



# Public Document Pack

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

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

e-mail: [committees@arun.gov.uk](mailto:committees@arun.gov.uk)

Committee Manager - Jane Fulton (01903 737611)

2 December 2024

## **POLICY AND FINANCE COMMITTEE**

A meeting of the Policy and Finance Committee will be held in **The Council Chamber & Blue Room, Arun Civic Centre, Maltravers Road, Littlehampton, BN17 5LF** on **Wednesday 11 December 2024 at 6.00 pm** and you are requested to attend.

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

### ***PLEASE NOTE:***

A live webcast of the meeting will be available via the Council's Committee webpages – please use this link: [Arun District Council](#) and you will find the link in the media box.

Any members of the public wishing to address the Committee during Public Question Time will need to email [Committees@arun.gov.uk](mailto:Committees@arun.gov.uk) by 5.15 pm on **Wednesday, 4 December 2024** in line with Committee Meeting Procedure Rules.

## **A G E N D A**

### 1. APOLOGIES

### 2. DECLARATIONS OF INTEREST

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

Members and Officers should make their declaration by stating:

- a) the item they have the interest in
- b) whether it is a pecuniary/personal interest and/or prejudicial interest
- c) the nature of the interest

3. MINUTES (Pages 1 - 18)

The Committee will be asked to approve as a correct record the Minutes of the last meeting of the Policy and Finance Committee held on 24 October, as attached.

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

5. PUBLIC QUESTION TIME

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

6. CARBON EMISSION UPDATE - 2023-2024 FINANCIAL YEAR - 20 MINUTES (Pages 19 - 30)

This report provides an update on the emissions (Scope 1, 2 and 3) of the Council for the 2023-2024 financial year.

7. BUDGET MONITORING REPORT - QUARTER 2 - REPORT TO 30 SEPTEMBER 2024 - 15 MINUTES (Pages 31 - 46)

The purpose of this report is to appraise the Policy & Finance Committee of the Committee's forecast General Fund Revenue, Capital and Housing Revenue outturn against the 2024/25 budget as approved by Council on 21 February 2024.

8. MEDIUM TERM FINANCIAL FORECAST 2025-26 TO 2029-30 - 35 MINUTES (Pages 47 - 60)

The purpose of this report is to provide members with a high-level update on the current financial and economic prospects arising from the main issues affecting the Council and their impact on the financial forecast for the five years from 2025/26 to 2029/30.

The report also asks members to note the financial parameters for the preparation of the 2025/26 revenue budget and gives updates on the public budget consultation, Members Budget Working Group (BWG) and future participation in the West Sussex Business Rates Pool, (WSBRP).

## **ITEMS PUT FORWARD FROM SERVICE COMMITTEES**

9. HOUSING & WELLBEING COMMITTEE - 21 NOVEMBER 2024 - 10 MINUTES (Pages 61 - 80)

The Committee is asked to consider a recommendation from the meeting of the Housing & Wellbeing Committee held on 21 November 2024 as set out below:

- Minute 292 [Local Authority Housing Fund] – the Minutes containing the recommendation and the Officer’s report are attached.

## **OUTSIDE BODIES - FEEDBACK FROM MEETINGS**

10. GREATER BRIGHTON ECONOMIC BOARD - 6 NOVEMBER 2024 - 10 MINUTES

The Chair will provide a verbal feedback report following the last meeting of the Greater Brighton Economic Board which he attended on 6 November 2024.

11. WORK PROGRAMME - 5 MINUTES (Pages 81 - 84)

The Committee is asked to note its work programme for the remainder of the Municipal Year.

**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 [Filming Policy](#)

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# Public Document Pack Agenda Item 3

Subject to approval at the next Policy and Finance Committee meeting

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## POLICY AND FINANCE COMMITTEE

24 October 2024 at 6.00 pm

Present: Councillors Lury (Chair), Nash (Vice-Chair), Birch, Mrs Cooper (Substitute for Pendleton), Cooper, Greenway, Gunner, Huntley (Substitute for Brooks) and Stanley.

Councillors Goodheart and McDougall were also in attendance for all or part of the meeting.

### 224. APOLOGIES FOR ABSENCE

Apologies for Absence had been received from Councillors Brooks and Pendleton.

### 225. DECLARATIONS OF INTEREST

There were no Declarations of Interest made.

### 226. MINUTES

The minutes from the last Meeting of the committee held on 9 July 2024 were approved as a correct record and were signed by the Chair at the conclusion of the meeting.

### 227. 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 for the Committee to consider.

### 228. PUBLIC QUESTION TIME

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

### 229. ITEMS PUT FORWARD FROM SERVICE COMMITTEES

The Chair confirmed that there were recommendations for the Committee to consider from the Service Committees detailed below.

### 230. ENVIRONMENT COMMITTEE - 19 MARCH 2024

The Committee received the minutes from the meeting of the Environment Committee held on 19 March 2024. The Chair drew Members' attention to two recommendations at Minute 720 [Combined Cleansing Services Contract].

The recommendations were proposed by Councillor Nash and seconded by Councillor Stanley.

The Chair then invited debate. One of the questions asked was whether the Council had been successful in securing further funding to meet the cost of providing the new bins and caddies and was work taking place to determine if there were any other sources of funding that could be applied for to assist with this cost. It was confirmed that no further funding had been secured and that in looking at the revenue grant awarded by DEFRA it could not be confirmed at this stage if the Council would receive the full amount to cover all its costs. The Group Head of Finance and Section 151 Officer reassured Members that Officers were continually seeking sources of funding that it could apply to receive from Government. This applied to all Council projects. The Group Head of Finance and Section 151 Officer also assured Members that the capital costs of providing the 180 litre bins would be funded by expected savings achieved by the new contract.

The Committee

RECOMMENDS TO FULL COUNCIL – That

- (1) It approves the addition of £1,820,000 to the Capital Programme in 2025/26 to fund the purchasing and delivery of food waste receptacles and purchasing of vehicles necessary to provide the weekly food waste collection service as part of the CCSC to be funded by a grant received from DEFRA; and
- (2) It approves the addition of £1.2 million to the Capital Programme in 2025/26 to procure and roll out 180 litre residual bins for residents to facilitate a fortnightly residual collection service. This will be funded from borrowing if the Council is unable to secure further funding.

231. ENVIRONMENT COMMITTEE - 19 SEPTEMBER 2024

The Committee received the minutes from the meeting of the Environment Committee held on 19 September 2024. The Chair drew Members' attention to the first set of recommendations at Minute 217 [Two-Hour Town Centre Parking Schemes]. Members were also alerted to a report from the Director of Growth accompanying the two recommendations.

The Chair invited the Group Head of Technical Services to present this report. He provided the background to this item explaining that back in September 2023, the Environment Committee had established a Working Party to review and make recommendations on the future of the 2-hour free parking schemes in Littlehampton and Bognor Regis. That Working Party had met on several occasions and had formed recommendations which were considered by the Environment Committee at its meeting held on 19 September 2024. These recommendations had been set out within

Paragraph 4.2 of the report. The Environment Committee resolved to agree recommendations a, b and d with amendments being made to recommendation c with a further three additional recommendations being made, as outlined below:

- a. authority be delegated to the Group Head of Technical Services to implement a single 2-hour free town centre parking disc scheme to incorporate both Littlehampton and Bognor Regis, with the scheme to be administered in both Littlehampton and Bognor Regis by Arun District Council;
- b. differential pricing be agreed for virtual and physical parking discs, whereby the virtual parking disc is cheaper than the physical counterpart to encourage transition to the virtual scheme;
- c. the retail price points for both the virtual and physical parking discs for 2025 from the options in 4.19 be agreed, with the retail price for the virtual disc being £4 and £6 for the physical disc;
- d. authority be delegated to the Group Head of Technical Services to make any necessary changes to the Council's Parking Orders and to take any other actions necessary to enable the scheme to take effect; and
- e. card discs should be supplied to traders on a strictly sale or return basis.

The Committee also recommended to the Policy & Finance Committee that:

- f. the retail price point (set out in c above) should be fixed for a period of three years; and
- g. the clause to use the disc and app only once per day should be removed.

The Group Head of Technical Services explained the financial implications for the Council if the two recommendations from the Environment Committee were to be accepted by this Committee. Firstly, he explained the financial impact resulting from resolution c above. The table at Paragraph 4.4 of the report illustrated that the adjustment in pricing for the physical discs from £10 to £6 would have a detrimental effect on the level of revenue the Council generated via disc sales.

The impact of this change agreed by the Environment Committee was estimated to be a loss of £123,200. Turning to the two recommendations that the Committee needed to consider, the first, if agreed, would pose serious financial challenges as it would eliminate the Council's ability to increase the price of discs in line with inflation. At the same time, the cost to produce and administer the physical parking discs would increase annually, with the Council having no flexibility to adapt to these appreciations. This meant that the Council would see a reduction of income from sales of both the physical and virtual discs making it more challenging for it to achieve a balanced budget.

The second recommendation was asking the Committee to remove the clause to use the disc and app only once per day resulting in anyone with a disc or using the app being able to park all day everyday free of charge. This would have a significant detrimental impact on the £370,209 revenue generated by the Council within those car parks as there would be little incentive for motorists to park elsewhere. At the same time, it would have a similar impact on the revenue generated by neighbouring town centre car parks. The severity of the financial consequences had been illustrated within the report and were reinforced by the Group Head of Technical Services.

Councillor Stanley then proposed the recommendations which were seconded by Councillor Huntley.

The Chair invited debate. There was a strong argument presented to not accept recommendation f with Councillors referring to the Council's Finance Strategy and the need for the Council to have flexibility and be able to increase revenue in a reasonable way when it could.

In considering recommendation g, Officers were asked what the implications would be if the once per day usage stipulation was removed and how would the Council be able to enforce usage. The Group Head of Technical Services confirmed that removal of the once per day stipulation was enforceable but that putting into place measures to ensure effective enforcement for the disc would be very expensive and would increase the cost to the council as revenue would be massively impacted.

Discussion then focused on some of the recommendations approved by the Environment Committee and questions were asked as to why these had not been presented to the Policy & Finance Committee as they had financial consequence. Concern was also expressed that the Environment Committee had established a Working Party to undertake this work but had then rejected that Working Party's recommendations which had been disappointing and had put into question why the Working Party had been established.

Following further debate, the Chair then turned to voting on the two recommendations which was undertaken separately.



The Committee

RESOLVED - That

- (1) The retail price point (set out in recommendation c agreed by the Environment Committee) should not be fixed for a period of three years; and
- (2) The clause to use the disc and app only once per day should remain.

The Chair then alerted the Committee to the next recommendation at Minute 223 [Quarter 1 Performance Report for the Key Performance Indicators (KPIs) which formed part of the Council's Vision 2022-2026]. He confirmed that as there were similar recommendations from other Service Committees, this recommendation would be considered as part of Agenda Item 10.

232. PLANNING COMMITTEE - 11 SEPTEMBER 2024

The Committee received the minutes from the meeting of the Corporate Support Committee held on 10 October 2024. The Chair drew Members' attention to a recommendation which had been provided via an extract from the minutes which were yet to be published relating to Quarter 1 Performance Report for the Key Performance Indicators (KPIs) which Form Part of the Council's Vision 2022-2026.

The Chair confirmed that this recommendation would be considered at Agenda Item 10.

233. CORPORATE SUPPORT COMMITTEE - 10 OCTOBER 2024

The Committee received the minutes from the meeting of the Corporate Support Committee held on 10 October 2024. The Chair drew Members' attention to a recommendation which had been provided via an extract from the minutes which were yet to be published relating to Quarter 1 Performance Report for the Key Performance Indicators (KPIs) which Form Part of the Council's Vision 2022-2026.

The Chair confirmed that this recommendation would be considered at Agenda Item 10.

234. KEY PERFORMANCE INDICATORS 2022-2026 - QUARTER 1 PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2024 TO 30 JUNE 2024

The Committee received a report from the Group Head of organisational Excellence updating Members on the Quarter 1 Performance Outturn for the Key Performance Indicators (KPIs) which made up the Corporate Plan for the period 1 April to 30 June 2024.

Members were alerted to section 3.7 of the report as this provided a full commentary for each indicator when looking at the overall performance at Quarter 1. This illustrated that 29 out of the 39 indicators were either achieving target or were within 15% of doing so. The next section of the report provided a summary of the actions proposed for the remaining indicators that were not achieving.

Turning to the recommendations made by Service Committees, it was explained that the Corporate Leadership Team (CLT) had recently undertaken a review of KPIs and it was proposed that those listed in the table at Section 3.10 of the report should no longer be reported to Members via Service Committees and the quarterly performance reports due to their operational nature, allowing Members to focus on strategic issues.

The recommendations were then proposed by Councillor Nash and seconded by Councillor Stanley.

The Chair invited debate, and many Councillors spoke on this item. The majority confirming that they felt uncomfortable removing these indicators as they had fought hard to have them reporting into Committees; they appreciated the level of detail provided; and as eight of the KPIs were underachieving. It was also explained that for many, especially CP29 [the average number of days to determine applications], this was information that was very important to Councillors and questioned why such critical information be removed from their scrutiny.

This same message was strongly argued in respect of other indicators such as CP6 [Compliance with Health and Safety Programme] as Members needed to know if such an important corporate undertaking was up to date and on track performance wise. Similarly, it was important for Councillors to be updated with any concerns or briefed if there were any delays and the reasons for them. The argument being presented was that Councillors and the public needed to know that the Council was functioning in an effective way operationally.

Another query raised was that CP7 [Average call wait time (secs) for the last month] was not proposed for removal but was argued to be more operational than CP6 and some of the other KPIs listed for removal. Members felt that any underperforming KPIs should continue to be reported through Service Committees so that Councillors could keep track on improvement or have opportunity to raise further concerns or request additional information. In response, it was confirmed that the proposals to remove some KPIs reflected feedback received from Councillors that that level of information was not required. Should the Committee confirm that it wished to continue to receive the information, then this would be provided.

Councillor McDougall as a non-committee member was permitted to address the Committee. He confirmed that he was comfortable for the KPIs covering planning to be removed as these were mostly national targets but provided useful data for internal monitoring. He praised the performance of Arun's Planning Department confirming that it was the third best performing planning authority in England and so this could be seen as an argument for continuing to publish data on a regular basis.

The Chair confirmed that although this information could still be provided to Members through Officers, he took on board the strong feelings expressed by the Committee.

The Committee

RESOLVED – That

- (1) The recommendations from the Corporate Support Committee held on 10 October 2024 to remove CP6 [ ] from the KPI list are not approved;
- (2) The recommendations from the Planning Committee held on 11 September 2024 to remove CP29, CP30, CP31, CP32, CP33 and CP34 [ ] from the KPI list are not approved;
- (3) The recommendations from the Environment Committee held on 19 September 2024 to remove CP37, CP38, CP39 and CP40 [ ] from the KPI list are not approved; and
- (4) The content of the report is noted.

235. DRAFT FINAL OUTTURN REPORT - 2023/2024

The Chair invited the Group Head of Finance and Section 151 Officer to provide an overview of his report. This report was being presented to the Committee to appraise Members of the Policy & Finance Committees of its draft 2023/24 final outturn which was in draft status as it was yet to be externally audited. This outturn was against the 2023/24 budget approved by Full Council at its meeting held on 21 February 2023. The Committee was requested to consider the report and provide any comments to Officers.

Members' attention was drawn to Table 1 in the report outlining that the Policy & Finance Committee's draft revenue final outturn position for 2023/24 revealed an underspend of £442k, which was a positive shift of £109k from the £314k underspend recorded in Quarter 3.

The Group Head of Finance and Section 151 Officer confirmed the main variances as outlined in Paragraphs 4.3 and 4.4 of the report. He confirmed that a more favourable £422k was being reported with the variances including the capitalisation of Levelling Up project management costs; Chief Executive Officer vacancy and an unfilled Group Head post.

Turning to the General Fund Capital Programme, the table 2 at Section 4.5 of the report revealed the slippage from the final capital programme outturn which predominately related to the Levelling-Up Fund projects at Littlehampton and Bognor Regis.

Policy and Finance Committee - 24.10.24

As there were no comments or questions asked, the Committee noted this report.

236. CONSOLIDATED COUNCIL AND POLICY & FINANCE COMMITTEE BUDGET MONITORING REPORT TO 30 JUNE 2024

The Group Head of Finance and Section 151 Officer introduced his Budget Monitoring Report covering Quarter 1 for the financial year 2024/25 and the period up to 30 June 2024, appraising the Committee of its revenue and capital budget forecast and the Council's consolidated General Fund Revenue, Capital and Housing Revenue forecast against the 2024/25 budgets approved by Council on 21 February 2024. The Committee was being asked to consider the report and provide Officers with any comments.

The first part of the report presented the Quarter 1 forecast for the financial year 2024/25 and included a consolidated Revenue Budget summary; Housing Revenue Account (HRA) summary; and Consolidated Capital Programme summary. The Committee's financial report as of 30 June 2024 for the Quarter 1 period had been attached to the report at Appendix 1.

The following was reported:

- On the consolidated Revenue Budget there had been underspending by £94k
- A structural budget deficit remained with a projected £3.5m contribution required from reserves to plug the budget gap
- The approved savings across Service Committees had been provided showing a savings total of £1.535m.
- A risk of whether the Council could deliver those savings existed.
- Information had been provided on variances. A continued funding pressure identified on homelessness expenditure despite receiving additional Homeless Prevention grant funding..
- Salary variances were still high because of agency staff particularly in Finance and Legal, though this figure had been offset by employee underspends in Revenue and Benefits and within the Housing & Wellbeing Committee.
- Investments continued to perform above expectation.
- General Fund Capital Programme headlines included slippage from 2023/24 moved into 2024/25 budgets. As the variance figure was at Quarter 1 (end of June 2024), more work had been undertaken since to determine profiling on key major projects and so additional information would be brought to the Committee's next meeting in December 2024.
- Turning to the HRA, the table showed a revised full year forecast surplus of £863k against a budgeted surplus of £532k. The key objective remained to ensure HRA reserves were at a sustainable level.
- The forecast end of year HRA reserve balance showed an increase to £1.47 m from an opening position of £608k. There were substantial risks

attached to this forecast such as insourcing repairs from the main repairs and maintenance contract and increasing management costs. The Housing and Finance teams had invested much resource into managing and monitoring the HRA budget to ensure that it remained on track. A clearer picture would be provided at Quarter 2.

- The HRA Capital Programme's forecast outturn was £11.7m against a revised budget of £26.9m and included slippage from the previous financial year. The £3m decarbonisation programme required externally matched funding before commencement. The Group Head of Housing was in the process of submitting a bid to the Warm Homes Fund. Other projects such as stock development and sheltered accommodation were subject to further feasibility studies and would result in a reprofiling of the budget.
- Table 1 for the Policy & Finance Committee Revenue budget detailed the 2024/25 forecast revenue budget outturn at the end of Quarter 1 and anticipated an underspend of £156k. This listed the significant variances.
- Group Heads' underspend of £107k was attributed to the deletion of the Group Head of Wellbeing & Communities' position. The Chief Executive £55k underspend related to the incoming CEO taking up post four months into the new financial year.
- Table 2 at Section 4.6 of the report detailed the Committee's General Fund 2024/25 forecast capital programme outturn at Quarter 1 for the Alexandra Theatre and Littlehampton Seafront projects.

