



Public Document Pack

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

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

e-mail: committees@arun.gov.uk

Committee Manager: Carley Lavender (Ext. 37547)

14 January 2019

OVERVIEW SELECT COMMITTEE

A meeting of the Overview Select Committee will be held in Committee Room 1, [The Pink Room] at the Arun Civic Centre, Maltravers Road, Littlehampton, BN17 5LF on **Tuesday, 29 January 2019 at 6.00 pm** and you are requested to attend.

Members: Councillors Dingemans (Chairman), English (Vice-Chairman), Mrs Bence, Blampied, Edwards, Elkins, Hughes, Mrs Oakley, Oliver-Redgate, Miss Rhodes, Mrs Rapnik, Stanley, Warren, Dr Walsh and Wheel.

AGENDA

1. APOLOGIES FOR ABSENCE
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

The Committee will be asked to approve as a correct record the Minutes of the Special Overview Select Committee held on 3 December 2018 (as previously circulated).

4. 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.

5. COUNCIL BUDGET - 2019/2020 (Pages 1 - 20)

The report sets out the General Fund Revenue, Housing Revenue Account and Capital Budget for 2019/20 (in appendix A, 1, 2 and 3). The Committee is requested to review the budget report and recommend approval onto Cabinet in order that any recommendations can be considered at the Special Meeting of the Council on 20 February 2019.

6. GREENSPACE MANAGEMENT CONTRACT - UPDATE (Pages 21 - 26)

This report provides Members of the Overview Select Committee an update on the Council's current Greenspace Management Contract. A presentation from the Regional Manager and Chief Executive from Tivoli will be given at this meeting.

7. FEEDBACK FROM MEETINGS OF HEALTH AND ADULT SOCIAL CARE COMMITTEE HELD ON 12 DECEMBER 2018 AND 16 JANUARY 2019 (Pages 27 - 28)

A feedback report following Councillor Blampied's attendance at meetings of the West Sussex County Council's Health and Adult Social Care Committee (HASC) held on 12 December 2018 is attached and 16 January 2019 will be circulated at a later date prior to the meeting on 29 January.

8. FEEDBACK FROM MEETINGS OF THE SUSSEX POLICE AND CRIME PANEL HELD ON 18 JANUARY 2019

A feedback report following Councillor Clayden's attendance at the meeting of the Sussex Police and Crime Panel held on 18 January 2019 will be circulated at a later date prior to the meeting on 29 January.

9. FEEDBACK FROM MEETINGS OF THE JOINT SCRUTINY STEERING GROUP HELD ON 26 NOVEMBER 2018 (Pages 29 - 30)

A feedback report following Councillor Dingeman's attendance at the meeting of the Joint Scrutiny Steering Group held on 26 November 2018.

10. CABINET MEMBER QUESTIONS AND UPDATES

- (i) Cabinet Members will update the Committee on matters relevant to their Portfolio of responsibility.
- (ii) Members are invited to ask Cabinet Members questions and are encouraged to submit these to the Committee Manager in advance of the meeting to allow a more substantive answer to be given.

11. WORK PROGRAMME - 2019/2020

The Group Head of Policy Jackie Follis will put forward and take suggestions from the Committee on its Work Programme for 2019/2020.

Note : *Indicates report is attached for all Members of the Council only and the press (excluding exempt items). Copies of reports can be obtained on request from the Committee Manager).

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

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ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF THE OVERVIEW SELECT COMMITTEE ON 29 JANUARY 2019

PART A : REPORT

SUBJECT: Arun District Council Budget – 2019/20

REPORT AUTHOR: Alan Peach, Group Head of Corporate Support
DATE: December 2018
EXTN: 37558
PORTFOLIO AREA: Corporate Support

EXECUTIVE SUMMARY:

The report sets out the General Fund Revenue, Housing Revenue Account and Capital Budget for 2019/20 (in appendix A,1,2 and 3). The committee is requested to review the budget report and recommend approval onto Cabinet in order that any recommendations can be considered at the Special Meeting of the Council on 20 February 2019.

RECOMMENDATIONS:

The committee is requested to review and note the Budget report for 2019/20 (contained in appendix A) before making comment to Cabinet.

1. BACKGROUND:	Prior to the start of each financial year, the Council sets its budget, Council Tax levels and housing rent levels for the year. The committee’s role is to review the budget report before Cabinet and Full Council.	
2. PROPOSAL(S):	The Committee is requested to consider the report and endorse the recommendations.	
3. OPTIONS:	Endorse the budget Make additional comments	
4. CONSULTATION:		
Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓

Other groups/persons (please specify)		✓
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial	✓	
Legal		✓
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land	✓	
Technology	✓	
Other (please explain)		✓
6. IMPLICATIONS: The budget will form the main reference point for financial decisions made in 2019/20.		

7. REASON FOR THE DECISION:

To review the Budget ahead of it being considered by Cabinet on 11 February 2019 and Special Council on 20 February 2019.

8. BACKGROUND PAPERS:

Financial Prospects 2018/19 to 2023/24 link:
<http://www1.arun.gov.uk/PublicViewer/Tempfiles/b327e0f5915f45b.pdf>

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

ARUN DISTRICT COUNCIL BUDGET 2019/20

REPORT BY THE GROUP HEAD OF CORPORATE SUPPORT

1.0 Introduction

1.1 This report sets out the Capital, Housing Revenue and General Fund Revenue budget for 2019/20. These budgets have been prepared taking account of the following:

- The Medium Term Financial Strategy 2018/19 to 2023/24 considered at Cabinet 17th September 2018.
- The provisional Local Government Finance settlement issued by the Ministry of Housing, Communities and Local Government (MHCLG) in December 2018.
- Housing Revenue Account business plan approved at Full Council 13th September 2017.
- The successful application of the West Sussex 75% Rate Retention Pilot for 2019/20

1.2 The Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of the estimates made for the purposes of calculating Council Tax and housing rent levels, and the adequacy of the proposed financial balances. I am satisfied that the estimates, as presented in the draft budget, are sufficiently robust and that the reserve balances proposed for 2019/20 are adequate.

