



Public Document Pack

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21 August 2019

CABINET

A meeting of the Cabinet will be held in The Pink Room at The Arun Civic Centre, Maltravers Road, Littlehampton, West Sussex BN17 5LF on the Monday, 2 September 2019 at **5.00 pm** and you are requested to attend.

Members: Councillors Dr Walsh (Chairman), Oppler (Vice-Chair), Mrs Gregory, Lury, Purchase, Stanley and Mrs Yeates

AGENDA

1. **APOLOGIES FOR ABSENCE**

2. **DECLARATIONS OF INTEREST**

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

Members and officers should make their declaration by stating:

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

3. QUESTION TIME

a) Questions from the public (for a period of up to 15 minutes).

b) Questions from Members with prejudicial interests (for a period of up to 15 minutes).

4. URGENT BUSINESS

The Cabinet may consider items of an urgent nature on functions falling within their responsibilities where special circumstances apply. Where the item relates to a key decision, the agreement of the Chairman of the Overview Select Committee must have been sought on both the subject of the decision and the reasons for the urgency. Such decisions shall not be subject to the call-in procedure as set out in the Scrutiny Procedure Rules at Part 6 of the Council's Constitution.

5. MINUTES

(Pages 1 - 8)

To approve as a correct record the Minutes of the Cabinet meeting held on 29 July 2019 (as attached).

6. BUDGET VARIATION REPORT

To consider any reports from the Group Head of Corporate Support.

7. REVENUE AND CAPITAL OUTTURN EXPENDITURE - 2018/19

(Pages 9 - 26)

The attached report provides a summary of revenue and capital outturn expenditure for 2018/19 and compares this expenditure with the approved budget.

8. BUDGET MONITORING REPORT TO 30 JUNE 2019

(Pages 27 - 42)

The Budget Monitoring report sets out the Capital, Housing Revenue and General Fund Revenue budget performance to the end of June 2019.

9. FINANCIAL PROSPECTS 2019-20 TO 2023/25

(Pages 43 - 48)

The Council's Medium-Term Financial Strategy (MTFS) covering the period up to 2024/25 rolls forward the data in the existing approved MTFS. The Strategy amends certain assumptions contained in it to reflect changes in the Council's circumstances and other issues that have a strategic bearing on the Council's financial prospects.

ITEMS PUT FORWARD BY THE OVERVIEW SELECT COMMITTEE AND WORKING GROUPS

There are no items for this meeting.

Note : Reports are 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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Subject to approval at the next Cabinet meeting

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CABINET

29 July 2019 at 5.00 pm

Present: Councillors Walsh (Chairman) Oppler (Vice-Chairman), Gregory, Lury, Purchase, Stanley and Yeates.

Councillors Charles, Coster, Bennett, Huntley, were also in attendance for all or part of the meeting.

131. DECLARATIONS OF INTEREST

The Director of Place declared a personal interest in agenda item number 11 [Local Housing (Property) Company - Trisanto] as he was the named director of this company.

132. QUESTION TIME

The Chairman advised Cabinet that a late question had been submitted from Councillor David Huntley that did not relate to an item on the agenda for the meeting, so he wished to ask this during Public Question Time.

The Group Head of Council Advice & Monitoring Officer was asked to give advice on whether the question could be accepted. She confirmed that the question had not been submitted within the deadline for Public Question Time; and it did not fall within the remit of the Cabinet's responsibility. The Chairman decided to use his discretion and allow the question to be asked.

Councillor Huntley then explained that his question related to the meeting of the Development Control Committee on 7 August and the number of applications to be presented affecting the Pagham area. He was concerned about the meeting being held during the holiday period as this would affect a Ward Councillor and a number of members of the public from being able to attend and asked Cabinet to intervene. Councillor Lury, Cabinet Member for Planning responded that it would be inappropriate for Cabinet to respond to this question as it would not be democratic for Cabinet, who comprised a single political Group, to take any view on the question and this was a matter for the Development Control Committee.

133. MINUTES

The Minutes of the meeting held on 8 July 2019 were approved by the Cabinet as a correct record and signed by the Chairman.

134. BUDGET VARIATION REPORTS

There were no matters discussed.

Cabinet - 29.07.19

135. CORPORATE PLAN 2018-2022 - QUARTER 4 AND END OF YEAR PERFORMANCE OUTTURN FOR 1 APRIL 2018 TO 31 MARCH 2019

[Councillor Purchase declared a personal interest in this item as it sits within his portfolio as Cabinet Member for Neighbourhood Services]

The Deputy Leader and Cabinet Member for Corporate Support introduced this report and advised the Cabinet that the report set out the Q4 performance outturn for the Corporate Plan Performance Indicators for the full year 1 April 2018 to 31 March 2019. He explained that the 2020 Vision Programme was established to provide the strategic direction that was required to help the Council become a more effective and sustainable and to enable it to meet future demands. He explained that there were three priority themes in the 2020 vision and these were:

- Your Services
- Supporting You
- Your Future

The corporate performance indicators sat behind these priorities and were a series of targets that were measurable and were within the Council's control. He then invited the Group Head of Policy to present her report in more detail. She was pleased to advise that the report showed that 7 of the 11 performance indicators had either achieved or over achieved the target set. She gave a detailed overview of the performance indicators that had not met their target and explained what steps were being taken in continuing to monitor these for the future.

The Cabinet had been asked to review the recommendations from the Overview Select Committee relating to two indicators (CP8 and CP11).

In relation to CP8 – [Number of new Council homes built or purchased per annum], the Committee had recommended that the target be increased from 25 to 35 for 2019.

Turning to CP11 – [Household waste sent for reuse, recycling and composting], the Committee recommended that the target be increased from 40% to 50% for 2019/2020.

Following a brief discussion, the Cabinet were in agreement that the increases were ambitious but also realistic and that they were in support of the recommendations put forward by the Overview Select Committee.

Before taking a vote the Director of Services clarified that the target at CP8 was not a percentage figure, it was an absolute number of houses. Therefore, the new target would be 35 houses.

The Cabinet

RESOLVED – that

(1) the Council's Q4 performance against the targets for the Corporate Plan indicators, as set out in the report and appendix A, be noted; and;

In line with the Overview Select Committees proposals, the Cabinet;

RECOMMEND TO FULL COUNCIL - that

(1) the CP11 indicator target be increased from 40% to 50% for 2019 – 2020:and

(2) the CP8 target be increased from 25 to 35 for 2019-2020.

Following a brief discussion, the Cabinet confirmed its decision as per Decision Notice C/008/290719, a copy of which is attached to the signed copy of the Minutes.

136. SERVICE DELIVERY PLAN 2018-2022 - QUARTER 4 AND END OF YEAR PERFORMANCE OUTTURN FOR 1 APRIL 2018 TO 31 MARCH 2019

The Deputy Leader of the Council introduced this report and advised the Cabinet that the report sets out the Q4 outturn for the Service Delivery Plan (SDP) Performance Indicators for the full year 1 April 2018 to 31 March 2019. He explained that the SDP indicators sit beneath the Corporate Plan Indicators that had been reported at agenda item 7 and provided more detail about how services were working. He then invited the Group Head of Policy to present her report. She provided more detail on the figures contained in the report.

Following some discussion, the following points were highlighted:

- Concern was raised regarding SDP 10 and the Council's plan to resolve and reduce the number of Complaints that had been received
- In light of SDP 18 results it was explained that the focus was on preventing homelessness, the local authority did have a responsibility to look after individuals and families, ensuring that they were spending as short a time as possible in temporary accommodation. The Director of Services confirmed that a wide range of ways to prevent homelessness were being worked on.

The Cabinet

RESOLVED

That the Council's Q4 performance against the targets for the Service Delivery Plan indicators, as set out in the report and Appendix A, be noted.

Cabinet - 29.07.19

Following consideration, the Cabinet confirmed its decision as per C/009/290719, a copy of which is attached to the signed copy of the Minutes.

137. SUBMISSION OF THE EXPRESSIONS OF INTEREST TO THE COAST TO CAPITAL (C2C) LOCAL ENTERPRISE PARTNERSHIP (LEP) LOCAL GROWTH FUND FOR IMPROVEMENTS TO THE PUBLIC REALM IN LITTLEHAMPTON TOWN CENTRE

The Leader of the Council and Cabinet Member for Economy introduced this report, advising that this June, the Coast to Capital Local Enterprise Partnership (LEP) announced it was inviting bids for projects from their remaining unallocated Growth Deal Funding and were inviting bids of up to £2million for capital projects. These projects needed to be 50% match funded and able to be spent by 31 December 2020. After considering which project the Council could bid for, and based on the bidding criteria, he explained that he agreed a bid to deliver a further phase of improvements to the public realm in Littlehampton. This was phase 3 of the proposal – East Street through to the High Street junction and Beach Road. He confirmed that the Expression of Interest (£1.38m grant request) was submitted on 2 July 2019.

