERTY & ESTATES IMPACT

- 12.1 None associated with this report.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

- 13.1 None associated with this report.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1 None associated with this report.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1 None associated with this report.

16. HUMAN RIGHTS IMPACT

16.1 None associated with this report.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1 None associated with this report.

CONTACT OFFICER:

Name: Dawn Hudd
Job Title: Chief Executive
Contact Number: 01903 737600

Name: Daniel Bainbridge
Job Title: Group Head of Law & Governance
Contact Number: 01903 737607

BACKGROUND DOCUMENTS:

None.

Arun District Council

REPORT TO:	Constitution Working Party – 21 October 2024
SUBJECT:	Updates to the Council’s Constitution
LEAD OFFICER:	Daniel Bainbridge, Group Head of Law & Governance
LEAD MEMBER:	Cllr Gillian Yeates
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: It is the Monitoring Officer’s responsibility to maintain the Constitution and to report to members on proposed changes that support sound governance and working practices.	
DIRECTORATE POLICY CONTEXT: Responsibility for the Council’s three statutory officer functions (Head of Paid Service, Chief Finance Officer and Monitoring Officer) sit within the Chief Executive’s Office.	
FINANCIAL SUMMARY: There are no direct financial implications arising from the proposals in this report.	

1. PURPOSE OF REPORT

To seek recommendations to Full Council in respect of two proposed changes to the Council’s Constitution.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Constitution Working Party consider the proposed amendments to the Constitution and recommends their approval to Full Council.

3. EXECUTIVE SUMMARY

- 3.1 This report seeks the Constitution Working Party’s recommendation to Full Council of two amendments to the Constitution. Those being the removal from the Constitution of the Joint Staff Consultative Panel and the agreement of a permanent delegation to the Chief Finance Officer in relation to the West Sussex Business Rates Pool. These changes would address matters identified as necessary by the Head of Paid Service (the Chief Executive) and the Chief Finance Officer (the Group Head of Finance).

4. DETAIL

West Sussex Business Rates Pool

4.1 At its meeting on 26 October 2023, the Policy & Finance Committee received a Financial Prospects report from the Chief Finance Officer in which the Committee was asked to delegate authority to the Chief Finance Officer to decide future participation in the West Sussex Business Rates Pool.

4.2 Following an amendment to that recommendation, the Committee agreed the following delegation:

“The Committee agrees to delegate authority to the Section 151 Officer and the Chief Executive Officers in consultation with the Chair of the Policy & Finance Committee to decide future participation in any West Sussex Business Rates Pool.” (Minute 326, Policy & Finance 26 October 2023)

4.3 While the delegation provided by the Committee is intended to run permanently from year-to-year, the Chief Finance Officer and the Monitoring Officer consider that this delegation should be further formalised as part of the Chief Finance Officer delegations within the Officer Scheme of Delegation at Part 7, Section 2 (delegations to the Group Head of Finance) of the Constitution.

4.4 Inclusion within the Scheme of Delegation would ensure that in future years and as time passes, the delegation is clearly set out within the Scheme and would not necessitate referral back to the minutes of an historic meeting if or when personnel changes arise in the future.

The Joint Staff Consultative Panel

4.5 The Chief Executive has been reviewing the Constitution with the Monitoring Officer and Chief Finance Officer to ensure that the Council’s governance arrangements are as robust as possible, and to ensure that the Council is acting lawfully at all times.

4.6 As the Council’s Head of Paid Service, the Chief Executive is responsible for formally reporting to the authority on their preferred design for the delivery, co-ordination, and integration of the authority’s functions. In addition to the responsibilities entrusted to them by the elected members, the Head of Paid Service is statutorily responsible for the numbers, grades, roles, appointment, and discipline of all staff other than chief officers and deputy chief officers.

4.7 The Joint Consultative Panel is established within the Constitution (Part 3, Section 8.4) and has the following functions:

“The Panel has been established to facilitate consultation between the council and its employees and to maintain and improve relations between both sides. It is not a decision-making body but may make recommendations, where appropriate, to the Corporate Support Committee or full council.”

Those functions and the Panel existed prior to the change to the committee system of governance in 2021, and earlier had fallen under the remit of the previous Local Joint Staff Panel.