2.0 Local Government Finance Settlement and Council Tax

2.1 2019/20 represents the final year of the 4 year settlement that the Council accepted in 2016/17 (Revenue Support Grant; and Top-ups and Tariffs related to Retained Business Rates, including s31 grants). The Council is no longer in receipt of RSG (Revenue Support Grant) and this was due to become negative £430k (payment to the Government) in 2019/20. However, the negative RSG has been cancelled by the Government, resulting in a one off windfall for the Council in 2019/20. The Fair Funding Review (FFR) will determine funding allocations from 2020/21. It is likely that the level of future years funding will not be determined until late in 2019.

2.2 West Sussex has been successful in the application to become a 75% Business Rate Retention Pilot for 2019/20. The Business Rate Retention scheme was introduced in April 2013 and 2019/20, is anticipated to be the final year of the current

scheme. The scheme focuses on promoting economic growth through the local retention of business rates. The West Sussex Business Rate Retention Pilot will be led by WSCC with all Districts and the County as members. The pilot will allow 75% of Business Rates to be retained locally with 20% retained by the Districts and 55% by the County. Previously, half of the rates revenue was retained locally with the local share being split between Arun (80%) and West Sussex County Council (20%). Although the percentage shares have changed the new pilot has been set up with the condition of no detriment to any of its members. The additional funding generated will be invested in superfast broadband, which is to the benefit of the whole of West Sussex.

- 2.3 The Business Rates Retention scheme has transferred a considerable risk to the council by linking MHCLG support directly to the local economy. This is a strong incentive for the Council to ensure that the business ratings list is fully inclusive and to encourage a buoyant local economy. It is also important to note any significant negative changes in the value of the ratings list will directly reduce the level of funding received in future, such as valuation appeals which can be backdated.
- 2.4 The Council has benefitted from, comparatively, large increases in its business rates base due to the substantial growth in the area. A reset of the Business Rates system in 2020/21 which would change the current tariffs, top ups and baselines and effectively remove the growth that an authority is able to retain, although the extent of the reset is yet to be determined.
- 2.5 The Business Rate reset could effectively wipe out all or a proportion of the past gains through growth built up since the inception of the scheme. There are no further details currently available and the situation will continue to be monitored closely due to the likely significant adverse impact on the Council's funding. However, a recent consultation paper suggests Ministers are minded to have a full baseline reset in 2020/21 which would have a significantly adverse effect on a high growth authority such as Arun.
- 2.6 The New Homes Bonus (NHB) was introduced in 2011/12. The aim of the grant is to create an incentive which rewards local authorities that deliver sustainable housing growth in their areas. The basis of the grant is that for each new housing unit delivered an annual bonus of £1,671 (band D equivalent) is payable. In addition, a £350 bonus is also paid for each additional unit of affordable housing. The NHB is shared between Arun (80%) and WSCC (20%).
- 2.7 The original NHB scheme guaranteed the annual allocation for a period of 6 years. When the scheme was reformed in 2017/18 this was reduced to 4 years and in addition a deadweight adjustment was introduced (for growth that was anticipated to have happened anyway). This has led to a significant reduction in NHB funding for the Council and the consultation regarding reform of the system adds more uncertainty for the future.
- 2.8 The New Homes Bonus for 2019/20 is £2.664.m (reduction of £69k). This includes an affordable homes premium of £53k. It was confirmed in the settlement that the baseline or deadweight adjustment for growth deemed to have happened anyway

would continue at 0.4 percent for 2019/20. The level of NHB is summarised in the table below:

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

2.9 The changes in Government grant funding are summarised in the table below:

Non-Ringfenced Grant Income			
	Budget 2018/19 £'000	Budget 2019/20 £'000	Change £'000
Business rates retention*	5,569	5,357	(212)
Revenue Support Grant (RSG)	194	0	(194)
Total Formula Grant:	5,763	5,357	(406)
New Homes Bonus:	2,733	2,664	(69)
Other non-ringfenced grants:			
Housing Benefits Administration Grant	430	399	(31)
Localising Council Tax Support Administration Grant	178	170	(8)
Business rates collection allowance	185	185	0
Total Other Non-ringfenced grants: **	793	754	(39)
Total non-ringfenced grant income	9,289	8,775	(514)
*including s31 grants, Tariff and Levy ** Excluding IER grant			

2.10 Non-ringfenced government grants have reduced significantly by £0.514m to £8.775m in 2019/20 (£9.289M 2018/19). The anticipated negative RSG of £430k forecast for 2019/20 was not implemented by the government (with the Government bearing the additional cost) and this will now be rolled up in the Better Funding Formula from 2020/21. The Housing Benefit administration grant has been reducing significantly with an additional reduction of £31k in 2019/20 to reflect the introduction of Universal Credit which has resulted in case load transfer to the Department of Work and Pensions (DWP).

2.11 Council Tax Income – Arun excluding Parish Councils is summarised in the table below:

Actual 2017/18	Arun excluding Parish Councils	Budget 2018/19	Budget 2019/20
59,456	Tax base *	60,402	61,281
£171.27	Band D Tax	£176.40	£181.62
£10,183,000	Council Tax Income (excluding parishes)	£10,655,000	£11,130,000

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

The Council Tax income of £11,130m for Arun (excluding Parish/town Councils) referred to in the General Fund Summary (appendix 1) is based on an Arun Band D Council Tax of £181.62, which represents an increase of £5.22 or 2.96% (£5.13 or 2.995% 2018/19). Arun's tax base for 2019/20 shows a significant increase over 2018/19 (from 60,402 to 61,281). This is chiefly due to the completion of new dwellings in the District. The government's calculation of the Council's spending power is based on a 3% increase in band D Council Tax.

3.0 Budget Assumptions

- 3.1 The budget for 2019/20 includes the agreed 2.0% pay award. As in previous years, no provision has been made for price increases in goods, services and contracts except where there is clear evidence of the need for it.
- 3.2 With regard to fees and charges, increases have been applied either in accordance with statutory provisions, or, where the Council has discretion, by inflation, having regard to specific service circumstances.
- 3.3 HRA rents have been set at 1% below the 2018/19 current year's level in accordance with statutory provisions (Welfare Reform and Work Act).