The report sought the retrospective agreement from Cabinet to submit an Expression of Interest (EOI) to the Coast to Capital Local Enterprise Partnership (LEP) Local Growth Fun for improvements to the public real in Littlehampton Town Centre (Phase 3). It was also asking to confirm agreement that the Council takes on the role of Accountable Body under the Terms and Conditions of the grant scheme and that authority was given to spend the grant should the funding be awarded. Since submitting the report and the EOI, the Council had been invited to submit a full business case that would be submitted on 16 August, Councillor Dr Walsh said that this was an encouraging step forward and he was hopeful of a successful outcome.

The Cabinet

RESOLVED – that

- (1) the submission of the Expression of Interest to Coast to Capital (C2C) Local Enterprise Partnership (LEP) Local Growth Fund for improvements to the public realm in Littlehampton Town Centre (East Street through to High Street Junction and Beach Road Phase 3), be noted and endorsed;
- (2) the submission of the Full Business case to the LEP Local Growth Fund should the Council be invited to do so, be endorsed; and
- (3) if the Full Business Case bid is successful, the grant spend and delivery of public realm project be authorised.

Following consideration, the Cabinet confirmed its decision as per Decision Notice C/010/290719 a copy of which is attached to the signed copy of the Minutes.

138. COMMUNITY INFRASTRUCTURE LEVY (CIL) IMPLEMENTATION AND REQUEST TO CREATE CIL OFFICER ROLE

The Cabinet Member for Planning introduced this report advising that the Council was preparing a CIL Charging Schedule that would be submitted at the end of July. It was anticipated based on development, that approximately £30million in CIL receipts would be raised to be spent on infrastructure that would be required as a result of planned growth. The aim of the report was to raise awareness of CIL and the implementation process in order to ensure that Arun had the systems and procedures in place to collect CIL once it was adopted.

Councillor Lury explained that the report sought the agreement to forward fund a CIL Officer role, explaining that these costs would be recouped from year three of CIL coming into effect. He advised the Cabinet that the post should be recruited now in order that the coordination and implementation of the systems would take place early to ensure it would be set up in time for the collection of CIL receipts, which would otherwise be lost to Arun following the adoption of the CIL charging schedule.

The Cabinet

RESOLVED – that

1. agreement be given to forward fund a CIL Officer post at a total cost of £49,000 per annum, to sit within the Planning Policy Team and that the post will be included in the budget for 2020/21 onwards; and
2. if the Officer is employed during 2019/20 the post can be funded from the Corporate underspend. It should be noted that the 2 year forward funded cost of the post will be recouped in year 3 from using up to 5% of CIL receipts received in years 1-3 of CIL being in effect. From year 4 onwards the CIL Officer post will be fully funded by CIL receipts.

Following consideration, the Cabinet confirmed its decision as per Decision Notice C/011/290719, a copy of which is attached to the signed copy of the Minutes.

139. LOCAL HOUSING (PROPERTY) COMPANY - TRISANTO

[The Director of Place redeclared his personal interest and left the meeting]

The Leader of the Council introduced the report advising that it sought the authorisation to terminate the Local Housing (Property) Company Trisanto as it was considered that it was no longer needed. He advised that whilst, this Company exists on paper it hasn't been provided with any start-up funding. There were a number of objectives in setting up the Company, principally around the delivery of housing. This was at a time when restrictions existed on what could be done through the Housing Revenue Account. That has subsequently change and the proposal is to formally close the Company.

Cabinet - 29.07.19

The Cabinet

RECOMMEND TO FULL COUNCIL

That the Trisanto Development Corporation be formally closed, and appropriate actions taken to give effect to this decision,

Following consideration, the Cabinet confirmed its decision as per Decision Notice C/012/290719, a copy of which is attached to the signed copy of the Minutes.

140. ARUN WELLBEING AND HEALTH PARTNERSHIP - 26 JUNE 2019

The Cabinet received and noted the minutes of the meeting of the Arun Wellbeing and Health Partnership held on 26 June 2019.

141. JOINT AREA COMMITTEES

[Councillor Purchase declared a personal interest in this item as he is member of West Sussex County Council.

Dr Walsh declared a personal interest in this item as he is a member of West Sussex County Council.]

The Cabinet received the minutes of the meetings of the Joint Area Committees as follows: -

- (1) Joint Western Arun Area Committee – 31 October 2018 and 6 February 2019
- (2) Joint Eastern Arun Area Committee – 6 November 2018 and 5 March 2019

In considering the minutes of the Joint Western and Eastern Arun Area Committees, Members raised their concerns about arrangements for recent meetings and felt that these concerns needed to be flagged with West Sussex County Council who administered the Committees. It was therefore proposed that the Chairman write to the County Council to highlight these concerns and seek as assurance that full officer support would be put in place. Cabinet supported this proposal and therefore

RESOLVED – That

- (1) The minutes of the Joint Area Committees be noted; and
- (2) The Chairman write to the Director of Law and Assurance at West Sussex County Council to express concerns about the workings of the Joint Arun

Area Committees based on recent experiences and seek an assurance that full officer support would be put in place to assist the Committees.

142. OVERVIEW SELECT COMMITTEE - 25 JUNE 2019

The Group Head of Policy presented the recommendations for consideration from the meeting of the Overview Select Committee held on 25 June 2019. As the recommendations at Minute 48 [Corporate Plan 2018-2022 – Quarter 4 and End of Year Performance Outturn for 1 April 2018 to 31 March 2019] had already been dealt with earlier on in the meeting, Cabinet was alerted to Minute 52 [Minutes of Meeting of the Council Tax Support Task and Finish Working Party on 16 April 2019] where it was recommended that the Council's current Council Tax Support income banded scheme be retained with no changes.

The Cabinet

RECOMMEND TO FULL COUNCIL

That the Council's Council Tax Support (the income banded scheme) is retained, that is no change to the current scheme.

Following consideration, the Cabinet confirmed its decision as per Decision Notice C/013/290719, a copy of which is attached to the signed copy of the Minutes.

(The meeting concluded at 5.42 pm)

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ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF CABINET ON 2 SEPTEMBER 2019

SUBJECT: Revenue and Capital Outturn Expenditure 2018/19

REPORT AUTHOR: Carolin Martlew, Financial Services Manager

DATE: July 2019

EXTN: 37568

PORTFOLIO AREA: Corporate Support

EXECUTIVE SUMMARY: The attached report provides a summary of revenue and capital outturn expenditure for 2018/19 and compares this expenditure with the approved budget.

RECOMMENDATIONS:

Cabinet is recommended to:

- (i) Consider the attached outturn report in Appendix 1;
- (ii) Note the revenue and capital outturn expenditure for 2018/19;
- (iii) Approve the level of balances and unused S.106 sums at 31 March 2019;
- (iv) Note the £250k contribution to the Redundancy Reserve to allow restructures that meet the Council's payback period criteria; and
- (v) Note the additional £0.845m contribution to the Funding Resilience Reserve.

1. BACKGROUND:

The 2018/19 budget was considered by the Overview Select Committee on 31 January 2018 and Cabinet on 12 February 2018 before being formally approved by Full Council on 21 February 2018.

The budget took account of the Council's Medium-Term Financial Strategy and Housing Revenue Account business plan. The provisional Local Government Finance settlement issued by the Ministry of Housing, Communities and Local Government (MHCLG) in December 2017 was also taken into consideration.

This report shows a comparison between the actual expenditure and income for 2018/19 and the budget approved by Full Council, plus supplementary estimates and virements approved during the year.

Progress against the budget was closely monitored during the year and monitoring statements were considered by Cabinet at regular intervals. Unforeseen requirements were reported to Cabinet members or Cabinet. Where no funding source could be identified, approval for supplementary estimates were sought from Full Council. During the year a number of expenditure items were identified as corporate underspend (due to sound management) which was utilised as a source for virement to minimise the

<p>number of supplementary estimates during the year.</p> <p>The Council's Statement of Accounts for 2018/19 was approved by the Audit and Governance Committee on 30 July 2018 and the audited Statement of Accounts and Annual Governance Statement are available on the Council's website using the link: Financial Information.</p>		
<p>2. PROPOSAL(S):</p> <p>Cabinet is requested to consider the attached report which contains details of the revenue and capital outturn expenditure and specific reserve transactions for 2018/19; and the level of balances and unused S.106 sums at 31 March 2019.</p>		
<p>3. OPTIONS: n/a</p>		
<p>4. CONSULTATION:</p>		
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)		✓
<p>6. IMPLICATIONS: The report provides Cabinet with a comparison between the actual income and expenditure for 2018/19 and the budget approved for the year.</p>		

<p>7. REASON FOR THE DECISION:</p> <p>To ensure that Members are fully aware of the Council's outturn for 2018/19; and the level of reserves at 31 March 2019, which will be available for use in future years.</p>
<p>8. EFFECTIVE DATE OF THE DECISION: 11 September 2019</p>
<p>9. BACKGROUND PAPERS:</p> <p>Budget 2018/19 and Statement of Accounts 2018/19 Financial Information</p> <p>Pavilion Park Project, Bognor Regis Cabinet Agenda 8 July 2019 Decision Notice (C/006/080719) Link: https://democracy.arun.gov.uk/mgCommitteeDetails.aspx?ID=140</p>

ARUN DISTRICT COUNCIL REVENUE AND CAPITAL OUTTURN REPORT 2018/19 – Cabinet 2 September 2019

1. Introduction

- 1.1 This report sets out the Capital, Housing Revenue and General Fund Revenue outturn performance against budget for 2018/19. The report compares actual expenditure and income with the budget originally approved by Council on 21 February 2018 plus supplementary estimates and virements approved during the year.
- 1.2 The report comprises of:
- General Fund Revenue Summary (Appendix A);
 - Housing Revenue Account (Appendix B);
 - Capital and Asset Management Statement (Appendix C);
 - Capital Receipts (Appendix D);
 - Earmarked Reserves Statement (Appendix E); and
 - S.106 Summary.