The Chair invited questions from Members. The first question related to housing service repairs and since the Council had insourced this service, when would Members be able to review progress in terms of how this had impacted residents in terms of quality of service and whether this was worth replicating in other areas of the council. A question was asked around the £2m reserve HRA target and did this need reviewing, was this a suitable level of reserve? In response the Group Head of Finance and Section 151 Officer confirmed that the Group Head of Housing would be presenting the latest review of the HRA Business Plan to a future meeting of the Housing & Wellbeing Committee. Responding to the repairs and maintenance contract, time would tell as to its success, a clearer idea would be seen towards the end of the financial year. In terms of service performance, the Director of Environment and Communities confirmed that some analysis work could be undertaken. She could confirm that the in-house arrangement was working better, whether this meant that this arrangement should be rolled out for other contracts, was another issue as the market in other contracts was very stable and other contracts were performing well and efficiently. Also, the Council had to look at the cost of providing services which would likely cost more if the Council chose to insource. Contractors such as Biffa and Inspire Leisure were specialists with many centres meaning that their buying power was substantial.

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Concern was raised over the capital slippage on the HRA, especially in relation to sheltered accommodation and whether there was any chance of this money being spent in this financial year so that work could progress. The Director of Environment & Communities confirmed that a response would be provided in writing. The questioner repeated his grave concern over this delay and that reprofiling would need to take place when feasibility works commenced.

An update was requested on the Bersted Brooks project. The Group Head of Environment & Climate Change confirmed that progress had been impacted by other projects such as the Littlehampton Seafront Project, causing slippage. The budget would feed into the next financial year.

Further concerns were expressed over project slippage and whether there were other areas that needed investigation such as project management and how projects were managed in terms of their forecasting and budgeting. A suggestion was made that the Council's internal processes in relation to project management required investigation. The Director of Growth responded. He confirmed that Officers would agree that improvements needed to be made and that there needed to be better understanding of potential expenditure, however there were all sorts of reasons why slippage occurred. A piece of work to develop this would be to have an enhanced understanding on expenditure as projects developed to achieve a realistic timeline whilst also looking at better ways to present information around projects. A positive to confirm was that the Council was doing a lot, and that there were many projects to take forward using limited existing resources.

#### 237. ANGMERING SPORTS HUB PROJECT

The Principal Landscape and Projects Officer presented a report providing a further update to Members on the Angmering Sports Hub project since the committee's last update received in July 2024. At that meeting the plans had been presented prior to the public consultation exercise. The report included the results of the public consultation that had been undertaken between 12 July and 2 August 2024 which had been attached to the report at Appendix 1. The updated plans following the public consultation had also been attached showing how they had been adjusted in response to some of the comments received.

The RIBA Stage 2 concept design had been generally supported at public consultation. Appendix 2 of the report set out the concerns raised and the responses that had been provided to those concerns. Where concerns had been raised, options to address these had been considered as part of the Stage 3 design process and the report listed the changes that had been made to the design where they had been deemed practical and proportionate. These were also read out to the Committee.

The revised plans had been shown in Appendix 3 and included a site layout, building layout and building elevations. Larger copies of these plans were also circulated to the meeting, and it was confirmed that these would be shared with stakeholders and added to the Council's web site. The Committee was being asked to endorse the updated designs following the public consultation and its subsequent submission as a planning application.

The recommendation was then proposed by Councillor Stanley and seconded by Councillor Andy Cooper.

A range of questions were then asked by the Committee. The first was whether any funds would be received via the Football Foundation. It was confirmed that a meeting with the Football Foundation was taking place soon and that discussions were ongoing regarding their funding application programme/process. The amount of Section 106 funding allocated to the project was approximately £3m with £2m received. A business case would be developed in due course to support the delivery of the project, including funding and phasing options which would be presented to a future meeting of the Committee in 2025 setting out options for the delivery of the project through phasing and how any other required funding might be obtained through borrowing, if not secured by some other source. Work was also underway looking at other sporting organisations in terms of funding.

The Committee outlined its thanks to the Principal Landscape and Projects Officer and the project team for the positively received public consultation exercise and the responding adjustments made to the plans. The residents of Angmering were desperately looking forward to this project and so a realistic understanding of the financing position and timelines was requested. The Principal Landscape and Projects Officer confirmed that work on site could commence in Spring 2026, assuming that funding was in place.

Following some further discussion,

The Committee

RESOLVED

That the design updated following public consultation and its subsequent submission as a planning application be endorsed.

#### 238. LITTLEHAMPTON SEAFRONT PROJECT

The Principal Landscape and Project Officer provided Members with a further update on the Littlehampton Seafront Project since the last update provided at the Committee's meeting held in July 2024.

Policy and Finance Committee - 24.10.24

Several planning conditions had been attached to the approval granted in December 2023, including three pre-commencement conditions relating to surface water drainage, the archaeological programme and construction management plan. The Principal Landscape and Projects Officer confirmed that the wording of the drainage condition had been varied via a Non-Material Amendment (NMA) application to enable demolition work to commence, while final drainage details were being agreed. Two pre-commencement conditions had been discharged with the surface water drainage nearing sign-off. Changes to the approved design following the value engineering process would require a further NMA application to be submitted. Work on site had commenced in September and had involved activities associated with utility service disconnections and diversions. The removal of asbestos from the toilet block had taken place ahead of demolition and the sorting through of the different materials for recycling was taking place.

In the next few weeks Neilcott Construction would be preparing foundations for the new toilet block and opening the ground for next stage which was preparing for the construction phase. Updates would continue to be provided to the Committee.

The Committee thanked the Principal Landscape and Projects Officer for her update and were pleased to hear that work had started on site and that the project was proceeding within budget. A question was asked about the impact of value engineering on the project and what might change consequently. The Principal Landscape and Projects Officer confirmed that she thought that an update on this had been provided to Members at the last meeting of the Committee. She stated that she would investigate this and respond to the Committee in writing.

An update was requested on the Harvester site with the Director of Growth confirming that a written response would be provided.

239. THE REGENERATION OF THE ALEXANDRA THEATRE, BOGNOR REGIS - PROGRESS REPORT

The Committee received a joint report from the Director of Growth and the Chartered Development Surveyor/Project Development Manager. The Chartered Development Surveyor/Project Development Manager had joined the meeting virtually to assist with responding to questions asked by the Committee.

The report provided a further update on the progress of the regeneration of the Alexandra Theatre and sought the Committee's agreement for a revised budget to reflect cost pressures.

The Director of Growth provided a detailed presentation and explained the recommendations to the Committee which if approved would be recommended to Full Council on 6 November 2024 for final approval.



In terms of delivering the project, the Director of Growth was pleased to confirm that the contractors were due to commence on site earlier in the day to install the security fencing and start their on-site preparatory work. This would be followed by the removal of asbestos ahead of the demolition of those parts of the building being removed in early December (subject to the outcome of the recommendations being proposed).

The second part of the report related to the financial challenges associated with delivering the project. The Committee was reminded that the economy had, over the last few years, weathered several challenges including the ongoing war in the Ukraine and the associated energy crisis. The annex to the report set out the impacts on the cost of delivering capital projects, especially the substantial rises in the cost of construction materials over the last 3 years. In addition to this, contractors were demonstrating an increased unwillingness to absorb high levels of risk. There had been several high profile contractors running into financial difficulty resulting in the sums set aside for contingency purposes having increased.

The Council's new contractors, Neilcott Construction, had been carefully pricing the cost of the various works required and this work has been subject to constructive challenge by the Council's in house team, Max Whitehand, Project Manager and Mace, specialist advisors. This very detailed work had revealed that the cost of delivering the proposed scheme was not immune from both the cost inflation over the last few years but also the increased aversion to high levels of risk. This had placed more pressure onto budgets and clients (the Council) to absorb the increased level of risk.

This demonstrated that the budget in place was no longer sufficient to deliver the project as originally agreed and so the Council had a few options to consider. The Director of Growth explained each of the options available. The first was to agree to increase the budget for the project which was estimated to be an increase by approximately £3m. This would be made up of an additional £1m, for core costs that were known, plus an additional £2m for contingency purposes given that the existing contingency funds had been absorbed into the known core project costs. It was hoped that the contingency funds would not have to be used, however, the Director of Growth could not provide any firm guarantee. To help mitigate this issue, it was proposed that the Council retained the contingency fund rather than it being included in the main contract as was normal practice. This meant that the contractor would have to request the drawing down from these funds if necessary.

If the Committee decided that it did not wish to increase the budget, then the alternative options and a financial appraisal on cost had been clearly outlined within the report. This included modifying the scheme to fit the existing budget, meaning a substantial reworking of the scheme would be required which would not necessarily result in the delivery of the previously agreed outcomes. At the same time, this would delay the project substantially. Alternatively, the Council could decide to abandon the project subjecting it to severe reputational risk; abortive costs and the probability that Levelling Up grants already received would have to be repaid to Central Government.

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The Director of Growth stated that it was also worth the Committee understanding that any decision not to proceed with this scheme would leave the theatre in a position where to make it operational would require some funds to be spent.

In taking all the facts presented, the recommendation of officers was for the Committee to recommend to Full Council that the budget be increased by the recommended amount of £3m.

Before inviting questions and debate from the Committee, Councillor Stanley proposed the recommendations which were seconded by Councillor Nash.

In discussing the report, a number of concerns were raised by Members. At the commencement of this project, its initial delivery had presented a challenging scenario. Back in autumn 2022, the then Leader of the Council, Councillor Gunner, had attended numerous meetings with the then Project Officer, where the first request to increase the budget had been made. That had been a challenging and difficult decision for the Council to make and at an early stage of the project but had been pursued based on a very clear promise that no further additional funding would be required. Now Councillors were being told that a further £3m was required which did not paint the council in a positive light. There were reputational risks in not proceeding but that same risk was present if the Committee opted to agree the recommendations proposed. Another concern was that that Councillors were being approached with this request whilst having to be mindful of the need to make savings across the Council. If the Committee chose to support the Officer recommendations, it would be subjecting the Council to financing these costs at a sum of £175k per year over a 50-year period.

This was a very difficult decision for Members to make. Whilst they wanted the project to proceed, they had to determine if proceeding was worth subjecting the Council to long-term borrowing. Comments were made that in terms of the near to £15.8m budget in place, the Council should be able to deliver this project and if this was not the case, then there would be further discussions that would need to be had urgently. The point was made that £3m was a lot of money that could be spent on other projects, such as the Angmering Sports Hub or projects elsewhere in the district such as Yapton and other developments elsewhere. There was not enough confidence that there would not be more financial requests made moving forward.

Other Councillors spoke in strong support of the recommendations, highlighting that the inflationary pressures and other factors explained had impacted the construction market in the last 2 years and had drastically increased costs industry wide in delivering projects. This industry uncertainty was a national issue, and the Council was now experiencing the consequence of those pressures. The people of Bognor Regis and the wider community had been promised an upgraded theatre with new facilities and would feel very aggrieved if this could not be delivered. Retaining the suggested forecast contingency funds within the Council's control would provide an added layer of budgetary control. The project still represented value for money and the recommendations should be supported. Members were reminded of the potential benefits that the project would bring not to just Bognor Regis but the wider local

economy. The theatre and the new facilities would be a creative hub that could be used for education and training and would be a catalyst for district cultural vision attracting national attention and thereby improving the culture and digital offering for the district.

Moving forward with the debate, concerns were expressed over the value engineering process mentioned which would bring the project back on track financially and did this mean an amended project? The Director of Growth explained the difference between value engineering and redesigning the scheme. Value engineering aimed to deliver the same outputs and outcomes by adjusting and utilising different materials as opposed to making fundamental changes to the core scheme. An alternative option could be to redesign; however, this would not be a quick process and would require the need to halt the project at this stage to include the demolition works scheduled to commence on 4 December 2024. The Chartered Development Surveyor/Project Development Manager responded to the concerns raised over applying value engineering by explaining in detail the position; what this meant and that work to date had already carved out a massive amount of cost, whilst preserving the aesthetic look of the building. He hoped that this provided a level of reassurance that this approach would not impact what the project originally planned to achieve.

Other questions asked were whether the theatre operator had been consulted and updated on the value engineering works; was the Council continuing to support them financially; and were they pursuing their own fundraising programme. The Director of Growth confirmed that the council was continuing with regular engagement. In terms of responding to the other questions raised, he confirmed that he would happily provide a response outside of the meeting. In terms of the delays experienced, Members were keen to know if the Council had sought agreement from the government to any revised programme.

The Committee then confirmed that it was happy for two non-committee members to address the meeting. Councillor McDougall confirmed that he had two very technical questions that he would be happy to submit to the Director of Growth outside of the meeting. Councillor Goodheart spoke in support for and the need for progress to be made on that site urgently.

In summarising the debate, the Chair acknowledged that this was a very difficult situation and decision for Councillors to make and he reminded them of the key milestones that had been reached and the national circumstances that had developed leading to the situation the Council now found itself in. He confirmed that he did not want to see the project watered down and that he had felt reassured that solid plans were in place to control the costs through value engineering whilst still delivering the key themes of the project. This was a project that needed to be delivered, as promised, to the people of Bognor Regis. The Chair confirmed that discussions with the theatre company would continue and that to not support the increase in budget was not a favourable option in view of what had been spent to date and the unconfirmed amount of grant funding that would have to be repaid. He therefore encouraged the Committee to support the recommendations.

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Before turning to the voting on the recommendations, the Chair was advised by the Committee Services Manager that for the Committee to be able to continue past 9.00 pm, it was necessary for it to consider if it wished to extend the meeting for a further 30 minutes in line with Committee Procedure Rule 8 [Duration of Meetings]. This was proposed by Councillor Lury and seconded by Councillor Nash and on being put to the vote was approved by the Committee.

With the support of the Committee, the Chair confirmed that the voting on the recommendations would be split. Recommendation 2.1 would take place first with the voting on Recommendations 2.2 and 2.3 being combined. A recorded vote on Recommendations 2.2 and 2.3 was requested.

The Committee

RESOLVED – That

2.1 The revised programme milestone be noted, and that agreement be given that further updates will take the form of briefing notes circulated to all Members and future Committee reports will be limited to where a formal decision is required from the Committee; and

2.2 The Committee approves the addition of £3million to the Regeneration of the Alexandra Theatre project budget and includes this in the capital programme.

*Those voting for this recommendation were Councillors Birch, Huntley, Lury, Nash and Stanley (5). Councillor Gunner voted against the recommendation (1). Councillors Andy Cooper, Alison Cooper, and Greenway abstained from voting (3).*

The Committee also

RECOMMENDS TO FULL COUNCIL – That

(1) An additional budget provision of £3 million be included in the capital programme for the Regeneration of the Alexandra Theatre project; and

(2) The Council retains control of the contingency sums for the project and thus retains responsibility for funding any matters that fall outside of the agreed construction contract.

*Those voting for these recommendations were Councillors Birch, Huntley, Lury, Nash and Stanley (5). Councillor Gunner voted against the recommendation (1). Councillors Andy Cooper, Alison Cooper, and Greenway abstained from voting (3).*

240. OUTSIDE BODIES - FEEDBACK FROM MEETINGS - GREATER BRIGHTON ECONOMIC BOARD - 16 JULY 2024

The Chair alerted the Committee to his Outside Body Feedback report following his attendance at a Special Meeting of the Greater Brighton Economic Board held on 16 September 2024. The Chair confirmed that he had also circulated to all Councillors a presentation from the Board outlining plans for its mission to achieve net zero energy status by 2040, which the Committee noted.

The Chair also confirmed that a further meeting of the Board had taken place on 16 October 2024. At that meeting, the Board had been asked how it would react to the NHS Integrated Care Board becoming a member. He provided some information on the Board for the Committee's information.

A discussion took place presenting arguments for and against the Council continuing with its membership to the Greater Brighton Economic Board. This was in response to some concerns being expressed questioning Arun's benefit from its membership.

The Director of Growth confirmed that for any new organisation to be able to join the Board, it was necessary for each of the constituency members, in this case Arun was one, to undertake a vote to confirm its approval or otherwise. As the next meeting of the Committee was not taking place until 11 December 2024, it was outlined that this vote should take place now.

Councillor Nash then formally proposed that the NHS Integrated Care Board's membership to the Greater Brighton Economic Board be approved. This was seconded by Councillor Lury. On this being put to the vote, 3 Councillors voted for, 3 Councillors voted against, and 3 Councillors abstained.

The Chair confirmed that he would use his casting vote and voted to approve.

The Committee

RESOLVED

That it confirms its approval to the NHS Integrated Care Board becoming a member of the Greater Brighton Economic Board.

The Chair also provided an update on discussion that had taken place on a shared vision for devolution.

Policy and Finance Committee - 24.10.24

241. WORK PROGRAMME

In receiving and noting the Committee's Work Programme for the remainder of the Municipal Year 2024/25, a request was made by Councillor Gunner to have added to it a report that would allow the Committee to debate the advantages and disadvantages for the Council in being a member of the Greater Brighton Economic Board.

(The meeting concluded at 9.17 pm)

## Arun District Council

<b>REPORT TO:</b>	<b>Policy and Finance Committee – 11 December 2024</b>
<b>SUBJECT:</b>	<b>Carbon Emission update – 2023-2024 financial year</b>
<b>LEAD OFFICER:</b>	<b>Joe Russell-Wells, Group head of Environment and Climate Change, (presenting) Will page, Climate Change and Sustainability Officer</b>
<b>LEAD MEMBER:</b>	<b>Councillor Martin Lury, Committee Chair</b>
<b>WARDS:</b>	<b>All</b>

**CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:**

This work supports one of the key areas within the Council’s vision 2022-2026 by: supporting our environment to support us

- Develop and implement the Carbon Neutral Strategy and Climate Change and Biodiversity Strategies for the council and the wider district through Planning Policy
- Review the council’s estate and seek to maximise the use of renewable or alternative energy generation, including the installation of Electric Vehicle (EV) changepoints
- Engage and incentivise business to commit to working practices which minimise their impact on the environment
- Support information campaigns that promote carbon reductions and funding opportunities
- Working with our community improve waste reduction and recycling to meet future targets of 55% recycling by 2025 and 60% by 2030
- Ensuring that climate change and sustainability is at the heart of all council services

**DIRECTORATE POLICY CONTEXT:**

Improve and support the Council’s target to become carbon neutral by 2030.

**FINANCIAL SUMMARY:**

A budget of £80,000 was allocated for the 2023-2024 financial year to help support activities which reduce the Council’s carbon emissions. Of this £13,933 was used for consultants to undertake work around emission monitoring. This also included additional work around a review of top suppliers and ways to determine which areas would be best to focus on to allow for the fastest/most significant reduction, as well as highlighting future reductions and alignment with the Council’s 2030 target.

## **1. PURPOSE OF REPORT**

- 1.1. This report provides an update on the emissions (Scope 1, 2 and 3) of the Council for the 2023-2024 financial year.