4.0 General Fund Revenue Budget

- 4.1 A summary of the General Fund Revenue budget showing 2018/19 Original Budget and 2019/20 proposed budget, summarised by Service Portfolio is shown in **Appendix 1**. A summary of the projected movement on General Fund Reserve is shown in the table below:

General Fund Reserve Movement	Original Budget £`000	Current Budget £`000	2019/20 Budget £`000
Net Budget Requirement	24,292	26,534	24,491
Financed by:			
Government Grants and Retained Business Rates	(9,289)	(9,531)	(8,861)
Council Tax (including collection fund surplus)	(15,003)	(15,003)	(15,630)
Taken From / (Added to) Balances	0	2,000	0
General Fund Balance 1 April	9,344	9,344	7,425
Virement to Business Rates Reserve		(2,000)	
Outturn on General Fund		81	0
Total (Taken From) / Added to Balances	0	(1,919)	0
General Fund Balance 31 March	9,344	7,425	7,425

- 4.2 The original budget for 2018/19 assumed no change in General Fund Reserve. The current budget includes a virement to the Business Rates Reserve of £2.0m which is required to help stabilise the loss in grant income anticipated from the Business Rate reset (Financial Prospects 2018/19 to 2023/24 report C/012/070918). A supplementary estimate of £650k for Homelessness (nightly paid accommodation) has been considered at cabinet (C/022/121118) and a supplementary estimate for £150k for a judicial review in relation to a planning application (for a retail unit and public house, Angmering) will be considered at cabinet on 11th February 2019. The supplementary estimates are subject to approval by Full Council on 6th January 2019 and 13th March 2019 respectively. These changes result in an anticipated General Fund balance of around £7m at the end of 2018/19, subject to the positive current budget variation continuing.
- 4.3 The Council has received and is anticipating the receipt of significant s106 sums for maintenance in perpetuity in respect of a number of sites. However, the receipt of these sums will also lead to the requirement for additional revenue expenditure in respect of maintaining the relevant sites. These sums are not included in the budget for 2019/20 or the estimated outturn for 2018/19 as the timing of the receipts is not certain.

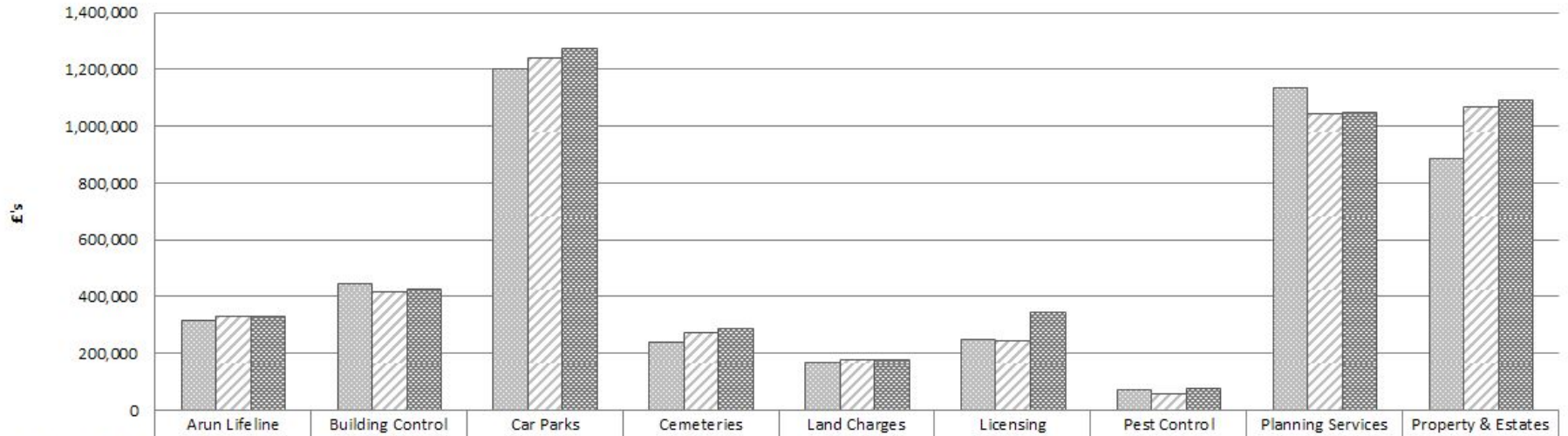
4.4 A summary of headline changes is given in the table below:

General Fund Budget 2019/20	Changes +/- > £ 100k	£'000
Pay award (2%)		247
Increments		102
Other Employee changes including new posts		251
Major Contracts inflation (including property growth)		192
Reduction in Recycling Credits		131
District Election (net)		105
Leisure Contract increased income		(285)
Housing Benefit net		(107)
Increase in income		(206)
Interest and Investment Income		(134)
Fall out of 2018/19 Contingency Items		(2,682)
Contingency Items 2019/20		383
Reduction in Pension Reserve Contribution		432
Contribution to Pavilion Park		(300)
Contribution to Business Rates Reserve		1,138
Capital expenditure financed from revenue fall out of 2018/19 programme		(1,310)
Capital expenditure financed from revenue 2019/20 programme		2,020
Decrease in Non-Ringfenced Government Grants		514
Council Tax Income increase (including Collection Fund Surplus)		(444)
Other changes +/- <£100k		(47)
Net change in budgeted reserve movement		0

- 4.5 In addition to the 2% pay award of £247k, the establishment has increased significantly due to additional posts that are predominantly funded from additional income. This could result in additional pressure if income levels drop unexpectedly.
- 4.6 Major contracts are anticipated to increase by £192k (comprised of £162k inflation and £30k due to increase in the number of properties).
- 4.7 The budget for recycling credits has been reduced by £131k following the termination of the current agreement (Memorandum of Understanding) by West Sussex County Council. This will result in a reduced payment for 2019/20 and the MoU will not continue after 2019/20 placing a further £850k of income at considerable risk from 2020/21, which will place further significant strain on the Council's budget.
- 4.8 The budget for 2019/20 contains £175k for the District Elections in May 2019 (£105k net after shared costs that will be recharged to Parishes and Town Councils).
- 4.9 The net contribution from the Leisure Management Contract has increased by (£285k), this includes an additional increase in relation to compensation for the loss of Sportsdome whilst the Wave was under construction.