2. General Fund Summary (Appendix A)

- 2.1 The General Fund outturn summary is included at Appendix A. The original budget for 2018/19 was balanced anticipating no change in the level of General Fund Reserve. During the year two supplementary estimates totalling £755k were approved (comprised of £650k for nightly paid accommodation and £105k for costs associated with the Judicial Review of the planning application related to “Land south of summer land and west of Pagham Road, Pagham”). Cabinet approved a £2m transfer to the Funding Resilience Reserve (previously Business Rates Reserve), set up to help mitigate against the anticipated significant further reduction in Government funding from 2020/21 (including the risk of the Business Rate reset and loss of WSCC funding) when the Medium Term Financial Strategy was considered in September 2018. These changes resulted in a total approved budgeted draw down from General Fund Reserves of £2.755m.
- 2.2 The change in the planned original budget General Fund Reserve movement due to supplementary estimates and approved virement is shown in the table below:

Reconciliation of Original to Current Budget Reserve Movement to March 2019

		£'000	£'000
Original Budget			0
Nightly paid accommodation	C/021/121	650	
Judicial Review Planning - Pagham		105	
Transfer to Funding Resilience Reserve		<u>2,000</u>	
Total approved General Fund Reserve movement 2019/20			2,755
Total Approved Budget 2018/19			2,755

The outturn General Fund Reserve movement compared to original and current budget is summarised in the table below:

General Fund Reserve Movement outturn 2018/19	Original Budget £'000	Current Budget £'000	Outturn 2018/19 £'000
Net Budget Requirement	24,292	27,252	27,252
Financed by:			
Government Grants and Retained Business Rates	(9,289)	(9,494)	(9,494)
Council Tax	(15,003)	(15,003)	(15,003)
Taken From / (Added to) Balances	0	2,755	2,755
General Fund Balance 1 April 2018	9,344	9,344	9,344
Virement to Funding Resilience Reserve		(2,000)	
Supplementary Estimates		(755)	
Outturn on General Fund	0	0	(2,268)
General Fund Balance 31 March 2019	9,344	6,589	7,076

2.3 The General Fund variations against original budget are summarised in Appendix A. It should be noted that some of the variations against the original budget are due to accounting requirements (e.g. IAS19 pension adjustments) and the way the original budget is presented (Contingency budget). During the year contingency and miscellaneous budget items are vired to: service areas; capital schemes; and contributions to earmarked reserves (if required for future years). Alternatively, if unrequired they are made available as part of identified savings (corporate underspend) that can be vired to fund unforeseen expenditure in order to minimise the use of supplementary estimates during the year.

2.4 The variations +/- £100k against original budget are summarised in the table below:

Variation Analysis original budget to outturn 2018/19	£'000
Establishment savings (above £450k vacancy management target)	(177)
Additional Leisure contract income inflation	(119)
Additional Council Tax court cost recovered	(107)
Rent Rebates - additional income	(112)
Homelessness - nightly paid accommodation*	567
Planning appeal supplementary estimate*	105
Income (fees and charges)	(93)
Other portfolio underspends (excluding income and establishment) < £100k	(264)
Additional non-ringfenced grants s31 New Burdens net (£437 gross)	(251)
Balance of contingency budget	(113)
Business Rates - additional income	(845)
Changes in capital Financing and earmarked reserve adjustments	(533)
Maintenance/project commitments	2,076
Addition to Funding Resilience Reserve	2,845
Interest and investment income	(168)
s106 developer contributions 2018/19	(543)
Reduction in General Fund Balance 2018/19	2,268

* Supplementary Estimates approved by Full Council

- 2.5 It is worth noting that the improved variation against budget was due in no small part to robust financial management. Members and officers received regular monitoring reports which highlighted the Council's financial position including the predicted underspend against current budget. The supplementary estimates approved by Full Council during the year were required for good governance as they draw Members attention to significant additional expenditure in addition to the approved budget. The favourable outturn effectively meant that additional expenditure could be financed from underspends and savings identified during the year. It is important to note that some of the savings (e.g. Housing Benefit, Establishment and additional fees and charges) are not known until the end of the year and cannot therefore be used to fund additional expenditure during the year.
- 2.6 The outturn net expenditure on nightly paid accommodation was £1.271m (£577k previous year). The outturn was £567k above the original budget of £704k but was contained within approved budget of £1.354m. A supplementary estimate of £650k was approved by Full Council on 9 January 2019 (cabinet decision notice C/021/121118). The outturn position is summarised in the table below:

Nightly Paid Accommodation Net Expenditure Summary 2018/19				
	Actual 2017/18	Budget 2018/19	Actual 2018/19	Variance 2018/19
	£'000	£'000	£'000	£'000
Gross Expenditure	777	950	1,825	875
Income	(200)	(246)	(554)	(308)
Net Expenditure	577	704	1,271	567
Recovery Rate (including Housing Benefit)	26%	26%	30%	

2018/19 saw an unprecedented demand for temporary accommodation. This is due to a combination of factors including the implementation of the Homeless Reduction Act 2017 and the increase in homelessness generally, which is reflective of the national picture. The Homelessness Reduction Act has had a significant impact on the cost of homelessness largely due to the following:

- the period within which a household may be considered homeless or threatened with homelessness has been extended to 56 days resulting in increased footfall; and
- An increase in the number of single/couple applicants who are eligible for temporary accommodation has led to a sharp increase in placements.

The Council continues to look for alternatives to nightly paid accommodation, such as the 10 homes that were purchased at Wick in 2018. It should be noted that the service is demand led and can fluctuate significantly, making expenditure very difficult to forecast. The percentage of Housing Benefit recovered has improved during the year remaining at around 30%.

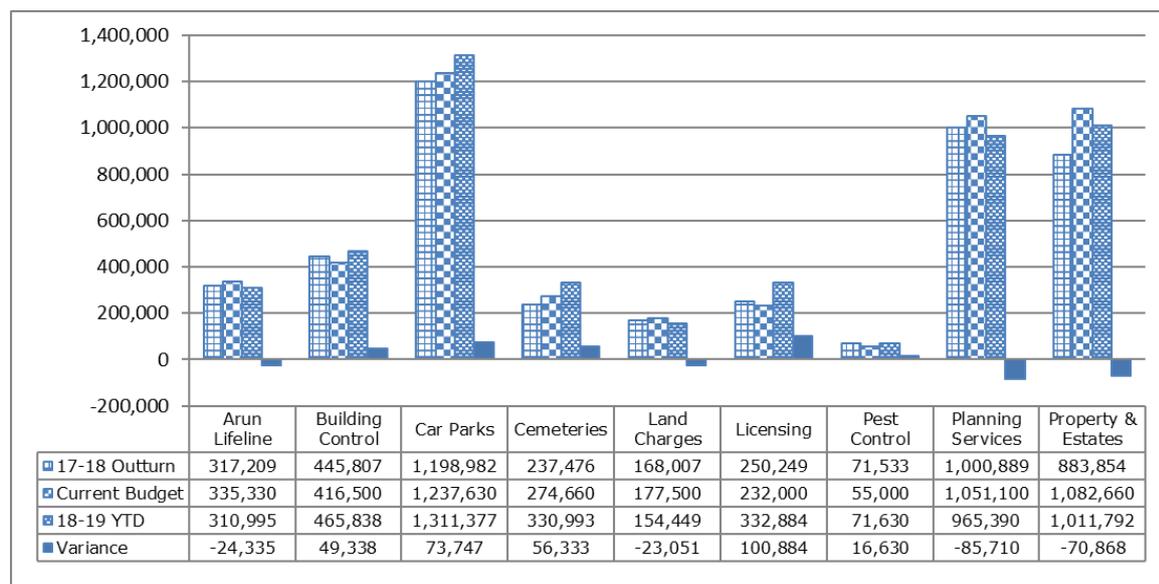
The situation was expected to abate by the end of 2018/19, with the introduction of new procedures implemented by the Housing department, with the intention that households only occupy temporary accommodation for the shortest period of time that they need to. However, the level of demand is continuing and there is likely to be further pressure on the service due to the significant funding cuts by WSCC to the voluntary sector providing housing related support like Stonepillow. A further supplementary estimate is expected for 2019/20 in addition to an increase in the Homelessness budget for 2020/21 (please see the budget monitoring report on this agenda for further information) and a full report updating Members will be presented to cabinet in the near future.

- 2.7 Portfolio holders and senior managers are responsible for the income and expenditure budgets including the establishment for their service areas. However, Corporate Management Team is also collectively responsible for achieving the Vacancy Management target of £450k. The current budget includes, earmarked reserve funded posts; additional grant funded posts, virements to fund backfill arrangements and supplementary estimates. The

vacancy management target was exceeded by (177k). This outcome is particularly welcomed in view of the challenges faced by staffing levels and management (in general) should be applauded for maintaining such high savings year on year. However, such savings may not be able to be maintained in the future.