- 4.8 On reviewing the Constitution as set out at paragraph 4.5 above, the Chief Executive's view as Head of Paid Service is that the Panel conducts functions that are the responsibility of the Head of Paid Service and this blurs the line between what is the responsibility of the Chief Executive in that statutory role and the more limited functions of councillors in relation to employment matters.
- 4.9 Those duties extend to matters including the confirming of appointments of the Chief Executive, Directors, Chief Finance Officer and the Monitoring Officer; dismissal of those same officers; approving in the Annual Pay Policy Statement; and approving settlement agreement above £95,000. Those functions sit with the Full Council upon recommendations from other committees and senior officers.
- 4.10 Beyond those functions, employment matters are the remit of the Head of Paid Service as set out at paragraph 4.6. Nevertheless, should matters such as employment policies *require* member approval, these would and should be taken to the Corporate Support Committee, which has responsibility for exercising the Council's functions relating to Human Resources.
- 4.11 In place of the Joint Staff Consultative Panel, the Chief Executive would create a regular Union Consultation meeting between the staff union and the Chief Executive through which engagement with the union would take place.

5. CONSULTATION

The Council's union (Unison) representatives have been consulted and support this change.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1 The Chief Executive and the Monitoring Officer have identified this as an area of the Council's governance arrangements which should be strengthened and that the panel is an historic element of the Council's governance arrangements that should be reviewed and removed in order to better reflect the respective responsibilities of members and officers.
- 6.2 With that being the case the Chief Executive is of the opinion that the Panel should be removed from the Council's Constitution.

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

- 7.1 None associated with this report.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1 None associated with this report.

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

9.1 As set within this report, the Head of Paid Service is responsible under statute (the Local Government and Housing Act 1989) in relation to those function identified at paragraph 4.6 of the report.

9.2 The Joint Staff Consultative Panel as constituted engages councillors in areas which are the responsibility of the Council's senior officer (the Head of Paid Service) and should be clarified through an amendment to the Constitution.

10. HUMAN RESOURCES IMPACT

10.1 There is no direct impact in relation to this function. Engagement with the staff union will continue through a Union Consultation meeting between the union and the Chief Executive. The union is supportive of this change.

11. HEALTH & SAFETY IMPACT

11.1 None associated with this report.

12. PROPERTY & ESTATES IMPACT

12.1 None associated with this report.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1 None associated with this report.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1 None associated with this report.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1 None associated with this report.

16. HUMAN RIGHTS IMPACT

16.1 None associated with this report.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1 None associated with this report.

CONTACT OFFICER:

Name: Dawn Hudd
Job Title: Chief Executive
Contact Number: 01903 737600

Name: Daniel Bainbridge
Job Title: Group Head of Law & Governance
Contact Number: 01903 737607

BACKGROUND DOCUMENTS:

None.

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Arun District Council

REPORT TO:	Constitution Working Party – 21 October 2024
SUBJECT:	Protocol for Councillor contact with Applicants, Developers, Contractors, Agents and Investors
LEAD OFFICER:	Daniel Bainbridge, Group Head of Law & Governance
LEAD MEMBER:	Cllr Gillian Yeates
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: It is essential that the Council has in place up-to-date protocols and guidance to assist and support councillors and to support the integrity of the planning process.	
DIRECTORATE POLICY CONTEXT: The Monitoring Officer is responsible for ensuring the Council operates lawfully and with probity across all of its functions.	
FINANCIAL SUMMARY: There are no direct financial implications arising from the proposals in this report.	

1. PURPOSE OF REPORT

To introduce a protocol to support councillors in understanding the approach and behaviour that is expected when dealing with third parties in the planning process, and to protect all councillors, the public and Council officers together with providing assurance of the impartiality and transparency of decision-making processes which govern planning, thus creating and maintaining public confidence in those processes.

2. RECOMMENDATIONS

2.1 It is recommended that the Constitution Working Party

- (i) endorses the 'Protocol for Councillor contact with Applicants, Developers, Contractors, Agents and Investors' and recommends its approval by Full Council and its inclusion within the Constitution; and
- (ii) recommends to Full Council that future reviews of the Protocol are conducted by the Standards Committee.