- 4.10 Housing Benefit payments and case load began to fall in the last quarter of 2017/18, largely due to the introduction of Universal Credit and the situation has continued during 2018/19. The budget for Rent Allowance payments has been reduced to £34.750m from £41.300m (£40.115m outturn 2017/18). Resulting in a (£125k) favourable variation allowing for Housing Benefit subsidy received. The net effect of Housing Benefit payments after the receipt of government subsidy is extremely difficult to predict as it is a demand led service and subsidy (and administration grant) is dependant on caseload, changing economic conditions and the level of subsidy provided. This has also been reflected in the reduction in Housing Benefit Administration grant that is received from the DWP (see 2.9 above).
- 4.11 The proposed budget for 2019/20 includes a £1.138m contribution to the Business Rates Reserve, which is required to partially mitigate the loss in grant income anticipated from the Business Rate reset in 2020/21 (see 4.2 above).
- 4.12 The budget also includes a £885k contribution from the Council's pension reserve (£1.317m previous year) which will be exhausted in 2019/20 (reduction of £432k).
- 4.13 The Contingencies and Special Items budget is assessed each year as a provision for known possible service changes that have not been sufficiently developed to fully cost into the budget. These budgets totalling £383k will be vired to service during 2019/20, made available as corporate underspend or returned to balances if not required. The significant reduction from 2018/19 to 2019/20 is mainly due to the fall out of the budgeted one off revenue contribution of £1.558m to the Littlehampton Wave in 2018/19.
- 4.14 Arun is in receipt of additional Government funding through the Flexible Homelessness Support Grant and this funding will be used to prepare for the new duties imposed by the Homelessness Reduction Act 2017 and to enhance the Council's homelessness prevention service. The grant is £507k for 2019/20 (an increase of £157k from 2018/19). The future of the grant is uncertain beyond 2019/20.
- 4.14 The increase in investment income is based on current investment levels plus a quarter of a percent increase in interest rates during 2019/20.
- 4.15 Income from fees, charges and rents are included within net cost of service. In total this amounts to overall financing of £5.05m (£4.84m 2018/19), an increase of (£206k). It should be noted that a significant proportion of the increase is due to increased licensing obligations which is carried out on a cost recovery basis and required the establishment to be increased by 2 additional posts. Income is a key risk area to the budget as it is predominantly externally influenced, without a direct link to service cost and each source is unique. It is anticipated that all discretionary fees and charges will be increased by at least the rate of inflation unless there is good reason not to in order for the Council to become more self-sufficient. The graph below shows income by source and value, and demonstrates trend. The income estimates included in 2019/20 appear robust.

Income 2019-20



	Arun Lifeline	Building Control	Car Parks	Cemeteries	Land Charges	Licensing	Pest Control	Planning Services	Property & Estates
Actual 2017-18	317,209	445,807	1,198,982	237,476	168,007	250,249	71,533	1,132,396	883,404
Budget 2018-19	331,250	416,500	1,237,630	274,660	177,500	242,200	55,000	1,043,200	1,068,790
Budget 2019-20	331,250	426,400	1,271,220	288,420	177,500	345,800	76,800	1,046,500	1,088,880

5.0 Earmarked Reserves

Earmarked Reserves are amounts of money specifically identified for operational purposes and held alongside the General Fund for drawdown as required. The total value of earmarked reserves at the end of 2017/18 financial year was £18.460m (£14.781m previous year), with approved in-year virements of £3.712m during 2018/19. The carry forward balance into 2019/20 will therefore be a minimum of £14.748m, depending upon the amount of budget variation during 2018/19. Budget expenditure relating to these reserves is isolated from the cost of service for General Fund financing purposes. Earmarked reserves are drawn down into the budget as required through the virement approval process.

6.0 Risk analysis

- 6.1 Corporate and Operational risk registers have been reviewed for financial implications as part of the budget process on the criteria of probability of occurrence and materiality of impact upon balances.
- 6.2 Inflation (CPI 2.2% November 2018) and national pay awards will provide further strain on the Council's budgets.
- 6.3 The level of New Homes Bonus (NHB) has been relatively buoyant but this could easily change if the level of house building tailed off in the District and this is closely monitored on a monthly basis.
- 6.4 The future of whether the NHB is continuing is uncertain, and if it does what form it will take and this includes the level of the deadweight adjustment increasing the risk of less grant funding being available to the Council.
- 6.5 The reset of the retained business rates baseline is proposed in 2020/21. This could effectively wipe out all or a proportion of the past gains through growth, built up since the inception of the scheme. The significant adverse effect of a potential full baseline reset is mentioned in 2.5 above.
- 6.6 No further significant risks have been identified relating to 2019/20. However, some lesser risks are inherent within the overall budget. These are discussed below.
- 6.7 Income: the budget includes £5.05m from fees, charges and rents; these have been set on the basis of achievement of the level of predicted income and previous outturn, including known changes in environment. A potential risk could be a poor summer resulting in lower car park income. A review of income has been undertaken and it is considered to be achievable.
- 6.8 The vacancy management factor continues to be set at £450k, which equates to 3.5% of the total establishment budget of £12.7m for 2019/20.
- 6.9 The Homelessness Reduction Act, in addition to a general increase in homelessness, has had a significant impact on nightly paid accommodation in 2018/19. A supplementary estimate of £650k (net expenditure) was requested

during the year to meet the increase in demand for the service. The gross budget for nightly paid accommodation has not been increased from the 2018/19 level and the budget reflects the improved recovery levels evident during 2018/19. This represents a risk if the initiatives that have been implemented during 2018/19 are not effective or demand continues to stay at or exceed current levels.