- 2.8 The outturn for housing benefit was difficult to predict due to factors like some claimants moving on to Universal Credit which is paid by the Department for Works and Pensions (DWP) from July 2018 and the increase in the minimum wage. The favourable variation of (£112k) on Rent Rebates is mainly due to recoveries from ongoing benefit exceeding budget. The actual Non HRA Rent Rebates (£486k) was significantly higher than budget (£180k) due the new homeless accommodation owned by the Council (e.g. Wick). However, this increase was matched by housing subsidy. The outturn on Rent Allowances was £91k adverse. This is partly due to the effect of assisted accommodation, for which the Council receives a lower rate of subsidy. 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. The case, therefore, for creating more of our own temporary accommodation is clearly beneficial. This is currently being explored by officers.
- 2.9 The £845k additional net income on retained business rates has a number of components. The most significant factors are the recalculation by the MHCLG of the basis of compensating local authorities for the loss of income due to small business relief and the increase in the appeals provision resulting in a reduction in the growth Levy. The adverse effect of the higher level of appeals will not be felt until 2019/20 and future years.
- 2.10 The additional net income for retained business rates enabled a £845k transfer to the Funding Resilience Reserve (previously Business Rates Reserve). The Council earmarked £1m of funding in 2017/18 to provide some resilience in relation to Government Funding cuts and the Spending Review (SR19). Since the establishment of the reserve there have been further threats to the Council' funding in relation to cuts from West Sussex County Council (Recycling Credits, on street parking contract, which will result in a direct loss of funding and indirectly in relation to WSCC cuts to the voluntary sector providing housing related support (like Stonepillow). The effect of the cuts have not filtered through yet, but will place further strain on the Council's resources.
- 2.11 Service related income from fees, charges and rents are included within net cost of service. In total this amounts to an overall financing of £4.955m in 2018/19 (£4.574m previous year). 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.

The graph below analyses (£93k) favourable outturn income variation by source and value:



Planning income was significantly affected by the adoption of IRFS as £208k received in 2018/19 was treated as a receipt in advance (£68k previous year) as the performance obligation had strictly not been met (i.e. there was still work outstanding before the income could be realised in the accounts). This income will be accounted for in 2019/20. Property and Estates income was adversely affected by Bognor Regis Arcade. The timing of the purchase of Bognor Regis Arcade (October 2017) meant that there was insufficient information to build a reliable estimate for 2018/19. It was also difficult to predict when units would be rented out and which tenant were likely to renew, as there was no historical information available. The actual income of £184k was £51k below the budget of £235k. Licensing income was (£101k) above budget and it should be noted that a significant proportion of the increase is due to increased licensing obligations which are carried out on a cost recovery basis and required the establishment to be increased by 2 additional posts (overall nil effect). Car parking income remained buoyant during 2018/19 due to the favourable weather.

Variations below +/- £100k

2.12 The decrease in the central support recharge of £55k to the Housing Revenue Account is due to a (£197k) underspend on Management and Support Services operating expenses (including establishment) of which a proportion is allocated to the HRA. The saving in Management and Support is made up of a large number of over and underspends against approved budget some of the larger variations are outlined below. Print Unit income was (£44k) favourable due to additional work for other local authorities (Chichester DC and Adur and Worthing BC). The Engineering service carried out chargeable work for other Local Authorities including WSCC for water course work. Financial Services was underspend by (£54k) due to the negotiation of an additional six months free bank charges (£24k); (£12k) saving on the external audit contract (the results of the retendering of the contract were not known when the budget was set but it should be noted

that the lower Audit fees have resulted in additional work, which cannot always be absorbed) and the tendering of the corporate insurance contact, which resulted in a part year saving of (£30k).

The net expenditure on Bognor Regis Arcade was £42k in 2018/19. The lack of historical information when setting the budget for 2018/19 has already been mentioned in 2.11 above (income). The arcade required significant additional repairs and maintenance and the Council is liable for 50% of all service charges whilst the upstairs is empty, in addition to the service charge relating to any unlet units, which cost £89k. The increase in business rates of £18k was met from the Corporate underspend and £58k for repairs and maintenance was funded from the asset management budget. The expenditure funded through virement was reported as part of the regular budget monitoring process during the year.

2.13 During the year contingency and miscellaneous items are vired to service areas; capital schemes; added to earmarked reserves if required for future years; or if unrequired are made available as part of identified savings that can be vired to fund unforeseen expenditure in order to minimise the need for supplementary approvals during the year. In addition service related savings that are identified during the year are vired to the contingency and miscellaneous items budget to form part of the corporate underspend available for virement during the year. This included (£175k) additional investment income which was achieved despite extremely difficult market conditions, which is an excellent outcome in the current economic climate. The net budget remaining from the corporate underspend was (£80k) after £250k was transferred to the Redundancy earmarked reserve (see paragraph below).

2.14 The 2018/19 Contingency and Special Items budget included a £250k to allow further restructuring proposals in order to achieve further savings in 2018/19 and beyond. Without this funding the majority of restructures, despite meeting the Council's pay back policy of three years, would require a supplementary estimate to be approved by Full Council for the maximum up front cost. The potential up front cost is often inflated as staff are appointed to posts in the new structure or redeployed. The budget was not drawn down as all the restructuring proposals in 2018/19 could be funded from within the existing establishment budgets. However, the funding is required to enable an effective restructuring process to continue. Regularly looking at the Council's staffing structure has, historically, greatly reduced the Council's revenue budget, year on year. The £250k was transferred into a restructuring reserve, set up for this purpose. Members are asked to note this action in recommendation iv).

2.15 The Funding Resilience reserve was established for the Council to become more resilient to the funding cuts forecast from 2020/21 onwards and to be able to effectively plan a reduction in expenditure and not to be forced into short term solutions. The reserve contribution was increased by a further £2m during 2018/19 when the MTFS was considered in September 2018 (Financial Prospects 2018/19 to 2023/24 report Cabinet 17 September 2018) when it became apparent that the Council's financial prospects would be worse than predicted. The balance of the Funding Resilience Reserve was £3.845m on 31 March 2019.

2.16 Members are asked to approve the General Fund balance of £7.076m (£9.344m previous year) and Earmarked General Fund Reserves of £15.394m (£18.460m previous year appendix E) at 31 March 2019.

3.0 Housing Revenue Account (HRA) (Appendix B)

3.1 Taken together the HRA and Major Repairs Reserve showed a surplus of (£431k) for the year, compared with a budgeted deficit of £1.248m. The HRA balance at 31 March 2019 was £7.229m, with a further £1.165m held in the Major Repairs Reserve. These balances are expected to significantly reduce over the first few years of the new Business Plan as a result of the programme of new dwellings and additional expenditure on the housing stock. The budget for 2019/20 is a £3.117m deficit.

3.2 Members are asked to approve the HRA balance at 31 March 2019 of £7.229m, and Major Repairs Reserve balance of £1.165m.

4. Capital and Asset Management (Appendix C)

4.1 The Council's budget for 2018/19 included several projects which although included in the Capital budget for project management and monitoring purposes cannot, under current accounting regulations, actually be charged to the capital accounts. Expenditure on these projects is transferred from capital to revenue at the end of the financial year and is included in the relevant cabinet portfolio or support service. The result of this transfer is an increase in service expenditure and a corresponding reduction in the amount of capital expenditure financed from revenue (there is accordingly no effect on the Council's total net expenditure).

4.2 A budget of £20.4m for capital and special revenue projects was approved by the Council for 2018/19. In addition, £18.7m was carried forward from 2017/18 to enable planned projects to be completed. Actual expenditure for the year amounted to £16.8m (£5.6m previous year) on capital schemes and £2.2m (£2.6m previous year) on special revenue projects.

4.3 The Council's General Fund capital programme is limited by the resources available. The majority of the larger one-off schemes are delivered in partnership in order to maximise external funding and to minimise the risk to the Council.

4.4 The General Fund capital programme was dominated by the Littlehampton Wave Leisure Centre financed from a combination of capital receipts, capital grants and revenue finance. It opened towards the end of March 2019. The final financing of the Wave includes £1.923m from a capital receipt (from the sale of Daisyfields). Negotiation for the site commenced in August 2018, with contracts exchanged in October 2018. The sale was subject to Planning permission which was granted in April 2019 but this is subject to detailed negotiations in relation to s106 developer contributions towards infrastructure on the site. The capital receipt is anticipated in the second quarter of 2019/20. The project is now fully funded without the requirement for prudential borrowing which would have negated some of the revenue savings associated with the Leisure contract. The offer of a new Leisure Centre contributed to the significant improvement in the Leisure

management fee received by the Council when the contract was retendered during 2015/16. The new Leisure contract commenced on 1 April 2016 and will run for 10 years.