## **2. RECOMMENDATIONS**

- 2.1. It is recommended that the Committee considers the report and provides any observations to officers.

## **3. EXECUTIVE SUMMARY**

- 3.1. The Council's current vision document has one of its four key themes being 'supporting our environment to support us'. This showcases that climate change and sustainability is at the forefront of activities going on within the Council. To support this vision and the work going on with the Climate Change and Biodiversity Action plan, this report will provide an update on the Council's Scope 1, 2 and 3 emissions for the 2023-2024 financial year, when compared to the baseline.
- 3.2. It should be noted that a different consultant was appointed to undertake the analysis for the 23-24 financial year than that of the baseline year. A multi-year contract has been put in place to ensure that year-on-year analysis going forward is undertaken by the same consultant to ensure that when comparing these results, they are more comparable.
- 3.3. Results provided will also be influenced by the quality of data issued by the Council. Improvements to quality of data is also being undertaken as part of this work. Emission reporting is not an exact science, but the greenhouse gas protocol has been followed to ensure as accurate results as possible.
- 3.4. When comparing the 23-24 financial year to the baseline year (2020-2021 financial year) there has been a 41.4% reduction in emissions across all 3 scopes. Scope 1 and 2 has seen a 65% reduction, with scope 3 having a 41.1% reduction. Looking at the two largest emitters, purchased goods and services has seen a 40.7% reduction, and leisure centres 0.6% reduction. However, as per 3.2 it should be noted that a different methodology was used between these two years, and as a spend based approach is being utilised purchased goods and services will be solely based on how much the council spends on this for each period. A full set of results can be seen in Appendix A and B.

## **4. DETAIL**

- 4.1. In January 2020 Full Council declared a Climate Emergency and announced its ambition for Arun District Council to be carbon neutral by 2030 (Decision Notice C/029/091219). A Climate Change and Sustainability Manager was appointed in February 2021. Following this the first carbon audit was undertaken for the 2020-2021 financial year which was used to inform the Carbon Neutral Strategy 2022-2030 (adopted in October 2021) and the Climate Action and Biodiversity Work Plan 2022-2023 (adopted in February 2022). The Council's current vision document also showcases one of its four key pillars as ensuring we 'support our



environment to support us'. This showcases that climate change and biodiversity is at the forefront of the Council's activities.

- 4.2. Within the Climate Change and Biodiversity Work Plan there was a commitment to undertake yearly monitoring of emissions to ensure that the Council can effectively monitor how its activities are impacting these emissions. This included:
- 4.3. Scope 1 - emissions directly attributed to burning of fuels
- 4.4. Scope 2 - indirect emissions from the generation of purchased electricity and directly controlled by the Council
- 4.5. Scope 3 emissions - from the activities of the Council but occur from sources not owned or controlled by the Council. Examples of emitters include purchased goods and services (procurement), staff commuting, business travel and waste (generated by the Council).
- 4.6. The Council's housing stock and residential waste has not been included within the 2030 carbon neutral target, but these emissions are still tracked within this work.
- 4.7. Purchased goods and Services (within Scope 3) is extremely difficult to quantify, for this reason it is often not included within organisations carbon neutral/net zero targets. The Council currently use spend based data to quantify these emissions, though work is actively going on to transition to a method that would improve the quality of results. However, as this involves supplier engagement it is difficult to implement quickly.
- 4.8. Results showcased the following changes; these have been compared against our baseline year (2020-2021).
- 4.9. **Scope 1 and 2**
- 4.10. Gas (Scope 1) results show a slight increase in tons of Carbon dioxide equivalent (tCo2e) from 132 tCo2e in 2020-2021 to 137 tCo2e in 2023-2024. This is likely due to changes in heating occurring within the Council's buildings. More significant reductions will be possible if there are improvements to building fabric and a transition to heat pumps (electric heating). Reductions within this area will be extremely costly as they revolve around building improvements. Feasibility studies have been undertaken to help guide officers on improvements that could be undertaken. Moreover, another option to reduce emissions in relation to scope 1 would be to reduce the buildings utilised by the Council for office space. To consider this in more detail an officer review is also currently underway to help determine the best use of the office space currently owned by the Council. An officer was appointed to do this work across 18 months from September 2024 with results likely in 2026. If this work indicates a reduction of office space is achievable, we will see a fall in scope 1 emissions.
- 4.11. Petrol/diesel (Scope 1) shows a reduction in tCo2e, decreasing from 43 tCo2e to 33 tCo2e. Of the current 28 vehicles, 14 are now electric. As technology evolves and suitable vehicles become available the remaining diesel vehicles will be replaced with more environmentally friendly alternatives. This transition

will help to reduce emissions associated with the vehicle fleet. HVO fuel is being considered as a more sustainable fuel for these vehicles, however this would require the Council to storage fuel on one of its sites as HVO is not available at petrol stations. Additionally, 8 out of the 14 diesel vehicles are on shorter 3-year lease terms, so there is potential to transition these to electric alternatives in 2027.

- 4.12. The Council's electricity (Scope 2) continues to be sourced from 100% REGO (Renewable Energy Guarantees of Origin) certified supplies. As we have continued to report using the market-based approach, scope 2 emissions remain at 0. The Council will continue to look for more reliable sources of locally produced renewables. Best practise would be for the installation of PV arrays within Arun with energy produced utilised by the Council. This would not only improve quality of renewables utilised but will also help the Council migrate away from grid dependency and protect it from sharp increases of electricity costs, as seen during the energy crises. A study has also been undertaken to determine the feasibility of installing additional PV at the Littlehampton Wave. Results of this are still being reviewed and next steps are yet to be determined. Officers are also looking at other sites for potential PV installation. Please note that this is separate to the PV being installed through the swimming pool support fund.
- 4.13. Overall, Scope 1/2 emissions have reduced from 392 tCo2e in 2020-2021 to 137 tCo2e in 2023-2024 and has seen a fall in total emissions to 0.83% of the Council's total emissions in 2023-2024, when compared to 1.4% in 2020-2021 (baseline year). By following actions within the Biodiversity and Action plan there is potential for these to be even further reduced. However as noted in paragraph 4.10 it will be extremely difficult to reduce these emissions unless there is significant investment in council properties and PV arrays, or if the use of office space is reduced, following the building review currently being undertaken.
- 4.14. **Scope 3**
- 4.15. Purchased goods (Scope 3) have seen a reduction in emissions, from 25,066 tCo2e in 2020-2021 to 14,866 tCo2e in 2023-2024. This remains Arun's largest emitter now sitting at 91% of total emissions, from 90.25% in 2020-2021. Though this shows reduction as we are utilising a spend based approach this is due to total spend on purchased goods and services reducing between these years. Therefore, this is an area which needs to continue to be looked at with increasing urgency and commitment. Work is underway to take forward suggestions provided by the deep dive which took place last year, using emission results from the 22-23 financial year. This includes the production of a sustainable charter, officer guidance and an action plan to track/highlight work; as well as looking to engage with suppliers and incorporating sustainability into procurement processes.
- 4.16. Our highest spend contract is the 'Combined Cleansing Services Contract' (CCSC), provided by Biffa; as we currently use a spend based approach for emission reporting this is also our largest emission contributor. The agreed 3-year short term extension has been a holding position, and Biffa has been able

to provide a full fleet of electric supervisor vehicles and a 26-ton electric refuse collection vehicle for the collection of dry recycling

- 4.17. Central government has confirmed the requirement to provide food waste collection from 2026. Following Environment Committee approval food waste collection has been included in the new CCSC and this procurement is underway. As emissions are currently only based on spend data, a key change is the requirement to provide the Council with contract specific related emissions. This will be used to increase accuracy of the annual carbon audit. Where possible a similar approach will also be taken with other contracts.
- 4.18. Fuel/energy outside of Scope 1/2 (Scope 3) has seen a slight increase of emissions, from 35.82 tCo2e in 2020-2021 to 43 tCo2e in 2023-2024. These are the emissions associated with transmission losses for purchased electricity and the transport of gas (well to tank) and are standard values. The Council could reduce part of these by ensuring renewable energy is generated on site, as well as reducing energy consumption. Additionally, the purchase of extra REGO certification can help reduce the electric aspect of this.
- 4.19. There has been a change in how Council waste and water/sewage emissions have been calculated and how emissions will be reported going forward, when compared to how this has been done to the baseline year. From the 2022-2023 financial year these will now be displayed together. When comparing this emitter, the baseline year (2020-2021) showed this generate 96.02 tCo2e, this has decreased to 11 tCo2e during the 2023-2024 financial year. Exact waste weights were used to calculate emissions for the 23-24 financial year.
- 4.20. Business Travel (Scope 3) has seen a reduction in emissions. In 2020-2021 this produced 36 tCo2e, compared to just 2 tCo2e in 2023-2024. Due to the continued standard of working from home and meeting virtually, employee commuting emissions have remained low. Additionally, this will help improve air quality within the district as well as helping reduce congestion on the roads. Though it should be noted that data collection for these two emitters is weak. To improve commuting results staff surveys would be required to get a better understanding on how staff travel to/from work and at what frequencies. For business travel more granular details will be required from claim forms. This could include miles travelled, what type of vehicle is used (if applicable) and fuel type.
- 4.21. The Council's Leisure Centres (Scope 3) have seen a drop in emissions, falling from 1,051 tCo2e in 2020-2021 to 1,045 tCo2e in 2023-2024. Freedom Leisure is actively engaged with this process and is currently the only supplier who is providing exact energy usage.
- 4.22. Freedom Leisure is also promoting energy saving and lean measures to reduce energy demand and boost energy efficiency throughout its facilities and on its website: [Your local community leisure centre & the energy crisis](#) and it is closely monitoring customer feedback.

- 4.23. Scope 3 continues to be the largest source of emissions for the Council sitting at 98.11%, with the two largest single emitters continuing to be: purchased goods and services (91%) and leisure centres (6%). Though these are the largest two emitter It will be important to ensure emissions are reduced across all Scopes to reach the 2030 Carbon Neutral target.
- 4.24. **Conclusion**
- 4.25. Overall total emissions have been reduced across the Council, from 27,774 tCo2e in 2020-2021 to 16,255 tCo2e in 23-24, or a 41.4% decrease. Looking at a comparison between the two latest financial year periods, in 22-23 total emissions sat at 18,007 tCo2e, compared to 16,255 tCo2e in 23-24, resulting in a 9.7% reduction from 22-23 and 23-24. Please see appendix A for the full set of results for the 2020-2021 (baseline) and 2023-2024 financial years, and appendix B for the comparisons across all 4 years. Please do note that a different consultant was used for the baseline year emissions and the most recent analysis. The results when comparing the two periods show a step in the right direction, but not at a fast enough rate. If this reduction does not see a sharp increase in the coming years, the 2030 Carbon Neutral target is unlikely to be reached. Offsetting will therefore likely be needed to ensure the target is reached. There are numerous options across the world, though the Council will always seek to utilise local opportunities, where available. It is likely that the cost per tCo2e 'offset' will increase in the coming years. Conversation is currently underway with WSCC and other West Sussex District and Boroughs to determine the best offsetting option.
- 4.26. Members will be aware that the threat of climate change continues to grow, and therefore it is important that the Council continues to work to reduce its emissions and impact on the environment, and where possible, support those within the wider District to do so as well. Continued work will be undertaken to ensure that Scope 1, 2 and 3 emissions are reduced, with a particular focus on purchased goods and services along with the leisure centres as these are currently the two largest emitters for the Council. Additionally, improvements to data collection and sourcing will also be taken forward.
- 4.27. To help make emissions tangible, according to the WWF carbon footprint calculator ([WWF Footprint Calculator](#)) the average UK citizen footprint for 2022 is roughly 9.5 tCo2e, compared to the world average at 6.3 tCo2e. 1 tCo2e is equal to: using 5,171 kWh of electricity which could power the average mid-terrace house or flat for roughly a year and 10 months, 500 CO2 fire extinguishers or driving a small petrol car for 9,234km. In turn to remove just 1 tCo2e you would need 50 trees growing for a year ([What is 1 Ton of Carbon Dioxide and how it relates to daily life? - EMSmastery](#)).
- 4.28. The Climate Change and Biodiversity Action plan will be revised in accordance with these updated results along with updates to specific actions. This will be brought to the Policy and Finance committee in March 2025.

## **5. CONSULTATION**

5.1. No consultation has been required at this stage.

## **6. OPTIONS / ALTERNATIVES CONSIDERED**

6.1. There are no alternative options to be considered.

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

7.1. As stated in the Financial Summary, a budget of £80,000 was allocated for the 2023-2024 financial year in order to help support activities which reduce the Council's carbon emissions.

## **8. RISK ASSESSMENT CONSIDERATIONS**

8.1. There is no direct impact on the above areas rising from this report.

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

9.1. There are no direct legal implications arising from this report.

## **10. HUMAN RESOURCES IMPACT**

10.1. There is currently no human resources impact as a result of this report. However, any future proposals to amend business travel arrangements and subsequent reimbursement will require consultation with both staff and the union.

## **11. HEALTH & SAFETY IMPACTS, PROPERTY & ESTATES IMPACT, EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE, CRIME AND DISORDER REDUCTION IMPACT, HUMAN RIGHTS IMPACT, FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

11.1. There are no direct impacts arising from this report

## **12. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

12.1. Though there will be no direct reduction from this report the results from this analysis will provide the Council with vital information around sources of emissions. This will, in turn, be used to inform next steps and ensure that the Council remains on track to hit the 2030 carbon neutral targets.

12.2. Impacts will be seen across the Council in all areas and departments.

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**CONTACT OFFICER:**

Name: Will Page

Job Title: Climate Change and Sustainability Manager

Contact Number: 07824087865

Contact Email: [william.page@arun.gov.uk](mailto:william.page@arun.gov.uk)

**BACKGROUND DOCUMENTS:**

Officer report Carbon Neutral Strategy 2022-2030 - [AGENDA ITEM NO \(arun.gov.uk\)](#)

ADC Carbon Neutral Strategy 2022-2030 - [Item 7 - Carbon Neutral Strategy - Appendix.pdf \(arun.gov.uk\)](#)

## Appendix A

Scope	Emitter	Year (financial)	Carbon (tonnes of CO2e)	% Emissions	
One and two	Gas	20-21	132	0.48	
		23-24	104	0.64	
	Petrol/diesel	20-21	43	0.16	
		23-24	33	0.2	
	Electricity	20-21	216	0.78	
		23-24	0	0	
<b>SCOPE 1/2 TOTAL</b>		20-21	392	1.4	
		23-24	137	0.83	
Three	Purchased goods	20-21	25,066	90.25	
		23-24	14,866	91	
	Fuel And Energy (upstream)	20-21	35.82	0.13	
		23-24	43	0.03	
	Council Waste	20-21	16	0.06	
		23-24	11	0.07	
	Business Travel	20-21	36	0.13	
		23-24	2	0.01	
	Employee commuting	20-21	397	1.43	
		23-24	150	1	
	Leisure Centre	20-21	1,051	3.79	
		23-24	1,045	6	
	<b>SCOPE 3 TOTAL</b>		20-21	27,382	98.6
			23-24	16,118	98.1
<b>COUNCIL TOTAL</b>		20-21	27,774	-	
		23-24	16,255	-	

Table 1 shows the results from the 2020-2021 (baseline) and 2023-2024 financial year.

## Appendix B

Scope	Emitter	Financial year	Carbon (tonnes of CO2e)	% emissions
One and two	Gas	20-21	132	0.48
		21-22	164	0.60
		22-23	134	1
		23-24	104	0.64
	Petrol/diesel	20-21	43	0.16
		21-22	41	0.05
		22-23	36	0.19
		23-24	33	0.2
	Electricity	20-21	216	0.78
		21-22	0	0
		22-23	0	0
		23-24	0	0
<b>SCOPE 1/2 TOTAL</b>		20-21	392	1.4
		21-22	205	0.75
		22-23	170	1
		23-24	137	0.83
Three	Purchased goods	20-21	25,066	90.25
		21-22	24,771	91.20
		22-23	16,463	91
		23-24	14,866	91
	Fuel And Energy (upstream)	20-21	35.82	0.13
		21-22	28.11	0.10
		22-23	203	1
		23-24	43	0.03
	Water/Sewage	20-21	80	0.29
		21-22	103.53	0.38
		22-23	Now included within Council Waste	
		23-24		
	Council Waste	20-21	96	0.35
		21-22	124	0.46
		22-23	16	0.09
		23-24	11	0.07
	Business Travel	20-21	36	0.13
		21-22	11	0.04
		22-23	1	0.01
		23-24	2	0.01
	Employee commuting	20-21	397	1.43
		21-22	397	1.46
		22-23	145	1
		23-24	150	1
	Leisure Centre	20-21	1,051	3.79
		21-22	995	3.66
		22-23	1,009	6
		23-24	1,045	6
Investments	20-21	700	2.52	



		21-22	628.96	2.32
		22-23	No longer reporting as insignificant	
		23-24		
<b>SCOPE 3 TOTAL</b>		20-21	27,382	98.6
		21-22	26,956	99.2
		22-23	17,837	99.1
		23-24	16,118	98.11
<b>COUNCIL TOTAL</b>		20-21	27,774	-
		21-22	27,162	-
		22-23	18,007	-
		23-24	16,255	-

Table 2 shows the results from all four years, the 20-21 financial year is the council's baseline.

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<b>REPORT TO:</b>	<b>Policy &amp; Finance Committee – 11 December 2024</b>
<b>SUBJECT:</b>	<b>Consolidated Council Budget Monitoring Report to 30 September 2024</b>
<b>LEAD OFFICER:</b>	<b>Antony Baden – Group Head of Finance &amp; Section 151 Officer</b>
<b>LEAD MEMBER:</b>	<b>Councillor Martin Lury</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:</b>	
The Council’s budget supports all the Council’s Objectives.	
<b>DIRECTORATE POLICY CONTEXT:</b>	
Budget monitoring and forecasting are key in ensuring sound financial control and control of spending is in place. It is also a major part in ensuring sound governance arrangements.	
<b>FINANCIAL SUMMARY:</b>	
This report provides a detailed overview of the Council’s consolidated Revenue budget progress, approved savings against the planned budget, and Capital programme for 2024/25, as at the end of Quarter 2.	

**1. PURPOSE OF REPORT**

1.1. The purpose of this report is to appraise the Policy & Finance Committee of the Council’s consolidated General Fund Revenue, Capital and Housing Revenue out-turn against the 2024/25 budgets which were approved by Full Council at its meeting of the 21 February 2024.

**2. RECOMMENDATIONS**

2.1. Members are asked to consider the report and provide officers with any comments.

**3. EXECUTIVE SUMMARY**

3.1. This report sets out in further detail the Council’s consolidated Revenue and Capital programme budget performance projections to the 31 March 2025.