- 6.10 The outcome of the proposal by WSCC Health and Adult Social Care Committee (HASC) to cut Housing related Support to the voluntary sector will result in the loss of an essential safety net for the most vulnerable people dependant on Housing Related Support. This includes those at risk of becoming homeless; the homeless; and rough sleeping. The objective of Housing Related Support is to get people back on track and enable them to address the barriers and issues in their lives, which are either the cause or symptom of their vulnerability and severe housing need. Reduced funding for the voluntary sector is likely to place further strain on the Council's resources.

7.0 Housing Revenue Account Budget

- 7.1 A summary of the Housing Revenue Account (HRA) budget, including Major Repairs Reserve, is shown at Appendix 2.
- 7.2 In September 2017 the Council approved the priorities of the new HRA Business Plan and these priorities have been incorporated into the budget now under consideration. One of the key priorities was an acquisition/new build programme for the delivery of 250 new homes over the ten year life of the plan, and the HRA capital budget includes £5m for each year from 2018/19 to 2020/21 for the first stage of this programme. To allow the necessary amount of flexibility in terms of planning the programme the full £15m was approved with the 2018/19 budget. However there will need to be a continuous assessment of a) the availability of "1 for 1" capital receipts and b) the affordability of Arun's contribution (Arun is required to match every £30 of "1 for 1" receipts with £70 of its own funding.)
- 7.3 In the light of the information obtained from the recent stock condition survey significant additional resources have been allocated for repairs and improvements. The enhanced programme is affordable for 2019/20 but the Housing repairs budget for 2020/21 onwards is indicative and will required to be reviewed in light of slippage and affordability. The enhanced programme will need to be carefully monitored to ensure that it can be delivered within the required timescale and that the HRA balance does not fall below the recommended minimum level of £2m. There may be further revisions to this programme during 2019/20 as more information about deliverability and slippage becomes available.
- 7.4 Another key feature of the 2019/20 budget is a 1% rent reduction in line with the provisions of the Welfare Reform and Work Act. This is the last of the statutory annual 1% rent reductions and the Government will issue new guidance relating to changes in rent levels from April 2020. In spite of the 1% rent reduction total rent income shows an increase from 2018/19 due to 2019/20 being a 53 week rent year.

8.0 Capital, Asset Management and other projects Budget

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

This is the first year that the Council has been asked to prepare a 3 year capital programme. Full council will be asked to approve the capital strategy on 19th March 2019 (after consideration by Audit and Governance Committee on 14th February 2019). The capital strategy forms the policy framework for capital investment decision over the next three years informing the detailed annual capital budgets over this period. The strategy aims to balance capital expenditure needs and expectations with the scarcity of available resources

8.2 The new capital programme for 2019/20, together with the proposed method of financing, is set out in the table below. The programme includes the third stage of the major investment programme approved by Cabinet at its October 2016 meeting.

2019/20 Capital Programme	
General Fund:	
	£'000
New Investment Programme	1,220
Asset Management	800
Disabled Facilities Grants	1,500
Total General Fund	3,520
Housing Revenue Account:	
Improvements (including Kitchen & Bathroom replacement programme)	5,423
Total Housing Revenue Account	5,423
Total Programme	8,943
Financed by:	
Capital Grants	1,500
Charge to General Fund (RCCO)	2,020
Charge to Housing Revenue Account	5,423
Total Financing	8,943

8.3 The most significant capital scheme for the General Fund is the £3.090m budget for Pavilion Park (Linear Park in 2018/19 budget) on the Hothampton/ sunken garden site in Bognor Regis. A significant piece of new public realm, incorporating replacement car parking spaces, some retail and other outdoor uses, with a residential development at the western side of the site with some retail on the ground floor. The final scheme design, following significant stakeholder consultation, will be worked on leading to planning permission in 2019/20 and construction commencing in 2020/21. The capital element of the scheme is unfinanced and will be funded from a variety of sources including Capital Receipts, Capital Grants, Revenue Finance and Prudential Borrowing. The actual financing will be determined by the nature of the expenditure

incurred (capital or revenue) and the availability of the various funding sources. The Council will have to commit itself to closing the funding gap through the use of any one-off income/savings with the remainder financed through prudential borrowing. The council's policy is to minimise the borrowing as it impacts on the revenue account and would require additional savings in future years.

- 8.4 The capital budget includes £250k for the relocation of the Keystone Centre (Eldon Way, Wick, Littlehampton). The Council agreed, in principle, to make the contribution (C/022/121218) and to provide the land opposite the existing Keystone Centre. The project will be delivered in partnership, led by Littlehampton Town Council who have agreed to take on the responsibility for running the new centre. Wick is one of the most deprived wards in the district and this provides an excellent opportunity to improve the youth facilities in the area. When more details become available, a further report will be presented to cabinet to approve the use of around £250k of s106 developer contribution towards improvements at the Keystone Centre/ community facilities in Littlehampton. Following the completion of the new youth facility the land will be available to deliver housing.
- 8.5 The new investment programme for 2019/20 includes the final phase 5 of the investment programme in Public Toilets and Play areas. The remainder of the budget has been allocated to essential IT investment/replacement. The new investment programme is summarised below:

2019/20 New Investment Programme			
	£'000	£'000	£'000
	2019/20	2020/21	2021/22
Public Toilets (phase 5 of 5)	200		
Play Area Investment (phase 5 of 5)	100		
Keystone Centre (CAB Nov 18)	250		
Firewalls	65		
Mimesweeper	25		
Secure file transfer system/Office Upgrade/Internet Usage Monitor/P	80		
Digital Strategy (Eforms & Middleware)	200		
Pavilion Park	300	2,790	
SAN		350	
VMWare DR servers (x6) & Production servers (x9)		80	
Cisco Nexus 10Gb switches		35	
Civic Centre wireless network		50	
Log Management System		30	
Cisco edge switches			50
NetVault Back-up solution			70
Future Schemes			880
Total	1,220	3,335	1,000

9.0 Capital Receipts

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

9.2 As at 31 March 2018 the Council's available capital receipts totalled £4.957m (previous year £13.197m), comprising £3.028 "1 for 1 replacement" receipts (£2.846m) and £1.929m general receipts. These receipts, together with any new receipts accruing during 2018/19 and 2019/20 (net of amounts paid to the Government under pooling), will be used to support the Council's capital programme. The "1 for 1 replacement" receipts will be used towards funding the HRA acquisition/new build programme, whereas general capital receipts will be applied primarily towards funding the new park in Bognor Regis (Pavilion).