3. EXECUTIVE SUMMARY

- 3.1 The Chief Executive, the Monitoring Officer and the Director of Growth have identified that the Council's Planning Protocol provides limited guidance to councillors on how they should engage with third parties involved in the planning process. Strengthening this area of the Council's Constitution will ensure that councillors have access to the most up-to-date guidance to support probity in the planning process and the Council's overall governance framework.

4. DETAIL

- 4.1 The town and country planning system seeks to balance the competing rights and interests of developers, neighbours, the public and pressure groups. As such, it is essential that the system is seen to be operated with integrity so that those parties can engage with it with trust and confidence. The system also involves councillors in different - and potentially incompatible - capacities as ward and committee member which can lead to potential difficulties and challenge, including by judicial review. To assist councillors, it is therefore imperative that they have access to appropriate and up to date guidance.

- 4.2 The Council's Planning Protocol (Part 8, Section 3 of the Constitution) contains limited references regarding councillors attending meetings with developers (at paragraphs 9.2(iii) and (iv) of the Protocol):

“(iii) Officers should be present with councillors in pre-application meetings. Councillors should avoid giving separate advice on the development plan or material considerations as they may not be aware of all the issues at an early stage.

(iv) Members should not become drawn into any negotiations which should be done by officers (keeping interested members up to date) to ensure that the Authority's position is co-ordinated.”

- 4.3 This advice is correct but limited in scope, in that it relates to pre-application discussions and does not provide guidance to councillors on how they should (and should not) engage with third parties in all other stages of the planning process. It also does not cover situations where similar engagement may be sought in relation to other areas of the Council's business, such as property, licensing, and so on. Therefore the proposed protocol has been drafted with those areas also referred to, and the Protocol would sit separately to the Planning Protocol.

- 4.4 The proposed protocol is comprehensive in its scope while also aimed to be a document that can be easily understood by councillors, officers and third parties – those being, applicants, developers, contractors, agents and investors. The protocol also complies with national guidance, best practice and draws on experiences nationally where issues have arisen in this area of governance and lessons have been learned as a result.

- 4.5 Adopting a comprehensive protocol will support the Council's governance framework. The Protocol is intended to explain and supplement the Members' Code of Conduct and form part of the Constitution.
- 4.6 The draft Protocol is attached as Appendix 1 to this report.
- 4.7 Annexe 1 to the Protocol is a Protocol for Informal Presentations to Councillors relating to Development and provides detailed supplementary guidance to councillors and third parties on attending such presentations, and as with the main document it applies to all areas of the Council's business, including both Planning and Property functions.
- 4.8 This guidance is important as councillors have regularly received requests to attend such presentations and it is important that there is consistency for councillors, Council officers and third parties as to how such presentations should be arranged, set up, and take place. This also supports the Council's transparency and governance arrangements by ensuring there is no misunderstanding regarding the purpose of such arrangements.

5. CONSULTATION

The Constitution Working Party is the body with authority for reviewing the Constitution and making recommendations for change to the Full Council.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1 The Chief Executive and the Monitoring Officer have identified this as an area of the Council's governance arrangements which should be strengthened and therefore a 'do nothing' option is not considered appropriate.
- 6.2 Officers consider that this subject area requires its own protocol rather than amending the existing Planning Protocol.

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

- 7.1 None associated with this report.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1 None associated with this report.

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

- 9.1 'The Members Planning Code of Good Practice' and 'Probity in Planning for Councillors and Officers' published by Lawyers in Local Government and the Local Government Association, respectively, have been held by the courts to provide sound guidance for councils in discharging their planning functions.
- 9.2 The Protocol helps to ensure councillors are aware of and comply with expected standards of conduct in public office in relation to planning.

10. HUMAN RESOURCES IMPACT

10.1 None associated with this report.

11. HEALTH & SAFETY IMPACT

11.1 None associated with this report.

12. PROPERTY & ESTATES IMPACT

12.1 None associated with this report.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1 None associated with this report.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1 None associated with this report.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1 None associated with this report.

16. HUMAN RIGHTS IMPACT

16.1 None associated with this report.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1 None associated with this report.

CONTACT OFFICER:

Name: Daniel Bainbridge
Job Title: Group Head of Law & Governance
Contact Number: 01903 737607

BACKGROUND DOCUMENTS:

None.