3.2. The report also comprises of:

- Financial Report as of 30 September 2024 Period 6 / Quarter 2 for the year 2024/25 (Appendix A)

## 4. DETAIL

### Consolidated Revenue, HRA and Capital Programme Forecast Out-turn 2024/25 as at Quarter 2

#### 4.1. Consolidated Revenue Budget Summary

- 4.1.1. £165k less drawdown from Usable Revenue Reserves is forecast driven by an estimated £200k additional business rates income, £100k of other non-ringfenced grants and Corporate Costs are forecast to out-turn £28k below budget.
- 4.1.2. The Cost of Service out-turn indicates an overspend of £163k against a budget of £28.373m. This budget includes a £1.53m savings target where there is currently a £564k pressure, contributing to the £163k deviation from budget. If the savings target had been met, then we would have an £800k underspend.
- 4.1.3. A structural budget deficit remains, with a projected £3.4m contribution required from reserves to fund the current year's General Fund budget.
- 4.1.4. Detailed insights on these variations can be found on pages 4 to 6 of Appendix A.

#### 4.2. Housing Revenue Account (HRA)

- 4.2.1. The forecast end-of-year HRA reserve balance shows an increase to £981k from an opening position of £482k. The opening position of £608k reported in Quarter 1 has been adjusted due to late costs and is still subject to 2023/24 external year end Audit.
- 4.2.2. The above is due to an in-year surplus of £499k. Whilst expenditure is projected to overspend by £494k, income is also expected to surpass budget by £461k resulting in the contribution to the HRA reserve of £499k.
- 4.2.2. Note, the HRA reserve target of £2m remains. For a detailed summary of variations against the budget, please refer to page 10 and 11 of Appendix A.

#### 4.3. Consolidated Capital Programme

- 4.3.1. The forecast 2024/25 capital programme out-turn (excluding the HRA) has been reprofiled from £28.4m to £14.02m against a revised budget of £13.8m. Progress details can be found on pages 7 & 9 of Appendix A.
- 4.3.2. The HRA capital programme's forecast out-turn is £12.6m against a revised budget of £12.6m. The stock development and sheltered accommodation projects necessitate feasibility studies to profile the budget. Additionally, the £3m decarbonisation programme requires externally matched funding before commencing. Insights on this can be found on page 12 of Appendix A.

## **5. CONSULTATION**

5.1. Not applicable.

## **6. OPTIONS/ALTERNATIVES CONSIDERED**

6.1. No alternatives have been considered.

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

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

## **8. RISK ASSESSMENT CONSIDERATIONS**

8.1. Regular budget monitoring and forecasting mitigates against the risk of poor financial control and ensures that Members are informed when corrective action is required and what action has been taken.

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

9.1. There are no direct legal implications associated with 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. None.

## **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.

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### **CONTACT OFFICER:**

Name: Antony Baden

Job Title: Group Head of Finance and Section 151 Officer

Contact Number: 01903 737558

### **BACKGROUND DOCUMENTS:**

Special Full Council 21 February 2024 – Arun District Council budget 2024/25

[Budget Report](#)

Policy and Finance Committee 24 October 2024 – Consolidated Budget Monitoring Report Quarter 1 – 2024-25

[Budget Monitoring Report Quarter 1](#)



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## Arun District Council Financial Dashboard

### 2024/25 Full Year Forecast as at end September 2024

1. GENERAL FUND £'000	2024/25 Budget	2024/25 P6/Q2 Full Year Forecast	2024/25 P6 Q2 Variance	2024/25 P3/Q1 Full Year Forecast	2024/25 P3 Q1 Variance	Final Outturn 2023/24	Final Outturn 2022/23
Total: Cost of Service	28,373	28,536	163	28,607	234	26,979	24,235
Total: Corporate Costs	4,803	4,775	(28)	4,775	(28)	3,957	2,054
<b>TOTAL COST GENERAL FUND</b>	<b>33,176</b>	<b>33,311</b>	<b>135</b>	<b>33,382</b>	<b>206</b>	<b>30,936</b>	<b>26,289</b>
Total: Financed By	(29,619)	(29,919)	(300)	(29,919)	(300)	(26,665)	(23,599)
<b>2.RESERVES CONTRIBUTION</b>	<b>3,557</b>	<b>3,392</b>	<b>(165)</b>	<b>3,463</b>	<b>(94)</b>	<b>4,270</b>	<b>2,689</b>

5. HRA £'000	2024/25 Budget	2024/25 P6/Q2 Full Year Forecast	2024/25 P6 Q2 Variance	2024/25 P3/Q1 Full Year Forecast	2024/25 P3 Q1 Variance	Final Outturn 2023/24	Final Outturn 2022/23
Total: Income	(21,414)	(21,875)	(461)	(21,760)	(346)	(20,020)	(17,821)
Total: Expenditure	20,882	21,376	493	20,897	15	20,935	20,906
<b>(Surplus) / Deficit</b>	<b>(532)</b>	<b>(499)</b>	<b>33</b>	<b>(863)</b>	<b>(332)</b>	<b>915</b>	<b>3,085</b>

6. CAPITAL £'000	2024/25 Budget	2024/25 P6/Q2 Full Year Forecast	2024/25 P6 Q2 Variance	2024/25 P3/Q1 Full Year Forecast	2024/25 P3 Q1 Variance	Final Outturn 2023/24	Final Outturn 2022/23
General Fund	13,794	14,022	228	28,423	2,976	7,206	7,023
HRA	12,626	12,626	0	11,663	(963)	7,085	6,443
<b>TOTAL CAPITAL</b>	<b>26,420</b>	<b>26,648</b>	<b>228</b>	<b>40,086</b>	<b>2,013</b>	<b>14,291</b>	<b>13,466</b>

Further details are provided on the subsequent pages of this report, summary areas are:

1 & 2. General fund reserves contribution is lower than budget yet still requiring a draw down of £3.4m from reserves. The £71k positive swing is due to reduced Cost of Service overspend.

3. MTFP has been adjusted aligned to the latest general fund contribution requirement and other earmarked reserve drawdowns.

4. Approved savings have been built in the current year budgets and forecast. The savings forecast to not be achieved has risen from £185k a Quarter 1, to £564k at Q2 an increase of £379k.

5. The HRA end of year reserves as at Q1 were forecast to be £1.5m. At Q2 they are forecast to be £981k.

3. MEDIUM TERM FINANCIAL PLAN (MTFP) £'000			
Years	Reserves B/f	Movement	Closing Balance
2024/25	19,677	(1,602)	18,075
2025/26	18,075	(2,838)	15,237
2026/27	15,237	(6,661)	8,576
2027/28	8,576	(6,538)	2,038
2028/29	2,038	(5,964)	(3,926)
2029/30	(3,926)	(5,795)	(9,721)
<b>Closing Balance 2029/30</b>			<b>(9,721)</b>

4. GENERAL FUND SAVINGS 2024/25 £'000			
Committee	Budget	Forecast	2024/25 Variance
Corporate Support	(269)	(269)	0
Economy	(36)	(36)	0
Environment	(543)	(277)	266
Housing & Wellbeing	(580)	(282)	298
Planning Policy	(107)	(107)	0
<b>TOTAL</b>	<b>(1,535)</b>	<b>(971)</b>	<b>564</b>

6. Capital includes slippage brought forward from prior year. The reprofiling of current year spend is reliant on information awaited from service managers.

## COST OF SERVICE BY COMMITTEE

2024/25 Full Year Forecast as at end September 2024

Committee	Original 2024/25 Budget	Forecast Q2/P6	Variance at Q2/P6	PERIOD 6	Approved Savings 2024/25	Final Outturn 2023/24	Final Outturn 2022/23
				Commentary: Variance to Budget			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Support	6,102	6,502	401	<ul style="list-style-type: none"> <li>£254k staff costs overspend: Finance £300k (interim staff greater than vacancy underspend), less £55k Customer Services salary savings. (N.B. Finance salary excess is being offset by employee underspends in Revs &amp; Bens - Housing &amp; Wellbeing)</li> <li>£66k overspend on security costs</li> <li>£26k specialist fees net overspend driven by escalated Hampshire County Council procurement expenses.</li> </ul>	(269)	6,276	5,433
Economy	2,544	2,555	11		(36)	1,955	2,612
Environment	10,901	10,867	(34)		(543)	9,854	8,050
Housing & Wellbeing	5,785	6,181	396	<ul style="list-style-type: none"> <li>£647k Homelessness overspend:                             <ul style="list-style-type: none"> <li>£603k increased demand</li> <li>£227k savings pressure</li> <li>£50k increase via GF/HRA salary split</li> <li>Less £287k grant income</li> </ul> </li> <li>Less: net underspend in Revs &amp; Bens/Customer Services:                             <ul style="list-style-type: none"> <li>£415k salary/agency underspend</li> <li>reduced by £86k increased rent allowances, £70k savings pressure &amp; £65k increased security costs</li> </ul> </li> </ul>	(580)	5,957	5,133
Planning Policy	1,094	707	(387)	<ul style="list-style-type: none"> <li>£145k Professional fees underspend</li> <li>£130k Net salary underspend</li> <li>£50k Over achievement of CIL income</li> <li>£50k Pre-planning Application fees received</li> <li>£20k Neighbourhood Planning Grant</li> </ul>	(107)	1,158	995
Policy & Finance	1,946	1,723	(223)	<ul style="list-style-type: none"> <li>Salary underspend: Group Head post deleted £108k; £64K due to Denise Vine redundancy &amp; £56k reduced CEO full year salary spend due to commencing end July</li> </ul>	0	1,781	2,013
<b>Grand Total</b>	<b>28,373</b>	<b>28,536</b>	<b>163</b>		<b>(1,535)</b>	<b>26,979</b>	<b>24,235</b>

Had full savings been forecast for delivery the net Cost of Service would see the overspend of £163k decrease by £564k forecasting a net underspend of £401k.

**CORPORATE COSTS & FINANCED BY**  
2024/25 Forecast as at 30 September 2024

Budget Description	Original 2024/25 Budget	Forecast Q2/P6	Variance at Q2/P6	Forecast at Q1/P3	Variance at Q1/P3	Movement (Q1/P3 24/25 Variance VS Q2/P5 24/25 Variance)	Commentary Budget v Current Qtr & Current Period Forecast	Final Outturn 2023/24	Final Outturn 2022/23
	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000
<b>Total: Cost of Service</b>	<b>28,373</b>	<b>28,536</b>	<b>163</b>	<b>28,607</b>	<b>234</b>	<b>(71)</b>	See pages 4 & 5 regarding Cost of Service	<b>26,979</b>	<b>24,235</b>
					0	0			
Other precepts and levies	249	346	97	346	97	0	<ul style="list-style-type: none"> <li>£85k additional levy requested by LHB</li> <li>£10k Legal advice</li> </ul>	323	236
Interest & investment income	(2,260)	(2,385)	(125)	(2,385)	(125)	0	<ul style="list-style-type: none"> <li>£375k additional interest income of which £250k has been moved to reserves.</li> <li>Bank of England reduced the base rate from 5.25% to 5.00% on 01 August 2024.</li> </ul>	(2,714)	(1,528)
Contingencies / miscellaneous	0	0	0	0	0	0			
Accumulated Absences	0	0	0	0	0	0			
Pension deficit contributions	1,284	1,284	0	1,284	0	0	<ul style="list-style-type: none"> <li>Pension funds can vary, particularly around administration costs and staffing contributions. WSCC and Actuary information is not available until year end.</li> </ul>	1,048	(1,678)
<b>Total: Corporate Costs</b>	<b>(727)</b>	<b>(755)</b>	<b>(28)</b>	<b>(755)</b>	<b>(28)</b>	<b>0</b>		<b>3,957</b>	<b>2,054</b>
					0	0			
Res / Retained Business Rates	(8,032)	(8,232)	(200)	(8,232)	(200)	0	<ul style="list-style-type: none"> <li>£200k estimated additional business rate income</li> </ul>	(5,980)	(3,394)
New Homes Bonus	(1,378)	(1,378)	0	(1,378)	0	0		(616)	(1,292)
Other non ringfenced grants	(1,080)	(1,180)	(100)	(1,180)	(100)	0	<ul style="list-style-type: none"> <li>£34k IER Grant</li> <li>£30k Housing Benefit Ad-hoc grants</li> <li>£22k Redman Review - Local Audit Fee for 2023-24</li> <li>£14k Covid-19 Support Grant (Sales, Fees and Charges)</li> </ul>	(1,819)	(1,647)
Council Tax income - Arun	(13,599)	(13,599)	0	(13,599)	0	0		(12,951)	(12,242)
<b>Total: Financed By</b>	<b>(24,089)</b>	<b>(24,389)</b>	<b>(300)</b>	<b>(24,389)</b>	<b>(300)</b>	<b>0</b>		<b>(26,665)</b>	<b>(23,599)</b>
					0	0			
<b>Total: Cost of Service</b>	<b>28,373</b>	<b>28,536</b>	<b>163</b>	<b>28,607</b>	<b>234</b>	<b>(71)</b>		<b>26,979</b>	<b>24,235</b>
<b>Total: Corporate Costs</b>	<b>(727)</b>	<b>(755)</b>	<b>(28)</b>	<b>(755)</b>	<b>(28)</b>	<b>0</b>		<b>3,957</b>	<b>2,054</b>
<b>Total: Financed By</b>	<b>(24,089)</b>	<b>(24,389)</b>	<b>(300)</b>	<b>(24,389)</b>	<b>(300)</b>	<b>0</b>		<b>(26,665)</b>	<b>(23,599)</b>
<b>Contribution from Reserves</b>	<b>3,557</b>	<b>3,392</b>	<b>(165)</b>	<b>3,462</b>	<b>(94)</b>	<b>(71)</b>		<b>4,270</b>	<b>2,689</b>

\* Note Excludes Parish Precepts

Contribution from reserves is currently forecast lower than budget by £165k with a contribution of £3.392m from reserves to fund current years General Fund budget.

## SAVINGS PROGRESS BY COMMITTEE

As at 30 September 2024

Period 6				
Committee	Original 2024/25 Budget	Forecast Q2/P6	Variance at Q2/P6	Commentary: Variance to Budget
	£'000	£'000	£'000	
Corporate Support	(269)	(269)	0	<ul style="list-style-type: none"> <li>£10k Legal Service subscriptions. Costs already incurred 24/25</li> <li>Less £5k saving overachieved in deleting vacant posts.</li> </ul>
Economy	(36)	(36)	0	
Environment	(543)	(277)	266	<ul style="list-style-type: none"> <li>£196k car parking below income target due to seasonal fluctuations and temporary closures</li> <li>£70k efficiency, cost recovery or income targets not achievable.</li> </ul>
Housing & Wellbeing	(580)	(282)	298	<ul style="list-style-type: none"> <li>£205k Temporary Accommodation savings unachievable</li> <li>£49k Cease Mobysoft subscription &amp; £25k Cease Aereon subscriptions - relates to HRA not GF. No alternatives saving found</li> <li>£4k under achieved saving in upgrade to CCTV transmission.</li> </ul>
Planning Policy	(107)	(107)	0	
<b>Grand Total</b>	<b>(1,535)</b>	<b>(971)</b>	<b>564</b>	

Savings are a key focus in our monthly finance meetings with Group Heads and Budget holders. Regular monitoring ensures a robust process, setting the foundation for budget planning beyond 2024/25.

## GENERAL FUND CAPITAL PROGRAMME SPEND PROFILE

2024/25 Full Year Forecast as at end September 2024

	Total Capital Project Value	Prior Years Expenditure	Budget 2024/25	Budget 2025/26	Budget 2026/27	External Funding
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Major Projects</b>						
Alexandra Theatre	15,780	1,324	2,805	10,324	1,327	12,285
Littlehampton Seafront	7,424	762	4,362	2,300	-	7,290
Bognor Regis Arcade, Upper floors	7,991	350	1,181	6,140	320	628
<b>Total: Major Projects</b>	<b>31,195</b>	<b>2,436</b>	<b>8,348</b>	<b>18,764</b>	<b>1,647</b>	<b>20,203</b>
<b>Other Projects</b>						
Bersted Brooks	320	25	50	245	-	-
Swimming Pool Support Fund	135	-	135	-	-	-
General Fund Housing	17	-	17	-	-	-
Webcasting Equipment	62	-	62	-	-	-
Waste Collection	3,020	-	-	3,020	-	-
Parks Chipper	26	-	-	-	26	-
<b>Total: Other Projects</b>	<b>3,580</b>	<b>25</b>	<b>265</b>	<b>3,265</b>	<b>26</b>	
<b>Rolling Programme</b>						
Information Communication Technology (ICT)	-	-	180	120	280	
Play Areas	-	-	415	355	120	
Improvement & Discretionary Grants	-	-	1,580	1,580	1,580	
Asset Management	-	-	3,007	1,544	1,000	
<b>Total: Rolling Programme</b>	<b>-</b>	<b>-</b>	<b>5,182</b>	<b>3,599</b>	<b>2,980</b>	
<b>Total: General Fund Capital Budget</b>	<b>34,775</b>	<b>2,461</b>	<b>13,794</b>	<b>25,628</b>	<b>4,653</b>	

The Alexandra Theatre had additional funding of £3m approved at Full Council 6 November 2024 and will be reflected in Q3 reports. Major projects total lifecycle costs are budgeted at £31.2m of which £20.2 is funded externally, the remaining balance of £11m is funded internally. Forecast commentary is included on pages 8 and 9.

**GENERAL FUND CAPITAL PROGRAMME**  
2024/25 Full Year Forecast as at end September 2024

				Period 6
Committee	Revised 2024/25 Budget	Forecast Outturn	Variance	Commentary
	£'000	£'000	£'000	
<b>Corporate Support</b>				
Information Communication Technology (ICT)	180	180	0	* Transfer licence fee paid for new C-Cube EDRMS product and implementation, development work has commenced. Data cleansing and migration October through to February 2025 with anticipated go live March 2025.
Webcasting Equipment	62	67	6	* In year £61.5k webcasting equipment approved at FC March 24.
<b>Total Corporate Services</b>	<b>242</b>	<b>247</b>	<b>6</b>	
<b>Economy</b>				
Asset Management	3,007	3,007	0	* £190k in year saving in relation to roofing project no longer being delivered in its current form. *£115k reprofiled in relation to Ferring Rife public convenience refurbishment to 25/26 to run along side a resurfacing project at Ferring Rife car park. * Work continues on a number of public convenience refurbishments. * Planned car parks resurfacing is dependent on drainage surveys as drainage will need to encompassed as part of the project. This could potentially delay the progress of this scheme. The scheme at Gloucester Road £91k has now been reprofiled to 25/26. * £300k of the budget set aside for works at Hotham Park Carriage Yard has been reprofiled to 25/26. Project is reliant to certain infrastructure being put in place which is outside the Council's control, this preventing the scheme from progressing. * A catastrophic failure of the Arun Leisure Centre boilers has seen the need to replace them urgently to avoid any potential part closure of the facility. This is to be funded from the budget initially set aside for the flat roof work at the Bognor Regis Arcade. As this scheme is dependent on the wider Arcade upper floors project it will not be required this financial year, it can be rebudgeted in the year in which it is required. Potentially the boiler failure may be an insurable event and some may be recoverable through our insurers and therefore this is being investigated.
Bognor Regis Arcade, Upper floors	1,181	1,181	0	* Contractor for the enabling works (funded from brownfield relief fund) is on site, these works are scheduled to finish by the end of 2024, extension as a result of asbestos. * With regards to the main scheme, RIBA3 is underway to refine design and cost plan. This will help inform a revised financial appraisal and any required budget reprofiling. *Aiming for planning submission at the end of January 2025 at the latest.
<b>Total Economy</b>	<b>4,188</b>	<b>4,188</b>	<b>0</b>	
<b>Environment</b>				
Improvement & Discretionary Grants	1,580	1,800	220	* Arun's disabled facilities grant (DFG) allocation for 2024/25 is £2m the grant is for provision of home adaptations to help eligible individuals to live as independently and safely as possible in their homes and is also used to fund the resources required to deliver the service (this sits on revenue approx. £200k). Additional funding was provided in 2023/24 and 2024/25 to supplement the core delivery of DFG's to provide a wider range of home adaptation services. Forecast is based on this enhanced allocation.
Bersted Brooks Park	50	50	0	* Focus is on the carpark extension and the programme that comes with it. * The schemes next steps to be scoped out to feed into the planning process. * Topographical survey to be undertaken. * The main works will not be undertaken this financial year as the scheme cannot be delivered whilst the ground is wet and so the budget has been reprofiled, allowing for surveys and any planning fees etc.