10.0 Conclusion

10.1 The General Fund revenue budget and Capital budgets are set robustly within the medium term financial strategy.

11.0 Recommendations:

11.1 Cabinet is requested to note that the Group Head of Corporate Support, in consultation with the Deputy Leader of the Council and Cabinet Member for Corporate Support, has approved a Council Tax base of 61,281 for 2019/20.

11.2 Cabinet is requested to recommend to Full Council that:

- i. The General Fund Revenue budget as set out in **Appendix 1** is approved.
- ii. Arun's band D council tax for 2019/20 is set at £181.62, an increase of 2.96%.
- iii. Arun's Council Tax Requirement for 2019/20, based on a Band D Council Tax of £181.62, is set at £11,129,855 plus parish precepts as demanded, to be transferred to the General Fund in accordance with statutory requirements.
- iv. The HRA budget as set out in **Appendix 2** is approved.
- v. The HRA rents for 2019/20 are set at 1% below the current year's level in accordance with the provisions of the Welfare Reform and Work Act.

- vi. HRA garage rents are increased by 5% to give a standard charge of £11.72 per week (excluding VAT), and heating and water/sewerage charges increased on a scheme by scheme basis, with a view to balancing costs with income.
- vii. The Capital budget as set out in **Appendix 3** is approved.

General Fund Revenue Budget Summary

Actual 2017-18 £'000	Description	Budget 2018-19 £'000	Budget 2019-20 £'000
	Cost of Service		
1,181	Community Wellbeing	229	(45)
224	Corporate Support - Direct	244	352
366	Economy	337	316
2,879	Neighbourhood Services	4,821	5,138
669	Planning	752	798
2,233	Residential Services	3,191	2,989
799	Technical Services	337	424
8,565	Management & Support Services	7,937	8,278
0	Vacancy Management	(450)	(450)
(1,436)	Recharges to Housing Revenue Account	(1,304)	(1,369)
15,480	Total Cost of Service:	16,094	16,431
	Corporate Cost		
4,061	Parish Precepts	4,271	4,500
145	Other precepts and levies	167	208
(611)	Interest & investment income	(434)	(568)
0	Contingencies / miscellaneous	2,682	383
3,679	Contribution to/(from) earmarked reserves	(1,352)	(47)
450	Capital expenditure finance from revenue	1,310	2,020
1,812	Pension deficit contributions	1,554	1,564
9,536	Total Corporate Cost:	8,198	8,060
25,016	Total Net Budget Requirement	24,292	24,491
	Financed By		
(5,991)	Retained Business Rates	(5,569)	(5,357)
(750)	Revenue Support Grant	(194)	0
(3,677)	New Homes Bonus	(2,733)	(2,664)
(1,284)	Other non ringfenced grants	(793)	(794)
(10,290)	Council Tax Income - Arun Excluding Parishes	(10,655)	(11,130)
(3,954)	Council Tax Income - Town & Parish Councils	(4,271)	(4,500)
(172)	Collection Fund deficit/(surplus)	(77)	(46)
(26,118)	Total External Finance:	(24,292)	(24,491)
(1,102)	Transfer (to) / from General Fund Reserve	0	0

Housing Revenue Account Budget Summary

Actual 2017-18 £'000	Description	Budget 2018-19 £'000	Budget 2019-20 £'000
	Expenditure		
4,660	Supervision and management	5,058	5,119
4,485	Repairs and maintenance	4,516	4,150
2,861	Financing of capital expenditure	3,047	5,423
5,140	Net loan charges	5,140	5,140
17,146	Total Expenditure:	17,761	19,832
	Income		
(15,915)	Rents (dwellings, garages, hostels, other property)	(15,699)	(15,889)
(639)	Charges for services and facilities	(766)	(796)
(50)	Interest on balance	(48)	(30)
(16,604)	Total Income:	(16,513)	(16,715)
542	HRA (surplus) / deficit	1,248	3,117
(8,505)	Balance brought forward	(6,990)	(6,075)
(7,963)	Balance carried forward	(5,742)	(2,958)

Appendix 3

Capital, Asset Management and other projects Budget Summary

Actual 2017-18 £'000	Description	Budget 2018-19 £'000	Budget 2019-20 £'000
Capital expenditure by portfolio			
6,767	Community Wellbeing	0	0
230	Corporate Support	196	370
87	Neighbourhood Services	100	350
8,150	Residential Services	18,147	5,423
3,769	Technical	1,914	2,500
0	Economy	0	300
19,003	Total Expenditure:	20,357	8,943
Summary			
12,621	General Fund	2,310	3,520
6,382	Housing Revenue Account	18,047	5,423
19,003	Total Expenditure	20,357	8,943

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ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF OVERVIEW SELECT COMMITTEE ON 29th JANUARY 2019

PART A : INFORMATION PAPER

SUBJECT: Greenspace Management Contract update

REPORT AUTHOR: Oliver Handson, Environmental Services & Strategy Manager
DATE: 29th January 2019
EXTN: 37955
PORTFOLIO AREA: Neighbourhood Services

EXECUTIVE SUMMARY: This report provides members of the Overview Select Committee an update on the Council's current Greenspace Management Contract

RECOMMENDATIONS:

1. To note the information concerning the Council's Greenspace Management Contract contained within this report

1.0 Background

- 1.1 Following a competitive tender process, Arun District Council awarded its ten year Greenspace Management Contract (GMC) to ISS Facility Services Landscaping (ISS FSL). The contract commenced on the 1st January 2017.
- 1.2 This report covers all relevant contract related matters to date, including a review of performance and delivery of capital projects. Also included within the report is information concerning the novation of the contract to a new provider - Tivoli Group Ltd (TGL) whose holding company Amistha Holdings Limited purchased the trade and assets of ISS Facility Services Landscaping in the summer 2018.