4.5 The Pavilion Park regeneration scheme planned for the Hothampton/sunken garden site in central Bognor Regis was revisited by Cabinet at its meeting on 8 July 2019 and alternative proposals are currently being developed for the sunken garden site, which do not include any residential development (with some retail on the ground floor) which was planned on the western side of the site. It was anticipated that the new park with its amenities would raise the value of the residential development site (the proceeds of which were to be spent on Bognor Regis Regeneration projects). Any new scheme will require approval from Full Council as part of the 2020/21 budget setting process.

4.6 In September 2017 the Council approved the priorities of the new HRA Business Plan. These priorities included:

- The construction or acquisition of 250 new homes over the 10 year life of the plan
- The development of a new Housing Asset Management Strategy
- Establishing and Implementing a 5 year programme of improvements to sheltered schemes
- Maximising income and making the best use of available resources

4.7 The latest 30 Year Housing Revenue Account Business Plan update was considered at cabinet on 4 March 2019 and approved by Full Council on 13 March 2019. The projections take account of a stock condition survey of the housing stock which was completed towards the end of 2019. The stock condition survey identified the requirement for significant additional investment over and above the level forecast in the Business Plan approved by Full Council in September 2017.

4.8 The Council recognises the need to maintain a clear view on the affordability of the above priorities, and the financial model which supports the Business Plan will be regularly updated in the light of changing circumstances.

4.9 Appendix C shows, for comparison purposes, all Capital, Asset management and other projects expenditure for the year, including sums transferred to revenue at the end of the year.

5.0 **Capital Receipts (Appendix D)**

5.1 The capital receipts statement in appendix D shows total capital receipts of £2.791m at 31 March 2019 (£4.957m previous year). This figure relates to retained right-to-buy receipts ("1 for 1" receipts) which can only be spent on the provision of new social housing, failing which they must be returned to the Government. One of the approved priorities of the Council's Housing Revenue Account Business Plan is a significant new development programme and the

implementation and phasing of this programme will be a key factor in determining whether or not the Council spends its unused receipts within the required time scale. There were no general receipts remaining at 31st March 2019 (£2.623m previous year), which may be used for any capital purposes, as they were applied to fund capital expenditure in 2018/19 (the Littlehampton Wave new build project and refurbishment of 75 High Street, Bognor Regis). The final financing of the Littlehampton Wave will be finalised when the Council realises the capital receipt from the sale of Daisy Fields (see 4.4 above). The Council has exchanged contracts for the sale of one of its other land holdings but completion will not take place until 2019/20. The implications of this for the Council's capital financing is that the CFR (Capital Financing Requirement) increased in 2018/19 and will reduce in 2019/20 when the capital receipt is received.

6. Earmarked Reserves (Appendix E)

- 6.1 The earmarked reserves statement 2018/19 in appendix E shows the amounts set aside from the General Fund in earmarked reserves for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2018/19. These reserves were reviewed regularly during 2018/19 to ensure that they are being drawn down as appropriate or returned to General Fund reserve. Members are asked to approve the level of earmarked reserves of £15.394m (£18.460m previous year).

7. Section 106 Receipts

- 7.1 Section 106 agreements, also known as planning obligations, are agreements between developers and Arun District Council (as the local planning authority) that are negotiated as part of a condition of planning consent. The Town and Country Planning Act 1990 enables Arun to negotiate contributions towards a range of infrastructure and services, such as community facilities, public open space, transport improvements and/or affordable housing.
- 7.2 The Council held £7.251m in section 106 developer contributions at 31 March 2019. Members and officers were updated on S.106 sums at regular intervals during 2018/19 as part of the budget monitoring process.

8.0 Recommendations

- 8.1 Cabinet is recommended to:
- (i) Consider the outturn report;
 - (ii) Note the revenue and capital outturn expenditure for 2018/19;
 - (iii) Approve the level of balances and unused S.106 sums at 31 March 2019;
 - (iv) Note the £250k contribution to the Redundancy Reserve to allow restructures that meet the Council's pay back criteria; and
 - (v) Note the additional £0.845m contribution to the Funding Resilience Reserve.

General Fund Revenue Budget and Outturn 2018/19 Summary

	Original		
	Budget	Actual	Variance
	£'000	£'000	£'000
Cost of service			
Community Wellbeing	(288)	(475)	(187)
Corporate Support Direct	125	152	27
Economy	151	199	48
Neighbourhood Services	3,464	3,314	(150)
Planning	(607)	(438)	169
Residential Services	1,281	2,345	1,064
Technical Services	(1,259)	(1,102)	157
Management and Support Services	1,930	2,264	334
Establishment	11,822	12,639	817
Rates	508	522	14
Insurance	271	241	(30)
Recharges	(1,304)	(1,249)	55
Total Cost of Service	16,094	18,412	2,318
Corporate Costs			
Parish Precepts	4,271	4,271	0
Other precepts and levies	167	212	45
Interest and investment income	(434)	(632)	(198)
Contingencies / miscellaneous	2,682	0	(2,682)
Contribution to / (from) earmarked reserves	(1,352)	(3,066)	(1,714)
Capital expenditure financed from revenue	1,310	7,026	5,716
Pension deficit contributions	1,554	1,619	65
Total corporate costs	8,198	9,430	1,232
Total net budget requirement	24,292	27,842	3,550
Financed by:			
Revenue Support Grant	(194)	(194)	0
Retained Business Rates	(5,569)	(6,414)	(845)
New Homes Bonus	(2,733)	(2,733)	0
Other non-ringfenced grants	(793)	(1,230)	(437)
Council Tax income	(14,926)	(14,926)	0
Collection Fund deficit / (surplus)	(77)	(77)	0
Total external finance	(24,292)	(25,574)	(1,282)
Transfer (to) / from General Fund Reserve	0	2,268	2,268

Housing Revenue Account (HRA) Summary 2018/19

Actual 2017-18 £'000	Description	Budget 2018-19 £'000	Actual 2018-19 £'000
	Expenditure		
4,660	Supervision and management	5,058	4,792
4,485	Repairs and maintenance	4,516	4,499
2,861	Financing of capital expenditure	3,047	1,613
5,140	Net loan charges	5,140	5,140
17,146	Total Expenditure:	17,761	16,044
	Income		
(15,915)	Rents (dwellings, garages, hostels, other property)	(15,699)	(15,668)
(639)	Charges for services and facilities	(766)	(753)
(50)	Interest on balance	(48)	(54)
(16,604)	Total Income:	(16,513)	(16,475)
542	HRA (surplus) / deficit	1,248	(431)
(8,505)	Balance brought forward	(6,990)	(7,963)
(7,963)	Balance carried forward	(5,742)	(8,394)

Capital, Asset Management and other projects Summary 2018/19

<i>Portfolio</i>	<i>Original Budget</i>	<i>Current Budget</i>	<i>Outturn</i>
	£,000	£,000	£,000
Community Wellbeing			
Littlehampton Wave	0	12,719	11,749
Total	0	12,719	11,749
Corporate Support			
Arun Improvement Programme	0	419	96
Information Technology	196	207	135
Total	196	626	231
Economy			
Pavilion Park	0	329	39
Total	0	329	39
Neighbourhoods			
Play Areas	100	595	392
Total	100	595	392
Residential Services			
Housing Improvements & Repairs	3,047	3,469	1,779
Housing IT	0	152	4
Stock Development	15,000	16,577	2,682
Homelessness	0	332	301
Registered Social Landlords	100	0	0
Total	18,147	20,530	4,766
Technical Services			
Asset Management	914	3,429	1,897
Land Drainage	0	50	0
Improvement & Discretionary Grants	1,000	1,577	1,151
Total	1,914	5,056	3,048
Summary			
GENERAL FUND	2,310	19,658	15,760
HOUSING REVENUE ACCOUNT	18,047	20,198	4,465
Total	20,357	39,856	20,225

Capital Receipts 2018/19

	£,000
Balance at 1st April 2018	4,957
Receipts during year (net of pooling)	1,232
Financing of capital expenditure	(3,398)
Balance at 31st March 2019	2,791

Balance at 31st March 2019 is all “1 for 1” receipts which can only be used for the acquisition or building of new social housing.

Earmarked Reserve Balances 2018/19

	Balance at 31 March 2018 £'000	Net Transfers 2018/19 £'000	Balance at 31 March 2019 £'000
Delayed capital & special projects	3,612	(1,432)	2,180
Pension deficit financing	2,202	(1,317)	885
Community Wellbeing	6,473	(5,093)	1,380
Corporate Governance	1,341	2,980	4,321
Economy	260	2,269	2,529
Neighbourhood Services	565	170	735
Planning	943	(147)	796
Residential Services	2,140	(638)	1,502
Technical Services	925	143	1,068
Total Earmarked Reserves	18,460	(3,065)	15,394

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ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF CABINET ON 2 SEPTEMBER 2019

SUBJECT: Budget Monitoring Report to 30 June 2019

REPORT AUTHOR: Carolin Martlew, Financial Services Manager

DATE: July 2019

EXTN: 37568

PORTFOLIO AREA: Corporate Support

EXECUTIVE SUMMARY: The Budget Monitoring report sets out the Capital, Housing Revenue and General Fund Revenue budget performance to the end of June 2019.