Committee	Revised 2024/25 Budget	Forecast Outturn	Variance	Commentary
	£'000	£'000	£'000	
<b>Environment Continued</b>				
Play Areas	415	415	0	* £17k in-year approval for Eldon Way play area funded by S106 delegated authority March 2024, was delivered in July along with the Mewsbrook outdoor gym, Brookfield & Bluebell play areas. * Lion's Den commenced in September. * Initial works at Littlehampton skate park have also commenced with the rest to be delivered later this year. * Whilst the Bognor Skate park project is starting to move forward it will not be delivered this financial year and therefore has been reprofiled.
<b>Total Environment</b>	<b>2,045</b>	<b>2,265</b>	<b>220</b>	
<b>Housing &amp; Wellbeing</b>				
Swimming Pool Support Fund	135	137	2	* £135k in-year approval from the swimming pool support fund award approved at Housing & Wellbeing Committee March 2024. Split as follows: £45k Littlehampton Wave for photo voltaic (PV) panels and Arundel Lido £90k for a pool cover and also PV panels.
General Fund Housing	17	17	0	* £17k in-year approval for the transfer of S106 funds to Arundel Community Land Trust for provision of affordable housing by delegated authority 13-05-24. This S106 sum is restricted to Arundel and its surrounding parishes and it has been extremely difficult for the Council to spend such a low sum ourselves on the provision of affordable housing. It has been included under capital as it falls under REFCUS accounting principles (expenditure on the acquisition or construction of an asset by a party outside of the Council (in this case the Trust) which would be capital expenditure if those assets were acquired or constructed by the Council for its own use).
<b>Total Housing &amp; Wellbeing</b>	<b>152</b>	<b>154</b>	<b>2</b>	
<b>Policy &amp; Finance</b>				
Alexandra Theatre	2,805	2,805	0	* £45k in-year approval for provision of photo voltaic panels funded from the Council's climate change budget approved by Policy & Finance Committee in March 2024. Plus £94k allocation from the Council's UK shared prosperity fund award, approved by the panel April 2023. * £11.6m reprofiled as per latest project cashflow. * Site set up/hoarding expected within the next month, the first works to be undertaken will be asbestos removal.
Littlehampton Seafront	4,362	4,362	0	* £25k in year approval for provision of photo voltaic panels funded from the Council's climate change budget approved by Policy & Finance Committee in March 2024. * £2.3m reprofiled as per latest project cashflow * Contractor has started on site and set up boundary fences, compound and is working on the connections to the temporary toilet facilities. The next step will be asbestos removal with the eventual demolition of the existing toilet facilities.
<b>Total Policy &amp; Finance</b>	<b>7,167</b>	<b>7,167</b>	<b>0</b>	
<b>Total Capital Budget</b>	<b>13,794</b>	<b>14,022</b>	<b>228</b>	

Capital sees slippage from 2023/24 moved into 2024/25 budgets. Work is being undertaken to determine profiling on key major projects with reprofiled budgets where appropriate reported in due course.

## HRA REVENUE INC. RESERVES

2024/25 Full Year Forecast as at end September 2024

Description	Original 2024/25 Budget	Actual Q2 P6	Full Year Forecast P6	Variance at Q2 P6 (Actual vs Budget)	Variance at Q1 P3 (Forecast vs Budget)	Variance at Q2 P6 (Forecast vs Budget)	Commentary: Variance to Budget	Final Outturn 2023/24	Final Outturn 2022/23
	£'000		£'000	£'000		£'000		£'000	£'000
<b>INCOME</b>									
Gross Dwelling Rents (current stock)	(20,271)	(10,421)	(20,451)	9,850	(65)	(179)	<ul style="list-style-type: none"> <li>Increased rents 7.7% £1.5m for 24/25</li> <li>New rental streams live for 29 New Road</li> </ul>	(18,465)	(16,975)
Gross Non-Dwelling Rents (current stock)	(525)	(236)	(464)	289	49	61	<ul style="list-style-type: none"> <li>Low Garage occupancy proving challenging</li> </ul>	(439)	(445)
Voids	405	194	400	(211)	11	(5)	<ul style="list-style-type: none"> <li>Void rates challenging due to low usage of garages</li> </ul>	339	258
Write-Offs	105	0	105	(105)	0	0	<ul style="list-style-type: none"> <li>HRA Debt Management Group established but dedicated resources required to improve debt position. This has been addressed in the HRA restructure proposal</li> </ul>	(138)	249
Services Management Fees & Charges	(602)	(421)	(916)	181	(317)	(314)	<ul style="list-style-type: none"> <li>12 month lag between service charge cost incurred and recovered. Higher than anticipated recovery due to retrospective increase in heating charge costs in 23/24 impacting the estimates for 24.25</li> </ul>	(771)	(240)
Services Management Fees & Charges for Service	(227)	(53)	(208)	174	17	19		(200)	(105)
Other Income	(16)	(9)	(16)	7	0	0		(18)	(420)
Investment Income	(284)	0	(326)	284	(42)	(42)	<ul style="list-style-type: none"> <li>Applied 4.75% interest rate on projected HRA balances. Note this is an estimate and will change subject to actual interest rates and changes in balances</li> </ul>	(326)	(143)
<b>Total Income</b>	<b>(21,414)</b>	<b>(10,945)</b>	<b>(21,875)</b>	<b>10,469</b>	<b>(346)</b>	<b>(461)</b>		<b>(20,020)</b>	<b>(17,821)</b>
<b>EXPENDITURE</b>									
Supervision & Management	6,009	3,454	7,395	(2,555)	947	1,386	<p>Key Pressures</p> <ul style="list-style-type: none"> <li>Anticipated utility pressures of £223K</li> <li>Fixed cost pressures from insourcing repairs contract £607K</li> <li>Employee and Agency pressures 221K</li> <li>40K of Housing in year efficiencies and savings have been identified</li> <li>Housing Stock Insurance Premiums figures are likely to increase substantially due to revaluation. The full year effect is likely to be between £150-200K. The 24.25 part year impact has yet to be identified and not included in P6 figures.</li> <li>Further work to be undertaken to identify further opportunities for savings particularly in relation to back office recharges and support services</li> </ul>	6,404	6,116



Description	Original 2024/25 Budget	Actual Q2 P6	Full Year Forecast P6	Variance at Q2 P6 (Actual vs Budget)	Variance at Q1 P3 (Forecast vs Budget)	Variance at Q2 P6 (Forecast vs Budget)	Commentary: Variance to Budget	Final Outturn 2023/24	Final Outturn 2022/23
	£'000		£'000	£'000		£'000		£'000	£'000
<b>EXPENDITURE CONTINUED</b>									
Repairs & Maintenance - Revenue	6,613	1,987	5,486	(4,626)	(1,200)	(1,127)	<ul style="list-style-type: none"> <li>This is the current estimated gross saving to be delivered through insourcing Repairs and Maintenance contract in 24/25. Note this will offset the £607K pressure detailed in Supervision and Management.</li> <li>P6 forecasts include the capitalisation of legitimate R&amp;M costs however the impact of likely increased demand during the winter period has not been included and likely to be a risk.</li> </ul>	6,222	6,801
Rents, rates, taxes & other charges	186	171	199	(15)	13	13	<ul style="list-style-type: none"> <li>Improving processes and information between Council Tax and Housing to ensure Council Tax credits are received when properties are not longer void and occupied</li> </ul>	230	143
Depreciation	5,969	0	6,023	(5,969)	63	54	<ul style="list-style-type: none"> <li>Estimated deprecation charges for 24/25 (P6)</li> </ul>	6,113	5,543
Loan Charges	2,105	590	2,272	(1,515)	192	167	<ul style="list-style-type: none"> <li>Note this includes potential interest charges for new in-year borrowing</li> </ul>	2,092	2,302
<b>Total Expenditure</b>	<b>20,882</b>	<b>6,202</b>	<b>21,376</b>	<b>(14,680)</b>	<b>15</b>	<b>493</b>		<b>21,062</b>	<b>20,906</b>
Gain or Loss on sale of HRA Non current assets	0	0	0	0	0	0	10 RTB Sales anticipated . 1 completed sale and 14 active cases. Assume 4 will not complete this f/y	0	(717)
In-Year Net HRA (Surplus)/Deficit	(532)	(4,743)	(499)	(4,212)	(332)	33		1,042	2,368

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HRA RESERVE	Original 2024/25 Budget		Full Year Forecast P6	Variance at Q2 P6 (Actual vs Budget)		Variance at Q2 P6 (Forecast vs Budget)	Commentary: Variance to Budget	Final Outturn 2023/24	Final Outturn 2022/23
HRA Reserve Balance B/Fwd.	(551)	(482)	(482)	69	(57)	69	Final brought forward figures will be subject to 2023/24 external year end Audit. Further Year end adjustments have reduced this balance down by £127K.	(1,523)	(3,891)
HRA Contingency	0	0	0	0	0	0	Earmarked additional back office support services, In house contract, Operational requirements etc		
In-Year Net HRA (Surplus)/Deficit	(532)	(4,743)	(499)	33	(332)	33	Anticipated in year surplus.	1,041	2,368
HRA Reserve Balance C/Fwd.	(1,083)	(5,225)	(981)	102	(389)	102	Target closing balance £1.5mil is at risk	(482)	(1,523)

HRA Balances reduced by £2.4m in 2022/23 and a further £1m in 2023/24. The HRA was originally forecast to deliver £1.5m of carry forward balances by the end 2024/25. This was revised down by £0.5m to £1.0m in the 2024/25 original budget (detailed above). Since P3 the position has moved from a favourable variance re carry forward balance of £332K to an unfavourable variance of £102K. As well as the items detailed above in 1 there was a late year end adjustment which reduced HRA brought forward balances by a further £129K. It should be noted that HRA balances are at risk and there is limited resilience to deal with any further in-year pressures without compromising year-end target balances.

## HRA CAPITAL PROGRAMME

2024/25 Full Year Forecast as of end September 2024

Period 6							
	Total Project Value	Prior Years Expenditure	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Comments
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Main Projects</b>							
Civica Implementation	2,023	1,172	584	266	-	-	* Phase 1 went live June 2024. * Phase 2 will take approx. a year to deliver.
Stock Development	23,698	17,557	6,141	-	-	-	* £1,351k in-year approval for acquisition of 4 properties at Hampton Park Littlehampton funded by £624k the local authority housing fund, £350k S106 affordable housing contributions and £377k HRA borrowing. Scheme approved at H&W Committee March 2024. * Expenditure to date relates to delivery of units Warwick & Boweries and Hampton Park. * £6.671m removed from budget. Will be reinstated when a suitable project has been identified.
Decarbonisation	3,000	-	-	1,000	1,000	1,000	* No spend until min 50% co- external funding received. * Progressing submission to the Warm Homes: Social Housing Fund (WH:SHF) formally known as Social Housing Decarbonisation Fund (SHDF) closing date 25 November 2024. *Budget reprofiled, potentially looking at delivery over more than one year which will be reflected within future capital budgets.
Sheltered Accommodation	6,000	-	-	4,600	1,400	-	* Budget reprofiled, feasibility work has been commissioned which will better inform the budget/cashflow requirements in proceeding years.
<b>Rolling Programme</b>							
Housing Improvements & Energy Efficiencies	-	-	5,901	5,956	5,956	5,956	
<b>Total</b>	<b>34,721</b>	<b>18,729</b>	<b>12,626</b>	<b>11,822</b>	<b>8,356</b>	<b>6,956</b>	

Stock development and Sheltered accommodation require feasibility studies to profile the budget and to utilise these Capital schemes with Decarbonisation requiring external funding before commencing. It should be noted that on-going Repairs & Maintenance costs are met from the Rolling Programme Housing Improvements & Energies Efficiency Capital budget and the Revenues budgets, determined by accounting treatment.

<b>REPORT TO:</b>	<b>Policy and Finance Committee – 11 December 2024</b>
<b>SUBJECT:</b>	<b>Medium Term Financial Forecast 2025/26 to 2029/30</b>
<b>LEAD OFFICER:</b>	<b>Antony Baden, Group Head of Finance and Section 151 Officer</b>
<b>LEAD MEMBER:</b>	Councillor Martin Lury
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:</b>	
The Council’s financial planning and budget promotes all the Council’s Corporate Priorities.	
<b>DIRECTORATE POLICY CONTEXT:</b>	
The Council’s financial planning and budget affects all Directorates of the Council.	
<b>FINANCIAL SUMMARY:</b>	
The financial forecast for the General Fund Revenue Budget from 2025/26 and future years to 2029/30 is presented in this report.	

**1.     PURPOSE OF REPORT**

- 1.1.   The purpose of this report is to provide members with a high-level update on the current financial and economic prospects arising from the main issues affecting the Council and their impact on the financial forecast for the five years from 2025/26 to 2029/30.
- 1.2.   The report also asks members to note the financial parameters for the preparation of the 2025/26 revenue budget and gives updates on the public budget consultation, Members Budget Working Group (BWG) and future participation in the West Sussex Business Rates Pool, (WSBRP).

**2.     RECOMMENDATIONS**

- 3.     Members are asked to consider the report and provide officers with any comments.

**3.     EXECUTIVE SUMMARY**

- 3.1.   This document sets out the updated high-level Medium-Term Financial Forecast (MTFF) for the financial years 2025/26 to 2029/30. Further detail is shown in Appendix A. It represents the latest view of the Council’s financial position over this five-year period and is subject to confirmation of Government funding and other factors that may affect the Council’s finances.

- 3.2. The forecast assumes that the local government funding reforms will take place in 2026-27 rather than 2025-26. Whilst the Chancellor's speech on 30 October 2024 indicated that local government funding beyond 2025/26 would be based on multiyear settlements, this is still subject to formal confirmation and uncertainty continues to limit the ability to produce reliable financial forecasts especially in respect of Business Rates income and Government grants.
- 3.3. The report describes the financial pressures facing the Council and sets out how it can fulfil its statutory obligation to set a balanced budget. This will again necessitate the need to use reserves, but Members will note that this cannot be a permanent solution, and the Council will need to make some difficult decisions in the near future to achieve an affordable and sustainable budget.
- 3.4. Officers will develop budget proposals for the consideration of each service committee, which will enable the Council to maintain and replenish an adequate level of Usable Revenue Reserves as decided by the Group Head of Finance and Section 151 Officer.
- 3.5. Members should note that the financial forecast at Appendix A is still work in progress and subject to changes.
- 3.6. The Council's 2025/26 public budget consultation was launched on 13 November 2024 with a deadline of the 26 January 2025 for responses.
- 3.7. Corporate Leadership Team discussed the feasibility of setting up a Budget Working Party, consisting of Officers and Members. The idea was welcomed but it was felt that there was insufficient time to develop a set of Terms of Reference to be agreed by this Committee.
- 3.8. The Group Head of Finance & Section 151 Officer, in conjunction with the Chief Executive and having consulted the Chair and Vice Chair of this Committee, has indicated to the Ministry of Housing, Communities & Local Government (MHCLG) that the Council wishes to participate in the West Sussex Business Rates Pool (WSBRP) in 2025/26. This is subject to confirmation in the Local Government Funding Settlement (LGFS), due to be announced later this month.

#### **4. DETAIL**

##### **The Budget Process**

- 4.1. Service committees have been consulted on the budget process via a series of reports presented in September and October 2024 committee cycle.

The process is outlined below: The budget process consists of four phases and this report is the result of the first phase.

- a. Phase 1 – Budget consultation reports to Service Committees.

- b. Phase 2 - Update the MTFP setting out budget pressures and high-level estimates over the next five years and report to Policy and Finance Committee on 11 December 2024, (this will be prior to an all-Member briefing on the 5 December 2024).
- c. Phase 3 - Produce detailed draft budgets to be considered by the service committees before consideration by Policy and Finance Committee on 13 February 2025.
- d. Phase 4 - Finalise the budget, for consideration by Special Council on 26 February 2025.

### **Local Government Finance Settlement (LGFS) 2025/26**

- 4.2. The LGFS will be announced by MHCLG in December 2024. The Chancellor's budget speech on the 30 October 2024 included several high-level announcements about sector funding for 2025/26. The key points are summarized in paragraphs 4.3 to 4.10 below.
- 4.3. **National Insurance Contributions (NIC)** – The employers' NIC rate will increase by 1.2% to 15% from April 2025 and the threshold at which NICs are payable will reduce from £9,100 to £5,000. A sum of £4.7 billion had been set aside to offset the impact of the increases on the public sector but no detail has been given as to how that funding will be distributed. The estimated increase in NIC costs is £350k on the Council's revenue budget and Members will note that there is no guarantee that this will be fully funded.
- 4.4. **Planning** – Additional funding of £50 million has been set aside for investment in the planning system to support capacity and capability. It will focus on the recruitment and training of graduate and apprentice planners. It is not expected to have a significant impact on the revenue budget.
- 4.5. **Housing and Homelessness** - £500 million was announced to deliver up to 5,000 new homes but there is no information available about how that will be allocated. The Homelessness Prevention Grant will increase by £233 million next year and this will be allocated on a 'deprivation based' approach. Again, there is no detail as to how much of this will be allocated to the Council.
- 4.6. **Local Government** – An extra £1.3 billion has been allocated to the sector in general. Of this, £600 million will go to authorities responsible for Adult & Social Care provision and the other £700 million will be allocated to all councils on a 'deprivation based' approach.

- 4.7. **Business Rates** – The budget speech indicated that the business rates system would be reformed but again, there is a lack of detail around what this means for individual authorities. It is anticipated that some limited reform may be announced in the 2025/26 LGFS. The small business multiplier rate will be frozen again (this is the rate that affects the majority of businesses in the district) and the Standard Multiplier rate will increase by the September CPI index of 1.7%. The Government will continue to compensate authorities against the impact of these changes on business rate income via the use of section 31 grants, as it has done so in the past.
- 4.8. **Extended Producer Responsibility** – Local authorities will receive £1.1 billion of new funding in 2025-26. The Treasury has said it would guarantee that if local authorities do not receive fees in line with payment estimates, they will provide an in-year top up. Further detail is expected in the Local Government Finance policy statement.
- 4.9. **Fair Funding** – The Government has stated that it will commence the Fair Funding review, affecting 2025/26 budgets to begin with and then implementing further resource redistribution in subsequent years. There is no detail yet about how this will affect the Council, but Members will note that this could have a significant adverse impact on the budget position.
- 4.10. **Funding settlements** – Whilst next year's settlement will be a 'one-off', local government has been promised multi-year settlements from 2026/27. Further details are expected in the LGFS announcement.