2.0 Contract scope

- 2.1 The GMC covers the following services/operations
- Grounds maintenance operations of Arun's Parks & Open Spaces (including Housing land. Operations include but are not limited to; grass cutting, litter picking, hedge cutting, shrub maintenance, cemeteries maintenance and grave digging. This equates to approximately 2.5 million square metres of open space.
 - The management & marketing of the Council's Outdoor Recreation Service, which includes bookings for and use of sport facilities e.g. football pitches, bowling greens, tennis courts, par 3 golf, adventure golf. These services are accessed by approximately 80,000 customers annually. These services are currently delivered under the 'Lifestyle' brand.
 - Play area repairs & maintenance plus inspections of 80 play areas.

- Operating Cafes at Norfolk Gardens and West Park.

2.2 The contract was awarded for a period of 10 years, with an optional extension of up to 5 years. The annual value of the contract is approximately £1.25 million. The retender delivered a saving to the Council of approximately £250k per annum on the previous contract, therefore contributing to the Council's Medium Term Financial Strategy.

2.3 ISS FSL bid was successful largely due to;

- Strong and consistent responses in relation to key evaluation criteria around operational methodology, Health & Safety compliance and staff training & development.
- Strong proposals for investment in key outdoor recreation assets.
- Added value proposals i.e. grant support for volunteers, income share guarantees for the 'Lifestyle' service.

3.0 Contract management

3.1 The Council proactively manages the performance of the GMC as follows;

- Regular site monitoring of performance against contract standards.
- Regular site visits with contract supervisors to plan and review works.
- Checks of operational compliance i.e. risk assessment, PPE with operatives on the ground.
- Utilising contractual clauses around remedial notices and defaults where performance necessitates it.
- Weekly operational meetings between the Environmental Services & Strategy Manager/Parks & Cemeteries Manager and Tivoli Contract Manager. These meetings cover staffing updates, operational updates, Health & Safety updates, machinery updates and contract administration.
- Quarterly operational meetings between all Greenspace staff and contract supervisors/managers, including review of participation figures/income from Lifestyle.
- 6 monthly meetings between senior Arun managers & contractor regional management.
- Attendance as required at the Arun Tenants and Leaseholders meeting to discuss contractual performance.
- An annual Health & Safety compliance review of all contract operations.

3.2 Many key staff, from both the client and contractor, have been involved with this contract for a considerable period of time. Therefore experience of the district and an understanding of the each-others respective aims have developed. Almost all of the thirty plus operatives on the contract plus all of the local Tivoli management team reside in the district, which promotes pride of place in delivery of the contract.

4.0 Performance

4.1 For the purpose of the contract and targets set within the Greenspace Service's Service Delivery Plan (SDP), the contractor must achieve a prescribed level of performance in delivering operations. Monitoring of this performance is formally

undertaken on a quarterly basis and consists of officers from the Council's Parks team 'mystery shopping' a selection of open spaces across the contract in terms of geographical area and typology.

Performance is assessed against the range of contractual operations applicable to each site - such as grass cutting, litter collection and shrub maintenance. This is used to determine individual site and overall contractual levels of performance. Each operation is scored on a scale of 1 to 5 (1 being very poor and 5 exceeding target).

The contractual performance target is 61% as a minimum. Performance to date is as follows;

Table 1.

Year 1 (from April 17 to March 18)	Score
Quarter 1	62.22%
Quarter 2	62.86%
Quarter 3	89.47%
Quarter 4	77.78%
Overall year 1	73.08%

Year 2 (April 18 to March 19)	Score
Quarter 1	68.24%
Quarter 2	70.67%

4.2 Whilst the scores in the above table are in excess of the contractual performance requirements, the Council's aim is to ensure greater consistency of performance and continuous improvement in service delivery. Therefore the Council's aim is that these scores continue to steadily improve throughout the duration of the contract.

4.3 The spring of 2017 was challenging due to new mobile teams operating revised geographical areas. Early difficulties were soon overcome. The spring of 2018 was particularly challenging in respect of grass cutting. A wet and cold winter/spring was followed by unseasonably warm weather from the start of May. The contract struggled to meet demand for grass cutting across a number of, but not all sites. The Council and its contractor reviewed this situation and as a result an action plan was implemented to provide additional resilience and flexibility for future demanding periods.

4.4 The play area repairs and maintenance element of the contract continues to run efficiently, with a three man team undertaking repairs and maintenance based on works and priorities identified from weekly play area inspections. All staff involved in this area have been fully trained in play area inspection and maintenance.

4.5 Tivoli plan to invest in handheld devices for all operatives from 2019. This will ensure tighter monitoring of work schedules and completed work, with the aim of more efficient and targeted working.

5.0 Achievements

5.1 Green Flag Awards

In 2018 the Council was awarded its 4th Green Flag Award for the Norfolk Gardens sports site in Littlehampton. This site joins Hotham Park, Mewsbrook Park and Marine Park Gardens in achieving this coveted award, which recognises best practice in green space management. Successful partnership with the GMC contractor and delivery of excellent standards of horticulture are seen as key to this achievement.

5.2 Delivery of investment & bid commitments

ISS FSL tender commitment included investing in a number of key assets within the Outdoor Recreation Service portfolio. In early 2018 ISS FSL completed delivery of the new 'Wildforest Falls' Adventure Golf Facility in Hotham Park. This was a £400,000 plus investment to further enhance the leisure offer in Bognor's flagship park.

A further £80,000 was invested in the 'Buccaneer Bay' Adventure Golf Course at Norfolk Gardens. This was officially opened during Easter 2017. Improvements have also been made to the Par 3 golf course at Norfolk Gardens.