RECOMMENDATIONS

Cabinet is requested to:

- (i) Note the report in Appendix 1;
- (ii) Note the significant anticipated overspend in relation to nightly paid accommodation;
- (iii) Approve the HRA revenue and capital slippage contained in Appendix 1 (paragraph 7.2); and
- (iv) Note that overall performance against budget is currently on track

1. BACKGROUND:

The Council approved a General Fund revenue total net expenditure budget of £24.525 million; a Housing Revenue Account revenue total expenditure budget of £19.832 million; and a capital budget of £8.943 million for the year 2017/18. This report provides information to enable actual spending and income to be monitored against profiled budget for the period to 30 June 2019.

2. PROPOSAL(S):

The Cabinet is requested to note the budget monitoring report in appendix 1. The report provides information on a management by exception basis to enable the reader to understand the overall performance of the council within the context of the budget book summary.

3. OPTIONS:

n/a

4. CONSULTATION:

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		✓
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial	✓	
Legal		✓
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land		✓
Technology		✓
Other (please explain)		✓
6. IMPLICATIONS: <p>The overall performance against budget is on track. However, the pressure on homelessness is continuing and a supplementary estimate will be required before the end of the financial year, which will reduce the planned level of the General Fund Balance.</p>		

7. REASON FOR THE DECISION: <p>To ensure that spending is in line with approved Council policies, and that it is contained within overall budget limits.</p>
8. EFFECTIVE DATE OF THE DECISION: 11 September 2019

9. BACKGROUND PAPERS: <p>Revenue and Capital Estimates 2019-2020. http://www.arun.gov.uk/financial-information/</p>

ARUN DISTRICT COUNCIL BUDGET MONITORING

Financial Position as at end of June 2019

1. Introduction

1.1 This report sets out the Capital, Housing Revenue and General Fund Revenue budget performance to end of June 2019 and presents performance information for all aspects of financial risk such as Income and specific savings targets.

1.2 Budget performance is presented after taking account of the following:

- Spend to date excluding commitments against profiled budgets.
- Consultation with managers and budget holders on service performance.
- Virements identified where possible from existing budgets to cover budget pressures.

2. General Fund Summary

2.1 The budget was approved by Full Council on 20 February 2019.

2.2 The General Fund performance to end of June 2019 against profiled budget is given in the table below. The table presents only the variances on budget in excess of +/- £20k.

General Fund variance on profiled budget to end of Jun 2019	
	Variance on Budget Jun £'000
Service controllable spend	
Corporate Support Direct	
Elections - Local Elections Expenditure	37
Planning	
Planning - Fees and Charges	(126)
Residential Services	
Nightly Paid Accommodation - Payments	118
Technical Services	
Investment Properties - Rental and Repair Charges	75
Sundry Properties - Rates	58
Other Variances less than +/- 20k	(112)
Total Service controllable budget variance	50
Corporate controllable budget	
Establishment against savings target	(81)
Corporate underspend (net)	(23)
General Fund underspend variance against profiled budget	(54)

- 2.3 The table shows a general fund underspend of (£54k) against current budget profile to the end of June 2019. Variations on service controllable budgets are presented first, followed by establishment, insurance and rates which are corporate and monitored in separate sections.
- 2.4 Expenditure on the District election is currently £37k above expected. This is partially due to larger number of Parish Council elections and additional costs (poll card delivery, printing, equipment, staff costs and the count). Once the final costs have been verified part of the overspend will be recharged to the Parish Councils, with the balance having to be met by the Council.
- 2.5 Planning fees and charges are currently above profile by (£126k). The adoption of IFRS15 (International Financial Reporting Standard – Revenue from Contracts with Customers) resulted in a stricter interpretation of when revenue income should be recognised in the Accounts. This resulted in £200k being carried forward as a receipt in advance from 2018/19 (£70k previous year).
- 2.6 Nightly paid accommodation is currently overspent by £118k. At the end of June 2019, a total of 65 households had been placed in nightly paid accommodation to date. Gross expenditure at the end of June was £395k (full year budget of £950k) and the percentage of Housing Benefit recovered is at 30%. Already the net budget looks like it will be overspent by up to £500k and a supplementary estimate will be required. It should be noted that as the service is demand led it will be closely monitored until year end.

Bed & Breakfast monitoring - June 2019				
	Outturn 2018/19 £'000	Original Budget £'000	Current Budget £'000	Actual to Date £'000
Gross Expenditure	1,825	950	950	395
Income	(554)	(320)	(320)	(120)
Net Expenditure	1,271	630	630	275
Income including Housing Benefit recovered	30%	34%	34%	30%
Number of recipients				
Families	198	200	200	39
Other	129	130	130	26
Total	327	320	320	65
Average cost per recipient	3,887	1,969	1,969	4,231

- 2.7 Investment properties net expenditure is £75k above expected to date due to Bognor Regis Arcade. The managing agents (Savills) have requested an additional £40k for works that have been carried out on the Council's behalf. In addition, income is down by £35k for outstanding rents and property unoccupancy which the council has to fund. It should be noted that the Council is liable for 50% of the service charges as the top floor remains unoccupied, in addition to any service charges in relation to unlet units.
- 2.8 The Business Rates budget is above profile by £58k (after virement from the corporate underspend to fund Public Conveniences 2.9 below) due to the Look

and Sea. Once the property is rented out, the Council will receive a partial refund.

- 2.9 The corporate underspend relates to identified unrequired contingency and corporately controlled budgets and Government grants that are available for potential resource allocation. Budgets are set based on assumptions about service delivery, which sometimes result in a different actual budget requirement resulting in surplus budget. As these are identified, the surplus budget is vired to a corporate underspend account and made available for resource re-allocation. The advantage of this is a reduction in the need for supplementary estimates and managing service delivery within the approved budget and Medium Term Financial Strategy (MTFS). SMT (Senior Management Team) are expected to exercise their discretion in managing their budgets responsibly and prudently and wherever possible meeting additional cost pressures by virement from within existing budgets. The corporate net underspend is £23k at the end of June 2019 and the breakdown is shown in the following table:

Corporate Underspends Confirmed Jun 2019	
	Jun 19 £'000
Underspends from services	43
Additional investment income	0
Underspends from contingencies/miscellaneous budgets / corporate controllable	0
Additional non-ringfenced grants	35
Total identified corporate underspend	<u>78</u>
Virements actioned/earmarked from corporate underspend	(55)
Corporate Underspends Jun 2019 (Net)	<u>23</u>

- 2.10 The £43k contribution from services relates to year end estimates in 2018/19 (accruals). Additional income received from the recycling scheme (profit share) and loss of income due to the closure of the Littlehampton Dome.
- 2.11 To assist District Councils, the government pledged £35k across two financial years, 2018-19 and 2019-20 to assist leaving the EU. This non-ringfenced grant has been transferred to the corporate underspend.
- 2.12 The budget for 2019/20 assumed that Public Conveniences would be taken out of rating in 2019/20 (announced by the government during 2018-19). However, this legislation was delayed and is now anticipated to be effective 2020/21, resulting in a liability of £50k, which has been vired from the corporate underspend.

- 2.13 An additional £5k has been used from the corporate underspend to fund Arun District Council's liability for the BID (Business Improvement District) levy in Bognor Regis.
- 2.14 The change in the planned original budget General Fund Reserve movement due to supplementary estimates and budget performance to end of June 2019 is shown in the table below:

General Fund Reserve Movement estimated outturn 2019/20	Original Budget £'000	Current Budget £'000
Net Budget Requirement	24,525	24,740
Financed by:		
Government Grants and Retained Business Rates	(8,861)	(9,076)
Council Tax	(15,664)	(15,664)
Taken From / (Added to) Balances	0	0
General Fund Balance 01 April 2019	7,076	7,076
Supplementary Estimates	0	0
Current Budget Variation Estimated Outturn 2019/20	0	54
General Fund Balance 31 March 2020	7,076	7,130

3. Earmarked Reserves

- 3.1 Earmarked reserves are amounts set aside from General Fund Reserve to provide financing for specific future expenditure plans and held alongside the General Fund for drawdown as required under the scheme of virement. These reserves need to be reviewed regularly to ensure that they are being drawn down as appropriate or returned to General Fund reserve.

4. Externally Funded Services

- 4.1 Arun District Council hosts a number of services under its stewardship as the Accountable Body. Whilst these services are entirely externally funded, Arun District Council has service provision interests. These services are the Wellbeing team, the Think Family Programme and Car Parking enforcement. There are no budgetary concerns to report on these services.
- 4.2 A bid for funding for the LEAP Small Business Grant project was submitted, by this Council, to the West Sussex Strategic Investment Fund which is overseen by West Sussex County Council. The bid was for funding to provide grants to small businesses and totalled £1M to be paid over 2 years from the Business Rate Pool. The bid was made on behalf of all 7 District and Borough Councils in West Sussex; Arun District Council, Adur District Council, Chichester District Council, Crawley Borough Council, Horsham District Council, Mid Sussex District Council and Worthing Borough Council. It was

successful and the funding has been paid to Arun to distribute to the other 6 Councils with each Council receiving £71,428.57. The second part of the grant will be received in 2020/21.