### **Key Cost Assumptions**

- 4.10. **Inflation** – An increase of 2.0% has been built into non-contractual budgets and fees and charges. This aligns with the July 2024 CPI rate, but the underlying rate will be kept under review pending future changes. The base budgets for the main service contracts have been increased by £310k because of inflationary clauses built into the contracts. The increases are in Waste & Recycling (£246k) and Grounds Maintenance contracts (£64k). An increase of 0.1% in CPI would increase the Council's costs by approximately £20k so any fluctuations against the budget assumption currently present a low risk.
- 4.11. **Interest payments and Investment Income** – The Council aims to deliver an ambitious capital programme containing several high-profile schemes – see Appendix C. Part of the programme will be financed from borrowing, which will incur financing costs, and this presents an affordability risk as well as exposure to interest rate rises. The budget assumes an underlying borrowing rate of 5.31% at the time of writing, which is in line with forecasts received from the Council's treasury management advisors, but Members will appreciate that this figure fluctuates daily. A reduction in interest rates means that the Council can borrow more cheaply but conversely, it will receive less investment income. The 2025/26 budget includes £300k for borrowing costs but Members will also understand that this figure is sensitive to changes in economic conditions.

- 4.12. **Staffing Costs** – the forecast assumes an annual increase of 2% for future years from 2025/26. This increases the full year budget requirement in 2025/26 by approximately £240k.

### Non-Specific Revenue Grants

- 4.13. This estimate uses data from a model provided by local government policy specialists, LG Futures. The table below shows the forecast net changes in Grant allocations against the 2024/25 base budget:

Non-Specific Revenue Grants - Year on Year changes

Grant	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Revenue Support Grant	(207)	(207)	(207)	(207)	(207)	(207)
New Homes Bonus	(1,378)	(997)	0	0	0	0
NNDR Collection Allowance	(188)	(188)	(188)	(188)	(188)	(188)
Funding Guarantee Grant	(464)	(1,307)	(2,050)	(1,791)	(464)	(464)
Service Grant	(23)	(23)	(23)	(23)	(23)	(23)
Housing Benefit Administration grant	(404)	(405)	(405)	(405)	(405)	(405)
<b>Total:</b>	<b>(2,665)</b>	<b>(3,127)</b>	<b>(2,874)</b>	<b>(2,615)</b>	<b>(1,288)</b>	<b>(1,288)</b>

- 4.14. The main change is due to the expected removal of the New Homes Bonus grant (£996k) in 2026/27. There is also a risk to the forecast in respect of the Housing Benefits Administration grant (£405k) as this may decrease as working age housing benefit recipients are migrated across to Universal Credit system of payment, which is operated by the Department for Work & Pensions.
- 4.15. The above information will be confirmed in the LGFS, and any changes will be reported to this committee at its 13 February 2025 meeting.

### Council Tax and Council Tax Base

- 4.16. For 2024/25, the Council approved the maximum increase permitted by the Local Government Finance Settlement of 2.99%. For 2025/26 and future years, the assumption is that the same rate of increase will apply.
- 4.17. At its meeting of the 7 March 2024 this Committee approved that the minimum period before council tax is charged on empty properties be reduced from two years to one year. It also recommended to Full Council (and was subsequently approved) that a council tax premium of 100% in respect of second homes be introduced. Both changes are effective 1 April 2025, and it is estimated they could generate additional income of around £438k.
- 4.18. The Council Tax Base allows for an annual increase in new builds from housing developments based on the Council's targets less an allowance for collection losses and Council Tax Reduction claimants. The estimated figures for each year of the MTFE are set out in the table below:

2025/26	2026/27	2027/28	2028/29	2029/30
66,877	66,992	67,792	68,592	69,392

- 4.19. The Council Tax Base figure for 2025/26 is 66,877 and in accordance with Part 7, Section 2, paragraph 1.2.5 of the Constitution, it has been approved in consultation with the chair of the Policy and Finance Committee.

#### **West Sussex Business Rates Pool (WSBRP)**

- 4.20. The Council is a member of the WSBRP along with several other West Sussex authorities. This allows member authorities to retain any growth in business rates income that they collect rather than pay it over to central government for wider distribution. This year each authority was required to indicate to MHCLG by the 28 October 2024 whether it wished to remain in the pool.
- 4.21. At its meeting of the 26 October 2023, this Committee agreed to delegate authority to the Section 151 Officer, Chief Executive Officers and Chair of the Policy & Finance Committee to decide future participation in the West Sussex Business Rates Pool. All three parties agreed to continue the Council's participation in the pool in 2025/26. The LGFS announcement is expected to confirm this arrangement.

#### **Collection Fund Surplus/Deficit**

- 4.22. The forecast Collection Fund outturn for 2024/25, which will impact 2025/26 financial year, will be updated during next phase of the budget process.

#### **Usable Revenue Reserves**

- 4.23. Appendix B sets out the impact on the Council's Usable Revenue Reserves based on the updated MTFE forecasts. If it fails to deliver the objectives of its Financial Strategy it will exhaust its Usable Revenue Reserves (URR) by 2028/29. Therefore, continued reliance on URR to fund the budget deficit is unsustainable in the medium-term.
- 4.24. Whilst a significant structural budget gap remains, the Council's financial position can be resolved. However, it will require Members to make difficult and unpopular decisions. This is essential not only to tackle the budget deficit, but also to give the Council some headroom when dealing with future threats to funding that have been outlined elsewhere in this report. Furthermore, resources will probably need to be realigned if the objectives of the Corporate Plan are to be achieved. Therefore, it is essential that the Council maintains an adequate level of reserves and continues to operate within its approved budget each financial year to prevent further unplanned drawdowns. Failure to do so will impact on the Council's ability to meet its statutory obligations.
- 4.25. The table below illustrates the impact of recent decisions by Members in terms of foregone income opportunities:



<b>Opportunity</b>	<b>Committee decision date</b>	<b>Annual Foregone Income (£)</b>	<b>5-year Foregone Income (£)</b>
Car Parking disks	Environment, 19 September 2024	123,000	616,000
Little Stars Nursery	Economy, 22 October 2024	15,000	15,000
Limit free parking for Blue Badge holders	Environment, 14 November 2024	110,000	550,000
<b>Total</b>		<b>248,000</b>	<b>1,181,000</b>

- 4.26. The figures in the above table are approximations and exclude other foregone income opportunities, which are not possible to quantify e.g. the Harbour Park lease negotiating brief, (Economy Committee, 16 April 2024) and the provision of additional Beach Huts (Economy Committee, 22 October 2024).
- 4.27. Section 25 of the Local Government Act 2003 requires the Section 151 Officer to produce a statement regarding the adequacy of Reserves. Section 6, part 3, paragraph 2.2 of the constitution also requires the Group Head of Finance and Section 151 Officer to advise this Committee on this matter. The statement will be included in the budget report to this committee on the 13 February 2025.

### **Capital Programme**

- 4.28. The Capital Programme is shown in Appendix C. Borrowing costs are sensitive to changes in interest rates and may have an impact on the affordability of some capital schemes. Schemes will continue to be subject to an affordability review by the Group Head of Finance and Section 151 Officer and Group Heads before any proposals are reported to Members for consideration. Please see paragraph 4.11 for further information.

### **Budget Consultation**

- 4.29. The Council is required to consult on its budget and council tax proposals with residents and local businesses. The views of residents, partner organizations, businesses and other interested parties are an important part of the budget setting process.
- 4.30. This year's budget consultation has been prepared in liaison with the Chair and Vice-Chair of this committee as well as the Corporate Leadership Team. It has been simplified from last year, which is hoped will encourage a higher response rate. It was launched on the 13 November 2024 and the close date is the 26 January 2025. The results will be presented to this Committee on 13 February 2025. A link to the consultation is included in the background documents.

## **Budget Working Group**

- 4.31. At its meeting of the 9 July 2024, Members passed a recommendation to delegate responsibility to the Group Head of Finance and Section 151 Officer to explore the possibility of setting up a Budget Working Party for the 2025/26 budget, consisting of Officers and Members. The recommendation was discussed at the Corporate Leadership Team, and it was felt that whilst greater involvement of Members would be beneficial, there was insufficient time to develop Terms of Reference, which would ultimately need to be agreed by this Committee. Officers will continue to explore ways in which this concept may be developed, and in the meantime, budget proposals will be reported through Service Committees in the usual way.
- 4.32. The Council Vision adopted by Full Council in March 2022 includes several priority objectives, some of which may require further revenue and/or capital investment. The MTFF forecast does not include any funding to deliver these objectives, so any proposals for further investment will need to be considered for affordability. This may also necessitate a need to realign existing resources or make compensatory savings elsewhere from the budget.

## **Conclusion**

- 4.33. Whilst the financial outlook in the U.K. has stabilised over the last 12 months, much uncertainty remains over the funding of the local government sector. The recent budget speech from the Chancellor was seen as broadly positive however, the impact on small district authorities such as Arun may be less so. Central government has indicated that it wants to undertake a Fair Funding review and allocate resources on a 'deprivation basis'. It is anticipated that the LGFS announcement will provide greater clarity on this matter.
- 4.34. However, despite the multiple financial pressures, the Council can deliver a balanced budget with a combination of sound financial management and the successful delivery of its Financial Strategy.

## **5. CONSULTATION**

- 6.1. No consultation has been undertaken with external bodies.

## **6. OPTIONS / ALTERNATIVES CONSIDERED**

- 7.1. There are no other options available.

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

- 8.1. The financial considerations in the report show a budget deficit from 2025/26 which must be addressed. Delivery of the Financial Strategy is essential if the Council is to balance future budgets without using of Revenue Reserves. Any consideration of finances in future is subject to several risks which are explained in Section 8 below.

## **8. RISK ASSESSMENT CONSIDERATIONS**

- 9.1. Several risks have been outlined throughout this report. The main risks and are outlined in the following sections.
- 9.2. As can be seen from the table in Appendix B, the main risk to the Council is that it fails to address the underlying budget shortfall and runs out of URR by 2028/29.
- 9.3. In October 2024, the Office for National Statistics published CPI rate was 2.3%. As an example, if the costs of service increased by this in 2025/26, the increase in cost to the Council is £750k. If the Council increases Council Tax by 3% for 2025/26, the increase in income would be £850km. It can be seen from this that the impact of inflation would erode most of any increase in council tax.
- 9.4. There is no guarantee that grants such as the New Homes Bonus, Services Grant and Funding Guarantee Grant will continue into 2026/27 and beyond. These grants provide income of £1.865m in 2024/25. Withdrawing these grants without any transitional measures would seem unlikely but it remains a risk until the LGFS gives clarity on future funding.
- 9.5. The Fair Funding review is back on the agenda. There is no detail as to how this might affect the budget position, but Members will note that it is not anticipated to provide more funding for this Council.
- 9.6. The costs of providing Temporary Accommodation continues to create significant pressure on the revenue budget. Initiatives such as property acquisitions partly funded from LAHF grant and developer receipts are helping to drive down the costs, but volumes are unpredictable. The Chancellor's announcement of further Homelessness Prevention Grant funding is welcome, but it is not yet clear whether the Council will benefit from this. The forecast assumes no further funding at this point.

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

- 10.1. The approval of the Medium-Term Financial Strategy lies with Full Council upon the recommendations of the Policy & Finance Committee.
- 10.2. The Council has a fiduciary duty to its taxpayers to be prudent in the administration of the funds it holds on their behalf and an equal duty to consider the interests of their community which benefit from the services it provides.

## **10. HUMAN RESOURCES IMPACT**

- 11.1. There are no additional budgetary implications other than those already built into the base budget.

## **11. HEALTH & SAFETY IMPACT**

- 12.1. There are no additional budgetary implications other than those already built into the base budget.

## **12. PROPERTY & ESTATES IMPACT**

13.1. There are no additional budgetary implications other than those already built into the base budget.

## **13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

14.1. There are no additional budgetary implications other than those already built into the base budget.

## **14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

15.1. There are no additional budgetary implications other than those already built into the base budget.

## **15. CRIME AND DISORDER REDUCTION IMPACT**

16.1. There are no additional budgetary implications other than those already built into the base budget.

## **16. HUMAN RIGHTS IMPACT**

17.1. There are no additional budgetary implications other than those already built into the base budget.

## **17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

18.1. There are no additional budgetary implications other than those already built into the base budget.

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### **CONTACT OFFICER:**

Name: Antony Baden

Job Title: Group Head of Finance and Section 151 Officer

Contact Number: 01903 737558

### **BACKGROUND DOCUMENTS:**

Financial Prospects 2022/23 to 2026/27 report to Policy & Finance Committee, 26 October 2023:

[\(Public Pack\)Agenda Document for Policy and Finance Committee, 26/10/2023 18:00](#)

[Arun District Council Budget Consultation 2025-2026](#)

# Arun District Council

## Appendix A

<b>MTFF Summary 2025/26 to 2029/30</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Policy and Finance Committee	1,722	1,722	1,722	1,722	1,722	1,722
Corporate Support Committee	8,165	8,270	8,270	8,770	8,270	8,270
Economy Committee	2,566	2,567	2,567	2,567	2,567	2,567
Environment Committee	10,859	10,769	8,874	8,729	8,681	8,630
Planning Policy Committee	704	704	704	704	704	704
Housing and Wellbeing Committee	6,188	6,289	6,338	6,164	6,106	6,093
Recharges to HRA	(1,746)	(1,553)	(1,584)	(1,616)	(1,648)	(1,681)
Adjustment for over provision of 2024/25 pay award	(285)	(285)	(285)	(285)	(285)	(285)
Pay award & National Insurance increases	0	635	798	1,179	1,568	1,964
Provision for staff vacancies	0	(640)	(640)	(640)	(640)	(640)
Non-Pay & Contract Inflation	0	382	719	975	1,236	1,502
Fees & Income inflation	0	(133)	(136)	(138)	(141)	(144)
Unavoidable growth: Temporary Accommodation	0	200	0	0	0	0
Committed growth: Financial Strategy delivery	0	300	0	0	0	0
<b>Total Cost of Service:</b>	<b>28,173</b>	<b>29,227</b>	<b>27,347</b>	<b>28,132</b>	<b>28,139</b>	<b>28,702</b>
Other precepts and levies	28,458					
Interest & investment income	346	249	249	249	249	249
Pension deficit contributions	(2,385)	(2,385)	(1,184)	(853)	(663)	(663)
Parish Precepts	1,284	1,226	1,226	1,226	1,226	1,226
	5,530	5,530	5,530	5,530	5,530	5,530
<b>Total Corporate Costs:</b>	<b>4,775</b>	<b>4,620</b>	<b>5,821</b>	<b>6,152</b>	<b>6,342</b>	<b>6,342</b>
Retained Business Rates	(8,125)	(8,131)	(4,635)	(4,714)	(4,825)	(4,825)
Revenue Support Grant	(207)	(207)	(207)	(207)	(207)	(207)
New Homes Bonus	(1,378)	(997)	0	0	0	0
Other non ringfenced grants	(1,080)	(1,923)	(2,666)	(2,407)	(1,080)	(1,080)
Council Tax income	(13,451)	(14,354)	(14,955)	(15,580)	(16,230)	(16,904)
Council Tax income (Parish/Town)	(5,530)	(5,530)	(5,530)	(5,530)	(5,530)	(5,530)
Collection Fund deficit/(surplus)	(148)	(148)	(148)	(148)	(148)	(148)
<b>Total Finance By:</b>	<b>(29,919)</b>	<b>(31,290)</b>	<b>(28,142)</b>	<b>(28,587)</b>	<b>(28,020)</b>	<b>(28,695)</b>
<b>Total (Surplus) / Deficit</b>	<b>3,030</b>	<b>2,557</b>	<b>5,026</b>	<b>5,697</b>	<b>6,460</b>	<b>6,349</b>

## Revenue Reserves

<b>Usable Revenue Reserves (no adjustment in 2026/27 onwards)</b>	<b>2024/25 Budget £'000</b>	<b>2025/26 Budget £'000</b>	<b>2026/27 Budget £'000</b>	<b>2027/28 Budget £'000</b>	<b>2028/29 Budget £'000</b>	<b>2029/30 Budget £'000</b>
Opening Balance	19,677	18,153	15,596	10,570	4,874	(1,587)
Use of Reserves to fund the budget	(1,524)	(2,557)	(5,026)	(5,697)	(6,460)	(6,349)
<b>Closing Balance</b>	<b>18,153</b>	<b>15,596</b>	<b>10,570</b>	<b>4,874</b>	<b>(1,587)</b>	<b>(7,936)</b>

APPENDIX C

	Total Capital Project Value	Prior Years Expenditure	Budget 2024/25	Budget 2025/26	Budget 2026/27	External Funding
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Major Projects</b>						
Alexandra Theatre	15,780	1,324	2,805	10,324	1,327	12,285
Littlehampton Seafront	7,424	762	4,362	2,300	-	7,290
Bognor Regis Arcade, Upper floors	7,991	350	1,181	6,140	320	628
<b>Total: Major Projects</b>	<b>31,195</b>	<b>2,436</b>	<b>8,348</b>	<b>18,764</b>	<b>1,647</b>	<b>20,203</b>
<b>Other Projects</b>						
Bersted Brooks	320	25	50	245	-	-
Swimming Pool Support Fund	135	-	135	-	-	-
General Fund Housing	17	-	17	-	-	-
Webcasting Equipment	62	-	62	-	-	-
Waste Collection	3,020	-	-	3,020	-	-
Parks Chipper	26	-	-	-	-	26
<b>Total: Other Projects</b>	<b>3,580</b>	<b>25</b>	<b>265</b>	<b>3,265</b>	<b>26</b>	
<b>Rolling Programme</b>						
Information Communication Technology (ICT)	-	-	180	120	280	
Play Areas	-	-	415	355	120	
Improvement & Discretionary Grants	-	-	1,580	1,580	1,580	
Asset Management	-	-	3,007	1,544	1,000	
<b>Total: Rolling Programme</b>	<b>-</b>	<b>-</b>	<b>5,182</b>	<b>3,599</b>	<b>2,980</b>	
<b>Total: General Fund Capital Budget</b>	<b>34,775</b>	<b>2,461</b>	<b>13,794</b>	<b>25,628</b>	<b>4,653</b>	

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## HOUSING AND WELLBEING COMMITTEE

21 November 2024 at 6.00 pm

Present: Councillors Birch (Chair), Butcher (Vice-Chair), Bicknell, Mrs Cooper, Gunner [substituting for English], Haywood, Long, Lury [substituting for Batley], Pendleton, Wiltshire and Yeates

### 285. APOLOGIES

Apologies for absence were received from Councillors Batley and English.