Protocol for Councillor contact with Applicants, Developers, Contractors, Agents and Investors

1. Introduction

1.1 Arun District Council is under a duty to promote and maintain high standards of conduct by its councillors.

1.2 This Protocol is intended to explain and supplement the Members' Code of Conduct (the Code of Conduct) and to sit alongside the Planning Protocol, and forms part of the Council's constitution. The Council expects that councillors will carry out their duties in line with the principles of public life and abide by the obligations outlined within the Code of Conduct and this Protocol.

1.3 This Protocol provides a clear framework and guidelines for Councillors in relation to contact with applicants, developers, contractors, agents and investors to meet, sponsor and/or represent the Council or the District, including at events (local, national and international), particularly in relation to the risks of perceived endorsement and too close an association in respect of the discharge of functions and responsibilities relating to planning, development, building control, licensing, and environment regulatory matters.

1.4 For simplicity, in this document applicants, developers, contractors, agents and investors (who may be companies or individuals) will be referred to as "Developers", whilst "Application" includes those for planning, licensing or other consent. "Contact" includes face-to-face and video meetings and communication by phone, social media, e-mail, text and WhatsApp.

1.5 The purpose of this Protocol is to assist councillors in understanding the behaviour that is expected of you when dealing with Developers, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you.

1.6 It is also to protect all councillors, the public, Council officers and the reputation of local government together with providing assurance of the impartiality and transparency of decision-making processes which govern the Council.

1.7 The fundamental aim of this Protocol is to create and maintain public confidence in the role of councillors, local government and decision-making processes.

1.8 This Protocol applies to all forms of communication and interaction, including:

- at face-to-face meetings;
- at online or telephone meetings;
- in written communication;
- in verbal communication;
- in non-verbal communication; and
- in electronic and social media communication, posts, statements and comments.

2. Application of this Protocol

2.1 This Protocol applies to all councillors and provides clear guidelines to govern all aspects of contact and relationships with Developers, including contact and communications in relations to property and land in the district, especially land owned by the Council which must be used in its best interests and those of the district and its residents and stakeholders. The principles outlined within this Protocol and the Nolan Principles should be adhered to in all such interactions.

2.2 This Protocol takes into account national guidance from the Planning Advisory Services, Local Governance Association and Lawyers in Local Government and best practice in other local authorities.

3. Councillors' Obligations

3.1 General Principles

3.2 The Council's Anti-Fraud, Corruption & Bribery Policy must be adhered to in relation to Developers. Councillors must maintain conduct of the highest standard such that confidence and integrity are sustained.

3.3 Councillors (including committee chairs and vice-chairs and political group leaders, who may be the particular focus of lobbying or approaches) must always be aware and clear with others that:

3.3.1. They have no authority to act or to purport to act on behalf of the Council towards any Developer in respect of any application, Council property or project;

3.3.2. The Council does not endorse any Developers, or specific applications, developments, contracts or investments except following compliance with the correct decision-making and/or selection process. This includes the use of Council logos and marketing information. Any proposed statements to the media must be prepared by the Council's Communications team.

3.3.3. Offers of sponsorship, grants, or of anything that might be perceived as an incentive must not be accepted but should be referred to officers and be declared and registered under the Code of Conduct. Councillors have no authority to accept such offers on behalf of the Council.

3.3.4. All offers of gifts or hospitality and any interests are declared and registered in accordance with the requirements of the Code of Conduct.

3.3.5. Where such an interest is identified the Councillor must take all steps to exclude their participation in any continued discussions or decision-making, usually by requesting a substitute.

3.3.6. All approaches or contact by Developers should be referred immediately to the relevant Council team (Planning, Property & Estates, etc) to allow officers to advise and make arrangements for future contact or meetings in accordance with this guidance;

3.3.7. No emails or other correspondence are sent that appear to promote any matters discussed and that any such documents are clearly headed 'subject to contract'.

3.3.8. Developers must be referred to the relevant Council service or officer if they wish to make any expression of interest.

3.3.9. Developers must be made aware of the Council's due diligence processes that will be followed to progress any expressions of interest.

3.3.10. No commercially sensitive or legally privileged information or information that could provide an unfair advantage to anyone or impact on lawful decision making or achieving best value shall be disclosed to any third party. This includes information published by the Council which is classified as "exempt" in accordance with the Local Government Act 1972. The use of Non-Disclosure Agreements may be used where appropriate after advice from the Council's Legal Services team.