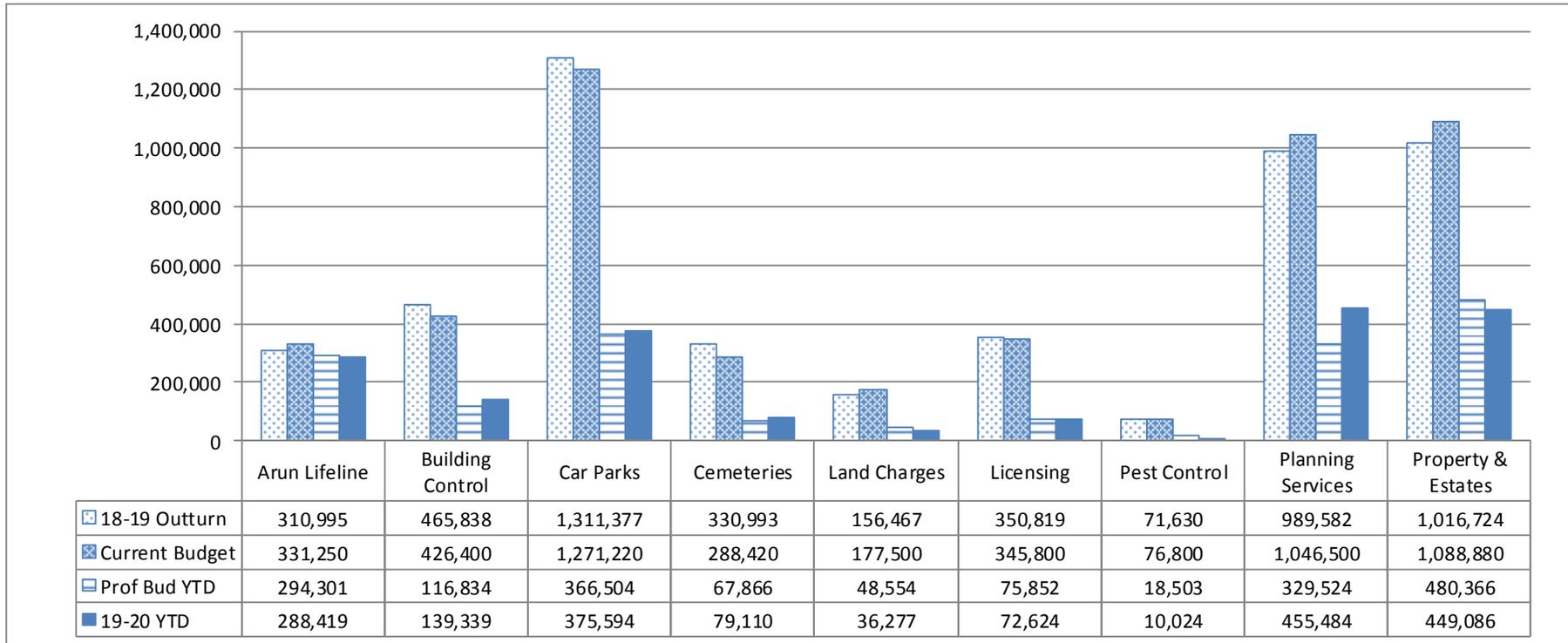
5. Establishment

- 5.1 Each year a vacancy management target is included within the budget to ensure that the establishment complement is scrutinised for efficiency and reflects the needs of on-going service delivery changes. For Financial Year 2019/20 the target is set at £450k.
- 5.2 The savings target is currently over achieved by (£81k).

6. Income

- 6.1 Income from fees, charges and rents are included within net cost of service. In total this amounts to an overall financing of £5.053 million. Income is a key risk area to the budget as it is predominantly externally influenced, without direct link to service cost and each source is unique.
- 6.2 Total income is currently (£108k) above expected mainly due to favourable variation in Planning income of (£126k) summarised in Paragraph 2.5 and the adverse variation on Sundry Properties in relation to Bognor Regis Arcade of £35k (paragraph 2.7).
- 6.3 The graph on the following page shows income by source and value, achievement to end of June 2019 against profiled budget, full year budget and outturn last year.

General Fund Income



7. Housing Revenue Account

7.1 The table below shows the HRA monitoring summary to the end of June 2019:

HOUSING REVENUE ACCOUNT: June 2019	
Forecast level of balance	
HRA Reserve Movement	£'000
HRA balance 01 April 2019	8,395
Budgeted deficit for 2019/20	(3,117)
Supplementary approvals	0
Capital slippage	(613)
Revenue slippage	(130)
Forecast balance at 31st March 2020	4,535

7.2 HRA revenue project slippage includes £100k committed for Tree surveys and £30k for specialist fees related to stock condition surveys. Capital slippage relates to £465k for essential Fire safety work which has to be completed in 2019/20 and £148k for a HRA IT system.

7.3 Repairs and maintenance (planned and responsive) is expected to be in line with budgeted expenditure. No significant variance to report in relation to supervision and management in this quarter.

7.4 HRA income consists almost entirely of rents. Current projections forecast rental income in line with the budgets.

7.5 Loss of income due to right to buy (RTB) disposals and void dwellings still remains a key risk. The estimated number of RTB disposals for 2019/20 was set at 12 (there were 9 RTB disposals in 2018/19, 18 RTB disposals in 2017/18 and 24 in 2016/17). To date there has been 1 disposal in the current year.

7.6 Details of the HRA capital, improvements and repairs programmes are shown in paragraphs 8. Paragraph 9, covering Capital Receipts also has relevance for the Housing Revenue Account.

8. Capital, Asset Management and Other Projects Programme

8.1 The Council's budget for 2019/20 included several projects which although included in the Capital budget for project management and monitoring purposes cannot, under current accounting regulations, be charged to the capital accounts. The revenue expenditure and budget relating to these projects is transferred to services on a quarterly basis.

- 8.2 The capital and projects budget will continue to be monitored on a corporate level as this provides better information and control of the budget.
- 8.3 The table on the next page has been restated to include Capital and Revenue Expenditure for both General Fund and Housing Revenue Account.

General Fund

- 8.4 Cabinet approved £600k for affordable housing in Westergate in May 2018, the first instalment of £300k was paid in May 2019. This expenditure is funded from S106 receipts.
- 8.5 Demolition of the old Littlehampton Leisure Centre is well underway the building is down with the reinstatement works to follow.

Housing Revenue Account

- 8.6 As part of the HRA business plan there is a programme to develop or acquire new affordable homes. Summer Lane in Pagham is a scheme which will deliver 27 new affordable homes at a cost of £5m over the coming years. Exchange of contracts is expected in July along with an initial payment of £1.3m.

Asset management and other projects monitoring - June 2019

	Original Budget £'000	Current Budget £'000	Actual to date £'000	Balance £'000
General Fund				
<i>Technical Services</i>				
Asset Management	560	1,504	52	1,452
Works to Public Conveniences	280	597	17	580
Seafront Trial Concession	-	270		270
Reactive Maintenance	160	160	44	116
Littlehampton East Bank	-	50		50
Disabled Facilities Grants	1,500	1,500	439	1,061
<i>Corporate Support</i>				
Computer Services	170	189	128	61
GDPR	-	44		44
Telephone Switch Upgrade	-	9		9
Digital Strategy	200	200		200
Arun Improvement Programme (AIP)	-	92	16	76
Web/Integration	-	117		117
Modern Gov	-	48	5	43
EH System	-	66		66
<i>Community Wellbeing</i>				
Littlehampton Wave	-	970	274	696
<i>Economy</i>				
Pavilion Park	300	590	31	559
<i>Neighbourhood Services</i>				
Keystone Centre	250	250		250
Play Areas	100	209		209
Mill Road	-	35		35
Sea Road Skatepark	-	60		60
<i>Residential Services</i>				
Grants to Registered Social Landlords	-	300	300	-
Homelessness	-	31	2	29
Total General Fund	3,520	7,291	1,308	5,983
Housing Revenue Account				
Stock Development	-	13,895	14	13,881
Housing IT	-	148		148
Housing Improvements	1,046	1,046	166	880
Domestic Boiler Installations*	600	600	94	506
Commercial Boiler Rooms	350	350		350
Reroofing Programme	643	643		643
Sheltered Programme	600	600		600
Kitchen & Bathroom Replacement Programme	400	400	42	358
Fire Compliance	300	765	35	730
Windows & Doors	1,074	1,074		1,074
Aids & Adaptations*	410	410	136	274
Housing Repairs*	1,803	2,001	413	1,588
Day to Day General Repairs*	1,543	1,543	356	1,187
Voids*	804	804	161	643
Total Housing Revenue Account	9,573	24,279	1,417	22,862
Total Programme	13,093	31,570	2,725	28,845
* Please note expenditure includes QL commitments taken from the Housing Mgmt. System				
Total programme comprises Capital, Asset Management and other projects budget plus Housing Repairs. Although Housing Repairs forms part of the HRA revenue budget it is included here because of the close link with the Housing Improvements Programme.				

9. Capital Receipts

- 9.1 Arun has entered into an agreement with the Government to retain the additional receipts generated by the relaxation of the Right to Buy discount rules, subject to these receipts being used for the provision of new social housing and Arun matching every £30 of receipts with £70 of its own funding (the 70/30 rule). A further condition is that the receipts must be spent within three years, failing which they must be returned to the Government plus interest at 4% above base rate. The table below shows Arun's investment requirements under the above terms.