### 286. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 287. MINUTES

The minutes of the Housing and Wellbeing Committee held on 10 September 2024 were approved and signed by the Chair.

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

There were no urgent items.

### 289. PUBLIC QUESTION TIME

There were no public questions.

### 290. RESIDENT ENGAGEMENT STRATEGY 2022-2026 ANNUAL UPDATE

The Chair invited the Resident Engagement Officer to present the report to members. The report provided details of progress against the Resident Engagement Strategy and highlighted many of the engagement opportunities available for residents. The Social Housing Regulation Act that came into effect on 1 April 2024 had introduced additional requirements and strengthened consumer regulation. Feedback had been obtained from residents following the introduction of several in person forums in the District. Many residents had indicated their preference for responding to questionnaires and surveys. Officers had therefore launched a suite of transactional surveys as well as consultation surveys as officers work through their programme of policy and strategy reviews amongst other activities.

The Chair invited members to make comment or ask any questions. It was clarified that the "Tenant Participation Advisory Service" had rebranded to "TPAS".

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The Chair thanked the Resident Engagement Officer for her work with residents and for the comprehensive summary of the work undertaken, which would hopefully lead to improvements in resident's homes and communities in the District. In particular the Arun at Home magazine was a fantastic addition, with a comprehensive summary of the regulations that had been introduced.

The Committee noted the contents of the report and the progress against the aims of the strategy.

#### 291. PET POLICY REVIEW

The Group Head Housing, Wellbeing and Communities was invited by the Chair to introduce the report.

The report set out the consultation that had been carried out as part of the review of the Council's Pet's Policy and considering any requirements for change. The Policy highlighted that it was of great interest to residents with 435 responses received during the consultation period. A summary of the key results from the consultation had been provided at paragraph 5. Given the keen interest of both members and residents, and prompted by a member of the Committee, a round table discussion had taken place with members of the Committee to discuss some of the changes they were advocating for. He had also held further discussions with the Neighbourhood Housing Team to understand the implications of those changes and had looked at what other housing providers were doing. As a result key wording had been changed concerning permissions, set out in paragraph 5.7.1 of the report including the principle of not unnecessarily withholding permission. The criteria for decision making had been updated, set out in paragraph 5.7.4 of the report, to assist staff in their decision making and consistency. Both the pet agreement form, appendix 3, and the pet ownership leaflet, appendix 4, had been updated to reflect the changes. The outcome of the discussions with members and staff was that these changes would help to provide consistency to the application of the Policy and reduce the unnecessary work that had impacted the Housing Service.

The recommendation was proposed by Councillor Yeates and seconded by Councillor Pendleton.

The Chair invited questions and comments from members.

During the discussion the following amendments were made to the report, Pet Policy and Pet Ownership on Arun District Council homes leaflet:

- Recommendation paragraph 2.1.1, page 141: Amend "...Pets Policy..." to read "...Pet Policy...".

Pet Policy:

- Paragraph 1.6, page 149: Amend "...pets and..." to read "...pets, and..."
- Paragraphs 4.6.2 and 4.6.3, page 152: Swap the order of both paragraphs , so that they read from most permissive to least permissive

Pet Ownership on Arun District Council homes leaflet, page 164:

- Column one, reorder rows three and four, so that it reads from most permissive to least permissive
- House or bungalow with private garden: Amend column 3 to read “Will give permission”
- Flat or maisonette without a private garden: Amend “masionette” to read “maisonette”; Amend column 2 to read “one dog or one cat”
- Ground floor flat or maisonette with a private garden: Amend “masionette” to read “maisonette”; Amend column 3 to read “Will give permission”
- Pets we do not allow, Bullet point 4, page 165: add chickens

Councillor Yeates agreed to submit further minor amendments and suggestions for ensuring all the wording in the documents was aligned, in respect of the documents being considered, to the Group Head Housing, Wellbeing and Communities who would make the amendments under his authorised delegated powers.

The Group Head Housing, Wellbeing and Communities reassured the Committee that the Policy would not be a sideways route to not permitting pets and was worded to be permissive. The intention of the Policy was to deliver consistent decisions and not unnecessarily withhold permission.

Further comments were made and officers were thanked for the work undertaken to produce the Policy and for it being positively in favour of pet ownership. If residents felt their application had not been considered fairly their ward members would be able to assist. The leaflet was colourful, informative and easy to understand. A member advised that a residential association within their Ward were happy with the introduction of the Policy. It was asked if what the position would be if circumstances had changed, and a tenant wanted to replace their pet? The Group Head Housing, Wellbeing and Communities advised that the general position was that there was implied permission there already.

The Committee

RESOLVED to

2.1.1 Approve the updated Pet Policy.

2.1.2 Give delegated authority to the Group Head of Housing, Wellbeing and Communities to make minor changes to the policy and any amendments necessary to reflect any operational, legislative and regulatory changes.

292. LOCAL AUTHORITY HOUSING FUND

The Housing Options Manager was invited by the Chair to introduce the report. The Council had received a grant of £1,783,052 from the Ministry of Housing Communities and Local Government ringfenced for the acquisition of seven two-bedroom temporary accommodation homes to fulfil the Council's statutory rehoming duties, and three additional properties, consisting of two three-bedroom and one four-bedroom homes, for the Afghan Resettlement Scheme. Approval was sought to proceed with the acquisition of the properties, including the approval of the capital funding required to make up the remaining cost of the grant awarded and a commuted sum contribution of £630,000 towards the cost. The maximum cost officers were seeking from additional funding would be £1,469,600.

The recommendation was proposed by Councillor Bicknell and seconded by Councillor Yeates.

The Chair invited questions and comments from members. Members congratulated officers for the successful funding bid, which would save money for the Council in the long run. Responding to a question regarding the expected length of stay in temporary accommodation before permanent accommodation was provided, the Housing Options Manager explained that the Council worked with other housing associations and confirmed that residents in temporary accommodation were given priority so they spent less time in temporary accommodation. Views were expressed that it could be unsettling to be placed in a nice new house and then be told they were moving on again and another view was expressed that the quicker permanent accommodation was found the quicker they could put their roots down. The Housing Options Manager replied that it was difficult to quantify but considered that if they were temporarily housed for a short time and received their permanent home sooner that was a positive. It was confirmed that if a family had to leave their home due to a flooding incident the Council would provide housing to those affected by a natural disaster.

Clarification was sought as to whether or not the Council was allowed to use funding received from Section 106 monies towards the provision of temporary accommodation. If Section 106 monies were used to fund the project would this result in a reduction in the amount of affordable housing being delivered in the District? The Group Head of Housing Communities and Wellbeing advised that no issues had been raised during the approval process undertaken with the Council's Section 106 and Commuted Sums staff officer concerning the use of Section 106 monies for temporary accommodation. He undertook to clarify the position with the staff involved in the process. In response to a further question asked about the consequences for the Council if it used the money it had been given for affordable housing to provide temporary accommodation resulting in the provision of less affordable homes, the member was advised that officers would look into this matter and would respond would of the meeting. The Housing Options Manager advised that the three Afghan Resettlement Scheme homes would become social housing and part of the Council's housing stock. The Chair agreed with the Group Head of Housing Communities that recommendation c) approves use of £630k affordable housing receipts, if approved would be subject to the Group Head looking into the concerns raised by members regarding the use of Section 106 monies for temporary accommodation and confirming it was lawful.

A member suggested that a member briefing on temporary accommodation process would be welcome. The Group Head Housing, Wellbeing and Communities agreed to take the suggestion for a briefing forward.

The Committee

RESOLVED to

- a) Approve the LAHF award of £1,783,052 to acquire seven additional homes for use as temporary accommodation and three for the Afghan Resettlement Scheme of which £1,771,000 relates to the capital purchase.
- b) Approve the use of HRA borrowing as match funding of a maximum £1,469,600.
- c) Approve use of £630k affordable housing S106 receipts, subject to the Group Head of Housing, Communities and Wellbeing confirming that the use of S106 receipts for temporary accommodation was lawful.
- d) Subject to recommendation (e), approves the acquisition of ten new homes for up to a maximum total cost of £3,870,000 for use as temporary accommodation and for the Afghan Resettlement Scheme and in accordance with the LAHF grant conditions; and
- e) Delegates authority to the Group Head of Finance (Section 151 Officer), in consultation with the Chair of this committee, and the Group Head of Housing, Wellbeing and Communities to provide final written approval of the acquisition subject to the Group Head of Finance being in receipt of a positive financial appraisal.
- f) Notes that an appraisal of the LAHF scheme will be brought to this committee once it is completed and in use.

RECOMMENDS TO THE POLICY AND FINANCE COMMITTEE that it

- g) Recommends to Full Council to include this scheme within the Council's capital programme at a total cost of £3,870,600 with £1,771,000 capital funding from central government grant, £630,000 from Section 106 receipts and £1,469,600 to be funded by the Council through additional borrowing.

## 293. LOCAL AUTHORITY HOUSING FUND UPDATE

The Chair invited the Housing Options Manager to introduce the report to members. Details were provided of the purchase of three additional three bedroom properties and one additional property for the Afghan Resettlement Scheme in Littlehampton funded from a grant received from the Department of Levelling Up,

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housing and Communities. These properties had been purchased and were occupied.

The Chair invited questions and comments from members. The Chair was pleased that the homes had been purchased and were being occupied.

Members noted the update.

#### 294. HOUSING PERFORMANCE KPI'S

The Group Head Housing, Wellbeing and Communities was invited by the Chair to introduce the Quarter 2 housing performance report. He outlined the report advising that seven targets had improved and eight declined with four of these targets remaining in range and performing.

He provided details of the reason that the average re-let times had been impacted during Quarter 2 due to the letting of several units at New Road that had remained empty for a long period of time. A monthly Debt Management Group had been implemented to improve rent collection. The Housing Service was implementing improvements in its own processes in relation to income recovery. Compliance performance remained high with a continued focus on the safety of residents and the requirements of the regulator. Referring to the housing registration numbers, the number of applicants on the new register since had halved since the previous one had closed. However, the number of applications received each week was increasing and was expected to continue over the next few months. He also reported that five properties had been recovered due to fraud.

The Chair invited members to make comments or ask any questions.

- Responding to questions concerning the increase in debt and persistent arrears and the reasons for this, the Group Head Housing, Wellbeing and Communities explained that over the next two weeks the Debt Management Group was undertaking a deep dive into arrears of £500 or more and those tenants in arrears, who have an introductory tenancy and officers were looking into how they could be supported through more frequent contact. A further deep dive would be undertaken of tenants with more significant arrears to see if the Council was able to recover the arrears through direct payments for the housing element of Universal Credit. An issue was that the Service did not have a dedicated income recovery function and advised that the situation was being looked into. Officers would undertake interventions and take action based on the outcome of the investigations to improve the situation once the work had taken place to understand the reasons for the arrears occurring. With regards to persistent arrears, the Service would always look to recover arrears from current tenants rather than write off the arrears after a period of time. There were a range of actions the Council would take including expressing the need for tenants to pay their housing costs as a priority debt. If arrears persisted the Council could take legal action, often resulting in the arrears being paid back over longer period of time. Once the arrears increased to over £500 it took a long time to return to a positive balance.

- In response to a question concerning the increase in void homes during Quarter 2, the figures had been impacted by bringing units back into use that had been empty for a significant length of time. Once a long-term empty unit was brought back into use it would impact the performance figures. The increase in re-let times was due to the reletting of seven units that had been void for a long time.
- Responding to a question asking if officers had an idea of the expected number applicants on the housing register once everyone had re-registered, he it was advised that at this stage it was not possible to make an estimate. However he expected the overall number to be lower than before, as the re-registration process had removed applicants who no longer required housing but had not informed the Council. He advised he would ask the Housing Option Manager to undertake further analysis of the numbers.
- It was asked if officers had an idea of the amount of fraud taking place and what the potential was for getting these properties back? The Fraud Investigation and Enforcement Officer currently had 17 open cases and was assisted by other staff who provided details of instances they became aware of. Officers were congratulated on this essential work and success in bringing the properties back into the housing stock.
- A comment was made that the improvements in emergency and non-emergency repairs performance since the service had been provided in-house and showed this was a good way forward.

The Committee noted the contents of the report.

## 295. COMPLAINTS PERFORMANCE AND DETERMINATIONS

The Chair invited the Group Head of Housing, Wellbeing and Communities to introduce the report to members. He outlined the report that provided details of the Council's complaints handling performance and determinations during Quarter 2. Performance for Stage 1 complaints had improved from 62% to 72% and for Stage 2 complaints it had declined to 67% down from an all-time high of 97% in Quarter 1. However, both remained within target and were an improvement on the previous year. The decline was because of staff sickness and annual leave with the majority of the decline occurring in August and September. It was explained that Stage 2 complaints had a smaller compliment of staff available to deal with them due to the escalation process. The number of formal complaints received about the repairs service compared to the same period in 2024-2025 had reduced with 42 received this Quarter compared to 71 received compared to the previous year and the number of compliments received had increased. The Council had received five Housing Ombudsman determinations, set out at paragraph 4.2, including one for severe maladministration for which the decision had been fully reviewed by officers to ensure the circumstances did not arise again. Three of the five determinations referred to historical cases, due to the Housing Ombudsman moving to a statutory function and catching up on cases from 2020. The Housing Ombudsman's annual performance report for 2023-2024 was attached at appendix 6 and although maladministration had increased it remained at a similar level to other peer group local housing authorities of the same size.

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The Chair invited members to make comments or ask questions. It was asked if there were any further undetermined historical cases? The Group Head of Housing, Wellbeing and Communities advised he was aware of some recent determinations and undertook to liaise with the Business Improvement Manager and would advise members of the current position. He clarified the process when dealing with Stage 1 and Stage 2 complaints and advised that staff involved in a stage 1 complaint could not deal with the complaint if it escalated to stage 2, usually a manager resulting in a smaller pool of staff able to deal with those complaints. He confirmed that other Council staff were able to deal with Stage 2 complaints, such as the Wellbeing and Community Team who had been positive in responding to requests.

The Committee noted the contents of the report and that all orders and recommendations have been compiled with.

296. KEY PERFORMANCE INDICATORS 2022-2026 - QUARTER 2 PERFORMANCE REPORT FOR THE PERIOD 1 APRIL 2024 TO 30 SEPTEMBER 2024

The Chair invited the Group Head of Housing, Wellbeing and Communities to introduce the report to members. During Quarter 2 five of the nine key performance indicators for Quarter 2 had been achieved. Of the four not achieved, one was because no data was available and one because the status would not be known until Quarter 4.

The Chair invited members to make comments or ask any questions.

Members noted the report.

297. VOLUNTARY SECTOR GRANTS 2025-2029

The Chair invited the Leisure & Wellbeing Business Manager to introduce the report to members. The report endorsed the work of the Council's partners; Voluntary Action Arun and Chichester (VAAC), Community Transport Sussex (CTS), Arun Community Transport (ACT), AGE UK West Sussex Brighton & Hove (AUKWSBH) and Citizens Advice (CA). The recommendation before members ensured the organisations have a commitment to the Council for the next four years, allowing each to plan for future years with the knowledge that the grant was in place. The financial summary set out the proposed increases from 2025, and the following three years from 2026-27 to 2028-29 and included the introduction of a consumer price index increase for each organisation.

The proposals included an additional increase for community transport to fund an Arun local development officer to add value to the current services provided. Both the community transport organisations had been working with other transport partners over the last 18 months to improve cohesion between the organisations. The funding provided to VAAC would continue to be used to fund their costs to provide the service. The CA's 2022 collaborative agreement managed by West Sussex County Council (WSCC) includes all West Sussex District and Borough councils and is due to end 31 March 2029 following the agreement of all the councils that the contract was offering



value for money and it would be of benefit to extend the agreement. Following the publication of the report, officers had received confirmation from WSCC that they will extend the agreement, and that Public Health England will send a letter confirming the decision in due course.

He reported that all the organisations were well versed with the Council's vision and officers were working with these key partners to ensure the Council's wellbeing services needed were delivered without duplicating the work. It was noted that the Council's draft Wellbeing Strategy would be considered at the 4 February 2024 Committee meeting. The Group Head of Climate Change had delegated authority to agree the service level agreements (SLAs), which would include future priorities targets, addressing gaps in services and provision, promotion of their activities and promotion of their services. He advised that both he and the Community Wellbeing Manager would receive quarterly updates from the organisations to ensure they were providing quality services for residents.

The recommendations were then proposed by Councillor Cooper and seconded by Councillor Wiltshire.

The Chair invited members to ask questions or make comments. During the discussion a member referred to the Council's significant financial deficit and having been advised that savings needed to be made and asked if it was wise to propose increasing expenditure until 2029. The Leisure & Wellbeing Business Manager advised that following discussion with the Finance Team the intention was for the grants to be in line with the current CA contract, based on a maximum consumer price index increase. Enabling the organisations to preplan and increase their viability and ensuring they had the right resources in place to provide their services. The Community Wellbeing Manager provided details of work undertaken to quantify the effect of not providing the funding to the CA. Residents would still need to be supported through the vital resources the organisation had provided, and it was likely that residents would approach the Council to help them instead, which would have financial and resourcing impacts for the Council. The Council would feel the financial pressure more if it was not supporting those organisations helping the community. The Group Head of Environment and Climate Change confirmed that he had delegated authority to sign off the organisations service level agreements (SLAs) and that the delegated authority was already in place.

During the discussion, comments were made that the report did not articulate what the Council expected the organisations to be delivering. Some members did not feel comfortable to endorse the proposed expenditure for a further four-years without details of what the return would be and whether or not they were providing value for money. The Leisure & Wellbeing Business Manager advised that the Council's expectations would be written into the updated SLAs and provided members with examples. The Community Wellbeing Manager offered to provide members with the guidelines within the current SLAs. In response to members concerns, she assured them that in the SLAs, that there were clauses within the contract that set out the action to be taken if the organisations were not delivering against the SLAs and KPIs. The contracts allowed the Council to break the contract if organisations were not

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delivering on their requirements. It was confirmed that the monitoring of the SLAs and KPIs was at the forefront of the quarterly monitoring meetings along with additional visits undertaken throughout the year and monitoring of their partnerships with other organisations. A member advised they found the response reassuring as it was the monitoring that was crucial but still had concerns about predicting future requirements in four-year's time.

Further comments were made that the Council would find it difficult to operate without the organisations providing these essential services.

The Committee discussed approving the grants for a shorter period due to the Council's current financial situation, as it was currently difficult to understand what their requirements will be in five years' time. During the discussion views were expressed that these essential organisations carried out very good work and needed the certainty of knowing in advance what their future funding income would be to enable them to plan their future services. A further view was expressed that the Council would not be able to operate without these organisations providing their services. However, members felt reassured that the contract was flexible to enable the Council to amend the SLAs and KPIs if requirements changed during the life of the contract. The Chair drew attention to the large amount of money that some of these organisations brought into the District from funding received by the Government.

A member referred to the individual funding proposed and asked for the figures to be rounded up for each of the organisations.