Further investment projects are planned from 2019.

TGL will advise the Council of their intention on whether to invest in and continue to operate café's, following completion of the novation agreement (detailed in 6.0 below). If these opportunities do not form part of TGL's business plan or the Council is not satisfied with proposals, then Property & Estates will tender these opportunities on the open market, as the contract provides for this eventuality.

Partnership branding of vehicles and 'Lifestyle' operations using the TGL logo and Council logo will take place shortly along with a review of other commitments delayed by the novation.

6.0 Transfer of services to Tivoli Group Ltd

6.1 Background

ISS FSL wrote to the Council in early 2018, advising that the trade and assets of its landscaping division were being sold. On 31 May 2018, ISS FSL sold the trade and assets of its UK Landscaping division to TGL. TGL was incorporated in December 2017 as a subsidiary of its ultimate holding company, Amistha Holdings Limited, with the vision of being the UK's leading Grounds Maintenance provider.

6.2 Due diligence

On receiving notification of the proposed sale, the Council undertook due diligence in order to mitigate any risks to the Council associated with the proposal.

This involved specialist legal and procurement advice concerning the contractual implications to the Council and legal implications of compliance with the UK Public

<p>Contracts Regulations 2015.</p> <p>It is important to note that the existing contract, including tender commitments, contractual terms & conditions and existing staff structure, remain unchanged under the novation agreement, thus ensuring compliance with Public Contracts Regulations and as importantly delivering operational continuity for the Council.</p> <p>A report went to Cabinet on the 14th January 2019 to approve the novation.</p>		
2. PROPOSAL(S): None		
3. OPTIONS: N/A		
4. CONSULTATION: N/A		
Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		✓
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial		✓
Legal		✓
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land		✓
Technology		✓
Other (please explain)		✓
6. IMPLICATIONS: N/A		

7. REASON FOR THE DECISION: N/A

8. BACKGROUND PAPERS:

1. Contract Award report;



Cabinet Minutes 27th
June 2016.pdf

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ARUN DISTRICT COUNCIL COUNCILLOR FEEDBACK REPORT FROM OUTSIDE BODIES

Report to Overview Select Committee – 29 January 2019

Name of Meeting:	West Sussex County Council's Health & Adult Social Care Select Committee (HASC)
Date of Meetings:	12 December 2018
Report by:	Cllr George Blampied – The Council's Nominated Representative
Relevant Cabinet Member:	Cllr Mike Clayden – Cabinet Member for Community Wellbeing

The main agenda involved the Housing related Support Agreement which has been discussed previously and had been adjourned to today's meeting.

The County Council is proposing a reduction in money available to this programme by £1.7m in 18/19 and a further reduction in 19/20. It was generally thought by many of the stakeholders and service users to be a bad idea which would lead to hardship across West Sussex.

A paper regarding Housing Related Support was submitted by the District and Borough Councils headed by Nigel Lynn, CEO of Arun. After much discussion several recommendations were agreed amongst which was an extension to the current commissioned services of 12 months until March 2020.

This will enable all parties to assess the impacts on the local communities of the budgetary proposals.

It was agreed that a task force be set up by all representatives to look at how to seek joint efficiencies, re-model provision and identify alternative funding streams.

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ARUN DISTRICT COUNCIL COUNCILLOR FEEDBACK REPORT FROM OUTSIDE BODIES

Report to Overview Select Committee – 29 January 2019

Name of Meeting:	West Sussex Joint Scrutiny Steering Group Meeting
Date of Meeting:	26 November 2018
Report by:	Cllr Norman Dingemans – The Council's Nominated Representative
Relevant Cabinet Member:	Cllr Dudley Wensley – Cabinet Member for Corporate Services

A Joint Scrutiny Steering Group was set up across West Sussex in 2010/11. Attendees are the Overview and Scrutiny Chairmen of the participating councils, supported by an officer from West Sussex County Council and an officer representing all District/Borough Councils (currently Jackie Follis from ADC).

This Group has met six times and sought comments on issues by virtual means at other times.

Terms of Reference and Working Arrangements

At the meeting on 26 November 2018 the Steering Group reviewed the Joint Scrutiny Terms of Reference, protocol and working arrangements. It was agreed to streamline the processes to reflect the current working arrangements. The main changes were:

- to only hold Steering Group meetings when the need arises, rather than having a set timing for these to take place. This will make better use of resources as information will be shared virtually where appropriate.
- Scrutiny officers will meet on a regular basis to discuss work programmes and share best practice and up-coming issues.
- If a relevant project is identified for joint scrutiny, by either officers or Members, the steering group will be consulted for agreement. At this point the Group will decide whether to meet in person to discuss the project proposal and terms of reference or views will be sought and taken forward virtually.
- That there will be no standing Chairman for the Group but that a Chairman is appointed at each meeting.

Review of Joint Scrutiny Project on Housing for Care Leavers

At the meeting the Steering Group reviewed the Joint Scrutiny Project on Housing for Care Leavers, carried out through a task and finish group in 2016, information on this can be found [here](#) under updates. The purpose of the review was not to agree the recommendations, but to evaluate the process and if necessary recommend changes to working arrangements. It was agreed that:

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

Report to Overview Select Committee – 29 January 2019

- In future Task and Finish Groups are not held during April/May to avoid election periods;
- A Vice-Chairman be appointed for all Task and Finish Groups;
- An up-date report be produced for presentation to the Joint Steering Group to outline what action has been taken since the review was completed. The Group would then decide whether further work was required

Topics for Future Joint Scrutiny

Two topics were discussed:

- **Supported Housing** – after a discussion it was determined that as this was already being scrutinised by the WSCC Health and Adult Social Care Select Committee in December 2018 it was therefore not an appropriate area for a joint scrutiny project at the moment.
- **Homelessness Reduction Act** – Members decided that this was a suitable topic for a future scrutiny review as it is relevant to all Authorities across the county. Members therefore requested that officers meet to consider the terms of reference for a review into this area and the best timing for a review to take place. The project should include a review of strategies being developed across the county to address the requirements of the Act.