3.3.11. Any perceived, potential or actual conflicts of interest or apparent or actual bias between a councillor's obligations as a councillor and their relationship with particular Developers, or specific developments, contracts or investments, must be declared and recorded in accordance with the requirements of the Code of Conduct.

3.3.12. Any concerns about the conduct of any Developer, councillor or officer (including a failure to declare interests) must be reported to the Monitoring Officer or reported under the Council's Whistleblowing Policy.

4. Councillors' meetings with Developers

4.1 In this section, meeting includes face-to-face and remote video meetings or telephone conferences.

4.2 Councillors should only meet with a Developer on an exceptional basis and must ensure that:

4.2.1 an officer with responsibility for the subject matter is present for the entirety of any meeting to make and share a written record of discussions and advise the Developer of due process; and

4.2.2 Developers are referred to the Council's standard contact details for expressions of interest and the due diligence process. Officer names and contact details must not be shared. The officer present in the meeting will advise Councillors and Developers present of the appropriate contact details.

Annexe 1

Protocol for Informal Presentations to Councillors relating to Development

A protocol to clarify the role of third-party informal presentations to the Council and to provide guidance to third parties and councillors on attending such informal presentations that do not form part of any formal planning application, and which do not fall within the formal application process and Pre-Application process. In the event of conflict between this protocol and the Members' Code of Conduct, the Code of Conduct shall take precedence.

PROTOCOL

Scope

1. This protocol covers any request made by a third party to make an informal presentation to councillors. A third party may also include the Council when acting as a developer, and/or landowner.
2. This protocol seeks to establish clear guidance to third parties and the Council in respect of requests for and the presentation of third-party informal presentations to councillors, and to promote an environment of openness and transparency.

Informal Presentation Request

3. A request by a third party to make an informal presentation of information shall be made in writing to the relevant director setting out the reason(s) for the proposed presentation, the subject matter, and any other relevant information.
4. The director may agree or refuse the request or may agree to elements of the proposed presentation. Alternatively, the director may refer the request to the relevant service committee (as appropriate to the proposal) together with any advice from the Monitoring Officer, to agree or to refuse the request or to agree to elements of it.

Refusal of Request

5. When a request is refused, the relevant director taking that decision will set out the reasons for the refusal, and provide the decision and reasons to the third party

Acceptance of Request

6. The relevant director shall provide a copy of this protocol to the third party with the decision that the informal presentation may proceed.

The Presentation

7. When a request is agreed the informal presentation shall proceed in accordance with the following rules:

The third party

7.1 The third party will:

- a. arrange the platform/venue and time of the meeting (if not held at the Council's offices), at no cost to the Council. The date and time to be agreed by the relevant director. Presentations will, generally, be convened in the evening and recorded wherever possible for those councillors that are unable to attend.
- b. provide any presentation materials to the relevant director at least 5 working days in advance
- c. invite all councillors via email: councillors@arun.gov.uk
- d. keep a record of attendance at the presentation.
- e. ensure notes of what is said at the presentation are taken and circulated to the relevant director for comment within 5 days of the presentation and once agreed will share them with all councillors.
- f. ensure that the presentation is for information purposes only and shall not lobby any councillor(s) for support.

The Council

7.2 The Council will:

- a. distribute any presentation materials to Councillors at least 2 working days in advance of the informal presentation.
- b. ensure that at least one planning officer and one senior officer, from the Senior Leadership Team, shall be present during the informal presentation.
- c. ensure that no councillor will be involved in making a presentation as a representative of the third party or otherwise.
- d. require all councillors to disclose any interests in the matter, in accordance with the Members' Code of Conduct, before the presentation starts, and all disclosures made will be recorded as part of the notes referred to in (7.1 (e)) above.

All parties

7.3 All parties will:

- a. ensure that all those present understand that the presentation does not form part of the Council's decision-making process and that the process of debate and determination of any matter arising will be undertaken in accordance with the Council's normal procedures.
- b. ensure that those present understand that Councillors may ask questions for clarification purposes. Should any view(s) be expressed by any councillor(s) at the informal presentation, it will not bind them, nor the Council, to any decision in respect of any subsequent planning application or any other consent or authorisation that may be submitted in respect of the development proposal.

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