The Director of Environment and Communities explained that the grants proposed would enable the voluntary sector to assist The District's most vulnerable residents. Further confirmation was given that SLAs were in place and monitored. Just like any other contract if there was uncertainty over their funding the organisations would find it difficult to plan delivery of their future services. One of the main reasons for giving them grants for a longer period was so they had certainty regarding their future.

Councillor Pendleton proposed an amendment to recommendation 2.1, which was seconded by Councillor Yeates, as follows (deletion shown in ~~strikethrough~~ and **additions shown in bold**). This would enable the current administration to review the organisations performance and to make the decision on future funding.

- 1.1 Endorse the work of all voluntary sector partners and the increases in grants from 2026 as shown in the above table, with an annual CPI increase from 2026 added until the ~~final year 2026-27~~ **year end 31 March 2027**.

Following a vote this amendment was declared NOT CARRIED.

A vote then took place on the original recommendations.

The Committee

RESOLVED

- 1.2 Endorse the work of all voluntary sector partners and the increases in grants from 2026 as shown in the above table, with an annual CPI increase from 2026 added until the year 2028-29.
- 1.3 Note that the Group Head of Environment and Climate Change has delegated authority to agree service level agreements within the organisation.

298. LEISURE CONTRACT EXTENSION 2027 - 2032

The Chair reminded the Committee that Appendix 1 of the report was a restricted document. If the Committee wished to discuss the appendix members will need to pass a resolution for the press and the public to be excluded to this item.

The Chair invited the Environmental Services & Strategy Manager to present the report to members. The report set out a proposal for a 5-year extension to the Leisure Operating Contract with Freedom Leisure from 1 April 2027 to 31 March 2032. Details of the management fee for the duration of the extension period (appendix 1) had been provided as an exempt document due to it being commercially sensitive information.

The key proposals for members to note were set out from paragraph 4.5 of the report. He highlighted the continuation of an enhanced and significant annual management fee for the extension period, providing the Council with cost certainty up until 2032 paid to the Council. The proposals included significant capital investment including major upgrades to both leisure centre gym equipment and an upgrade to the popular 3G pitch and subbase at the Arun Leisure Centre. Freedom Leisure will also build on their success with their highly valued healthy communities programme providing further focus on increasing the leisure activity of unrepresented groups through an additional Community Engagement post. The inclusion of an energy benchmarking clause in the contract extension and whilst this had some financial risk to the Council, it would provide potential benefits allowing Freedom Leisure to renegotiate favourable energy costs with their suppliers. On balance and in consultation with the Council's Group Head of Finance, this was considered a reasonable amendment to the contract and one that would certainly be required if the contract went out to tender on the open market. The proposals had been considered by industry experts the Sports Consultancy who had also worked on the original contract whose comments were summarised at paragraph 4.18, whose view was that the contract would provide a positive offer for the Council that would not be achieved through competitive tendering. This was also the view of officers who had worked hard to foster a positive and proactive relationship with Freedom Leisure to deliver wellbeing opportunities to the community. Despite the number of challenges to the leisure industry in recent years, the partnership between the Council and Freedom Leisure remained strong with Freedom Leisure delivering a number of important and beneficial projects for residents.

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The recommendation was proposed by Councillor Bicknell and seconded by Councillor Hayward.

The Chair invited questions and comments from members. A view was expressed that information on the performance of the contract had not been included in the report and that the wellbeing outcomes had not been defined. A comment was made that no capital investment was included for the Windmill Theatre, Littlehampton. The Environmental Services & Strategy Manager replied that a report on Freedom Leisure's trading and performance had been considered by the Committee at its meeting held on 25 January 2024, which had been well received, and key performance indicators were considered quarterly. He appreciated the comments made about the timing of the report and explained it had been necessary due to the timeline required to extend the contract, as otherwise the Council may be required to go out to procurement may not be able to extend the contract. The contract was rigorously monitored and a report on how the contract was performing would be considered by the Committee at its meeting on 4 February 2025. The Leisure Wellbeing and Business Manager, whose role it was to monitor the performance of the contract against the KPIs and specifications, provided further details of the monitoring that took place. He had daily communications with Freedom Leisure with performance data shared at monthly meetings and action taken if it was not positive. A member commented that they had confidence in the service provided by Freedom Leisure and supported the extension of their contract.

The Environmental Services & Strategy Manager responded to a number of comments concerning the Windmill Theatre capital investment, which members considered was an important provision in Littlehampton and should receive investment. He advised that it would be for Freedom Leisure to put forward proposals that made financial sense for them. It was for the Council to put forward a vision and proposal and if Freedom Leisure was asked to revisit it would impact the proposed management fee. It was reasonable to understand why plans had not been put forward to include the Windmill Theatre. However, this did not mean they were not committed to providing the service during the remainder of the contract. Freedom Leisure had worked hard to bring the Windmill Theatre back to use following the fire and any proposals would likely include capital funding in the contract. He advised that if the proposal was taken forward at this stage it would affect the completion of the contract. He suggested that if the contract extension was approved officers would report back to a future Committee meeting with details of proposals for the Windmill Theatre and how this would affect the management fee.

Responding to the answers provided by officers a member would have welcomed higher level monitoring with the results reported to members when considering approving the contract. They also expressed the view that they would be happy for Freedom Leisure to undertake capital investment if that resulted in a lower management fee. The Environmental Services & Strategy Manager advised that officers would be happy to undertake investigations into the available options and report back to the Committee with details of what the capital investment would look like and the implications to the management fee.

A member suggested that in future it may be helpful for the report to set out a range of options for the Committee to consider. The Director of Environment and Communities advised that if the Committee wanted officers to look at different options for the Windmill Theatre, in this case there were more options to available than being funded by Freedom Leisure. She undertook to provide a separate piece of work to look at options for the funding of the Windmill Theatre that would extend wider than Freedom Leisure. This approach was welcomed by members.

Clarification was sought as to whether the report on the Windmill Theatre would be considered by this Committee or the Economy Committee who have discussed the Theatre in the past and would it include broader options. The Director of Environment and Communities advised that the Committee that would consider the report would depend on the types of funding sources found in line with the Council's Constitution.

The Committee:

**RESOLVED**

Approves a 5-year extension of the Leisure Operating Contract from 1 April 2027 to 31 March 2032 based on the information outlined in this report.

**299. OUTSIDE BODIES - FEEDBACK FROM MEMBERS**

The Committee received a report from Councillor Long giving an update on the West Sussex County Council Health and Adult Social Care Committee and from Councillor Carol Birch giving an update on the Sussex Police and Crime Panel.

**300. WORK PROGRAMME**

A discussion took place concerning progress regarding options for the Flaxmean sheltered housing scheme following their approval at a previous Committee meeting during 2021. A member referred to the minutes of the Committee meeting held on 23 November 2024 where members had been advised a member briefing would take place on the feasibility of sheltered housing and asked when the proposals would be considered by this Committee. The Group Head of Housing, Wellbeing and Communities confirmed that a member briefing had taken place earlier this year. He advised that since then the sheltered housing capital budget had been refiled and a further feasibility survey carried out. The briefing outlined a number of options based on a previous feasibility study that had not been progressed and an option to progress was agreed at that briefing. Architects and Technical officers had been instructed to undertake work to deliver the sheltered housing scheme on the basis of the feasibility that related to the remodelling of Flaxmean. Following the Committee will consider a report recommending an option. Since the original feasibility scheme had been produced the costs had increased significantly and the funds that had been made available would not now deliver across the whole of the housing stock. . He confirmed there would be no capital spending during this financial year on Flaxmean whilst the work was being completed. He confirmed that the dates in respect of the feasibility

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study undertaken were accurate. He anticipated the feasibility results would be reported back to this Committee during the next financial year.

A further question was asked about the proposals coming forward during the next financial year 2025-26 and if this be to consider work due commence during 2025-26 or the authorisation of an option. The Chair referred to the amount of work that been undertaken in the Housing service since the Group Head of Housing, Wellbeing and Communities had started his role. The Group Head of Housing, Wellbeing and Communities added that, as soon as he was able to after gaining an understanding the original feasibility study, of which some of the information was over two years old, he had informed members of the position.

A member made a statement that she and other members had been trying to focus on sheltered accommodation for a number of years and appreciated that the Group Head of Housing, Wellbeing and Communities was moving forward with sheltered housing. Members wanted this work done and wanted to trust the officer team involved and the timescales. They did not want to be in the same position on a year's time and wanted to be there for their residents.

The Committee noted the Work Programme for 2024-25.

(The meeting concluded at 8.10 pm)

# Arun District Council

<b>REPORT TO:</b>	<b>Housing and Wellbeing Committee - 21 November 2024</b>
<b>SUBJECT:</b>	<b>Local Authority Housing Fund</b>
<b>LEAD OFFICER:</b>	<b>Jayne Knight, Housing Options Manager</b>
<b>LEAD MEMBER:</b>	Councillor Carol Birch, Chair of Housing and Wellbeing Committee
<b>WARDS:</b>	<b>All</b>
<p><b>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:</b></p> <p>The Local Authority Housing Fund will support the following aims of the Arun District Council Vision.</p> <p>Improving the wellness of Arun</p> <ul style="list-style-type: none"> <li>• Support those who are homeless, street homeless or at risk of homelessness in emergency or temporary accommodation to improve health outcomes.</li> </ul> <p>Delivering the right homes in the right places</p> <ul style="list-style-type: none"> <li>• Support households with complex needs to secure suitable accommodation.</li> <li>• Ensure the existing housing stock in the district (private sector and council owned) is maintained to a high standard.</li> <li>• Continue to bring empty homes back into use for the benefit of the community.</li> </ul>	
<p><b>DIRECTORATE POLICY CONTEXT:</b></p> <p>The Local Authority Housing Fund (LAHF) (3) will provide funding towards the cost of purchasing seven temporary accommodation homes and three Afghan resettlement homes, of which one must be a four-bedroom home.</p> <p>These additional homes will be new, high standard properties that provide better than value than the alternative, which is expensive emergency accommodation.</p>	
<p><b>FINANCIAL SUMMARY:</b></p> <p>The Ministry of Housing Communities and Local Government have granted £1,783,052 to the council ringfenced to the acquisition of seven additional temporary accommodation homes to fulfil our statutory homeless duties, and three additional properties to be used for the Afghan Resettlement Scheme. The grant is split £1,771,000 capital and £12,052 revenue. The funding is being received in four tranches; the first tranche has been received.</p>	

This capital grant will be used towards the purchase of seven two-bedroom homes for temporary accommodation, two three-bedroom homes and one four-bedroom home to house applicants from the Afghan Resettlement Scheme. With the balance of funding coming from S106 commuted sums and borrowing.

The scheme will provide a positive contribution to the HRA from year 1 and this will increase annually as rents increase:

<b>Net Income &amp; Costs</b>	<b>£'000</b>
Net Rent Year 1*	102
Repayment of HRA borrowing****	-72
Net Rent after debt repayment	<u>30</u>

\*\*\* based on Affordable rents at 80% of Market Value (market rents to be provided by an independent valuer) less void provision and operational costs

\*\*\*\* based on the full year costs of borrowing £1.47m over 40 years @ 5.13%.

## 1. PURPOSE OF REPORT

- 1.1 To seek approval from Members to proceed with the acquisition of seven additional temporary homes, and three homes for the Afghan Resettlement Scheme, including approval for the capital funding required to make up the remaining cost after the grant awarded is considered and the commuted sums.

## 2. RECOMMENDATIONS

- 2.1 It is recommended that Housing and Wellbeing Committee:

- a) Approves the LAHF award of £1,783,052 to acquire seven additional homes for use as temporary accommodation and three for the Afghan Resettlement Scheme of which £1,771,000 relates to the capital purchase.
- b) Approves the use of HRA borrowing as match funding of a maximum £1,469,600.
- c) Approves use of £630k affordable housing S106 receipts.
- d) Subject to recommendation (e), approves the acquisition of ten new homes for up to a maximum total cost of £3,870,000 for use as temporary accommodation and for the Afghan Resettlement Scheme and in accordance with the LAHF grant conditions; and



- e) Delegates authority to the Group Head of Finance (Section 151 Officer), in consultation with the Chair of this committee, and the Group Head of Housing, Wellbeing and Communities to provide final written approval of the acquisition subject to the Group Head of Finance being in receipt of a positive financial appraisal.
- f) Notes that an appraisal of the LAHF scheme will be brought to this committee once it is completed and in use.
- g) Request that the Policy & Finance Committee recommends to Full Council to include this scheme within the Council's capital programme at a total cost of £3,870,600 with £1,771,000 capital funding from central government grant, £630,000 from Section 106 receipts and £1,469,600 to be funded by the Council through additional borrowing.

### **3. EXECUTIVE SUMMARY**

- 3.1 MHCLG has nominally allocated £1,783.052 of LAHF funding for the Council to Acquire seven additional homes for use as temporary accommodation and one for the Afghan Resettlement scheme. The LAHF scheme is intended to relieve our existing homelessness pressures and support Afghan refugees currently occupying bridging hotels.
- 3.2 There is no condition on the Council to provide match funding of 60% on each Property purchased. The funding however is conditional on having nine properties at exchange of contract stage by 31<sup>st</sup> March 2025 and one property delivered by 31<sup>st</sup> March 2026.
- 3.3 The proposal is to purchase: Seven, two-bedroom properties for Temporary accommodation, three Properties for the Afghan resettlement scheme, one being a four- bedroom property.

### **4. DETAIL**

- 4.1 Presently there are over 229 Arun households living in temporary accommodation of which 173 are in expensive nightly paid accommodation provided by private suppliers. The cost of temporary accommodation to the local authority this year is expected to be in region of £4.4 million gross.
- 4.2 By using the LAHF funds, Arun will be able to purchase a further 7 Temporary Accommodation properties. Two-bedroom units of nightly paid accommodation costs on average £500 per week, per unit.  $7 \times £500 = £3500.PW$ , which delivers a cost saving of £182,000 per annum to the authority.

- 4.3 Homelessness is a statutory service, and we are obligated to offer temporary accommodation to eligible households. At a time of nationally increasing homelessness, we are seeing increasing numbers of households in temporary accommodation. Our only flexible source of supply is expensive emergency accommodation. Increasing our own portfolio of temporary accommodation reduces that reliance and offers a better quality, more sustainable and cheaper alternative.
- 4.4 We are including commuted sums to the value of £630,000 available so the match funding from Arun District Council for this project will come from HRA borrowing.

## **5. CONSULTATION**

- 5.1 There has been consultation with DHLUC and Finance in developing these proposals.

## **6. OPTIONS / ALTERNATIVES CONSIDERED**

- 6.1 There was consideration given to building new properties on land owned by Arun District Council. This was dismissed, as the delivery timetable for the majority of the properties is March 2025 and therefore given the time limitations, we were unable to take such an approach.
- 6.2 There is the option not to apply for this grant, and this was also dismissed as:
- a) DLUHC were strongly supportive of our application.
  - b) This scheme will provide high-quality, energy efficient new temporary homes for homeless families.
  - c) These properties will both generate an income and off-set the alternative cost of emergency accommodation.

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

- 7.1 The total costs of the proposals in this report are £3.87m of up to £1.47m will need to be funded by the Council. This will be done by taking out new borrowing, which means the Council will also incur additional revenue costs to repay the borrowing. However, these borrowing costs and any other additional revenue expenditure will be offset by the income generated by these new units.
- 7.2 Borrowing will not be taken at least until the property acquisitions have been completed and even, then Officers will manage the council's cash flow position in a way that delays borrowing for as long as possible.

## **8. RISK ASSESSMENT CONSIDERATIONS**

8.1 **The authority will be increasing its HRA debt:** Whilst this increases our debt exposure risk, this is mitigated by the new income generated by ownership of these properties. There is a small risk in that interest rates could increase when we eventually take out the new borrowing. However, our interest rates forecast points to a drop in the medium term. Therefore, it is likely that the full year borrowing costs as indicated in the financial summary will be lower.

8.2 **Properties cannot be purchased within the timescale:** If we are unable to meet any of the grant obligations, we will withdraw our application and return the grant.

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

9.1 Appropriate legal agreements will need to be prepared and put in place to govern both the use of the funding and the acquisitions. Advice will be required from the Council's Legal Services team and/or its external legal advisors as a part of the project.

## **10. HUMAN RESOURCES IMPACT**

10.1 There are no implications identified.

## **11. HEALTH & SAFETY IMPACT**

11.1 There are no implications identified.

## **12. PROPERTY & ESTATES IMPACT**

12.1 There are no implications identified.

## **13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

13.1 This brings additional social value to the community providing suitable temporary accommodation for 7 additional households in the district and 3 to be used for the Afghan resettlement scheme.

## **14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

14.1 All 10 properties purchased, will be newly constructed, to the most up to date build standards.

**15. CRIME AND DISORDER REDUCTION IMPACT**

15.1 There are no implications identified.

**16. HUMAN RIGHTS IMPACT**

16.1 There are no implications identified.

**17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

17.1 There are no implications identified.

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**CONTACT OFFICER:**

**Name:** Jayne Knight  
**Job Title:** Housing options Manager  
**Contact Number:** 01903 737708

**BACKGROUND DOCUMENTS:**

[Local Authority Housing Fund: Round 3 prospectus and guidance - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

# Agenda Item 11

## Policy and Finance Committee –Work Programme 2024-2025

Policy & Finance Committee	Lead Officer	Date of Meeting	Time	Full Council Meeting Date
<p>Littlehampton Seafront Project – Update</p> <p>Angmering Sports Hub – Update Report</p> <p>The Regeneration of the Regis Centre, Bognor Regis</p> <p>Key Performance Indicators – 2022-2026 – Quarter 4 – End of Year Performance Report</p> <p>Community Capital Projects – Arun Community Fund – Consideration of Bids -Update</p> <p>Arun Vision – Annual Report</p> <p>Budget Process 2025/2026</p> <p>Financial Prospects 2024/25 to 2028/9 - Update</p> <p>Draft Revenue Budget, Housing Revenue Account and Capital Programme Outturn report for 2023/2024</p> <p>Climate Action Work Plan Update</p> <p><b>Items put forward from Service Committees</b></p> <p><b>Outside Bodies – Feedback Reports</b></p> <p>Work Programme</p>	<p><b>Rachel Alderson</b></p> <p><b>Rachel Alderson</b></p> <p><b>Max Whitehand</b></p> <p><b>Jackie Follis</b></p> <p><b>Karl Roberts</b></p> <p><b>Jackie Follis</b></p> <p><b>Antony Baden</b></p> <p><b>Antony Baden</b></p> <p><b>Antony Baden</b></p> <p><b>Will Page</b></p>	<p><b>9 July 2024</b></p>	<p>6pm</p>	<p>17 July 2024</p>
<p>Q1 Performance Report for the Key Performance Indicators [KPIs] which form part of the Council’s Vision</p> <p>Littlehampton Seafront Project</p> <p>Angmering Sports Hub</p>	<p><b>Jackie Follis</b></p> <p><b>Rachel Alderson</b> <b>Rachel Alderson</b></p>	<p><b>24 October 2024</b></p>	<p>6 pm</p>	<p>6 November 2024</p>





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