	£'000
"1 for 1" receipts accrued to 30 June 2019	5,448
Arun's 70% contribution (70/30 X £5,448k)	12,711
Total investment requirement	18,159
Less amount already invested to 30 June 2019	8,855
Remaining investment requirement	<u>9,304</u>
By 30/09/2019	868
By 31/12/2019	1,773
By 31/03/2020	843
By 30/06/2020	800
By 30/09/2020	1,274
By 31/12/2020	631
By 31/03/2021	1,321
By 30/06/2021	881
By 30/09/2021	703
By 31/12/2021	211
By 31/03/2022	0
By 30/06/2022	0
Total	<u>9,304</u>

- 9.2 One of the key priorities of Arun's HRA Business Plan is a development programme to enable the delivery of an additional 250 new Council dwellings over a ten year period. In July the first payment was made in respect of a scheme for 27 new homes and two other schemes are under active consideration. However, it will be extremely challenging to match the phasing of the payments for these and any other schemes with the investment requirement set out above.
- 9.3 In order to protect the Council's investment in the provision of new social housing, exemption from capital receipt pooling has been obtained in respect of all Arun's new dwellings in the current investment programme.

- 9.4 Exemption from pooling will be sought for all future newly built or acquired dwellings. This will enable Arun to retain 100% of the receipts from any future right to buy disposals in respect of these new dwellings (although it's worth noting that these receipts will be net of any discount entitlement).

10. Section 106 sums

- 10.1 Section 106 agreements, also known as planning obligations, are agreements between developers and Arun District Council as the local planning authority that are negotiated as part of a condition of planning consent. The Town and Country Planning Act 1990 enables Arun to negotiate contributions towards a range of infrastructure and services, such as community facilities, public open space, transport improvements and/or affordable housing.
- 10.2 Many section 106 sums are spent on one-off projects in accordance with the terms of the various agreements, the remainder being used to fund ongoing maintenance commitments. Any additional expenditure funded from section 106 sums is subject to Individual Cabinet Member or Cabinet approval in accordance with the terms of the Council's constitution.
- 10.3 Some Section 106 sums are time limited in that the Council is required, under the terms of the agreement, to spend the amount received on the project specified in the agreement within a set time scale. Failure to comply with this requirement will lead to the Council having to repay the Section 106 sum plus interest, the interest often being calculated at a penalty rate.
- 10.4 The Council currently holds £8.452m on deposit from s106 agreements (plus £2.552m on behalf of other bodies like WSCC). It should be noted that there are currently no receipts that are required to be spent within the next 5 years.

11. Risk Analysis

- 11.1 Corporate and Operational risk registers are reviewed and updated for financial implications as part of the Council's risk management process on the criteria of probability of occurrence and materiality of impact upon balances. No significant risks have been identified.
- 11.2 Some lesser risks, however, are inherent within the overall budget. These are discussed below.
- 11.3 Paragraph 9.2 above outlines the situation with regard to the additional receipts generated by the relaxation of the Right to Buy discount rules ("1 for 1" receipts). The key risk here is that failure to make the necessary level of investment within the required timescale will lead to the Council having to repay to the Government some or all of these "1 for 1" receipts, together with interest at a penalty rate of base rate (currently 0.75%) plus 4%. We are experiencing a significant reduction in new "1 for 1" receipts, the sums repaid might not be replaced by new receipts. If the programme slips, this might lead to Arun having to borrow a greater proportion than 70% of the total cost of the schemes, leading to increased loan servicing costs.

In addition the Council will need to have regard to the proposals outlined in a recently published Government consultation paper on the use of “1 for 1” receipts. One of these proposals is for the introduction of a price cap where “1 for 1” receipts are used to acquire, as opposed to build, dwellings. This could have significant implications for Arun’s development programme.

The Council has expressed its concerns about this proposal in its response to the consultation paper.

- 11.4 Housing Benefit claims are gradually being transferred to the Universal Credit scheme (approximately 100 per month) which will eventually level out. There will be claims handled by the local authority which will not transfer to the Universal Credit scheme. These will include pensioners and claimants who require supported accommodation.

Following legislation in 1989, supported accommodation costs assist vulnerable people who require additional help within the community. Unfortunately, the valuation office does not take this additional cost into account which is left to the local authority to fund.

Costs can vary widely, for example, a hostel could charge £300 per week for a single person to include 24-hour security and relevant medical care as well as accommodation. The valuation office will state that the local authority may only claim £100 per week for the accommodation in subsidy. This leaves the local authority to fund the remaining £200 per week for this individual. In certain circumstances, for example, if the individual is a pensioner or has a dependant, the local authority is sometimes able to reclaim 60% of the supported accommodation charges.

The cost to the local authority will largely depend on how many landlords provide this service in the area, however, at present the cost to Arun District Council is steadily increasing (£170k 2017-18, £323k 2018-19, current estimate £522k 2019-20). The current budget forecast set in 2018-19 for supported accommodation charges was £160k.

- 11.5 Recently, some retailers have decided to reduce their presence on the high street. If this trend continues, this could have a negative impact on Non Domestic Rate collections.
- 11.6 The United Kingdom is due to leave the European Union on 31 October 2019. Additional uncertainty leading up to Brexit could result in additional money market fluctuations and business plan changes. This could result in a reduction in money market returns and have a negative impact on Non-Domestic Rate collections.

12. Conclusions and Recommendations

Cabinet is requested to:

- i. Note the report;
- ii. Note the significant anticipated overspend in relation to nightly paid accommodation;
- iii. Approve the HRA revenue and capital slippage contained in paragraph 7.2;
- iv. Note that overall performance against budget is currently on track.

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ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF CABINET on 2 SEPTEMBER 2019

PART A : REPORT

SUBJECT: Financial Prospects 2019/20 to 2024/25

REPORT AUTHOR: Alan Peach, Group Head of Corporate Support

DATE: August 2019

EXTN: 37558

PORTFOLIO AREA: Corporate Support

EXECUTIVE SUMMARY:

The Council's Medium Term Financial Strategy (MTFS) covering the period up to 2024/25 rolls forward the data in the existing approved MTFS. The strategy amends certain assumptions contained in it to reflect changes in the Council's circumstances and other issues that have a strategic bearing on the Council's financial prospects.

RECOMMENDATIONS:

1. Agree the core assumptions set out in the Medium Term Financial Strategy and the current financial position
2. Note and agree the significant risks to local government finance that have been clearly outlined in the report
3. That the Medium Term Financial Strategy is to be used to set the Budgetary framework in preparing the 2020/21 budget.

1. BACKGROUND:

- 1.1. The latest financial forecast has been prepared against a continuing backdrop of unprecedented uncertainty over Government funding and the economy. This report contains the latest version of the MTFS which uses the most recent information available to forecast the Council's income and expenditure over the next 5 years. The situation is even more fluid than last year as central government spending is wholly dependent upon the three-year spending review and there has been an increased likelihood that this will not be published until next year. The Chancellor had previously announced that the process to agree a 3-year spending review would begin in early summer (July), with the outcome announced in late Autumn (probably late November). For some months this timetable has seemed unrealistic, but there are now real practical difficulties for Whitehall to deliver on time. A knock-on effect of the potential delay in the 3-year spending review is a delay in the proposed changes in local government funding that were scheduled for 2020/21. We have made the assumption that there will be a delay in the Spending Review and the

consequential changes to local government funding and modelled accordingly. Whilst the detail is not available this has, to an extent, been confirmed in a statement from the Chancellor on 8th August when he announced that there would be a 1 year settlement for 2020/21 and a multi-year settlement will be announced in 2020. These assumptions will have to be very closely monitored as they will be crucial to our position next year (2020/21) as we would not, potentially, be receiving the significant cuts to our Business Rate income that have been anticipated. It is worth stressing that this report only addresses the General Fund and that the Housing Revenue Account (HRA) has its own business plan and financial model.

- 1.2. A number of more detailed assumptions have been reviewed and, have been input into the financial model. This uses a wide range of strategically important financial assumptions and variables to obtain an informed view on year end balances, and to quantify the potential of any capital programme resources whilst maintaining a minimum level of General Fund balances of £4million. The assessment of the various assumptions is always considered carefully whilst taking a prudent view. An important point to appreciate with a financial strategy is that it consists of a series of assumptions using the best available information to inform a financial forecast. This year as explained above, is particularly challenging.
- 1.3. It has been considered necessary to make changes/updates to some of the previous assumptions to address both announcements from government and wider economic factors which affect the Council. The principal assumptions made are:
 - Council Tax increases by 3% per annum which is broadly in line with the previous strategy. It has been assumed that that shire district councils will be able to increase council tax by £5 or 3% per annum (whichever is higher) in 2020/21 and it has been assumed that this will be the case for the remainder of the strategy period. This, again, will have to be closely monitored as there are suggestions that this could change.
 - Salary costs increase by 2.5%, to reflect the trend in recent public sector pay awards, over the period of the strategy.
 - The model assumes inflation for goods and services of 2.5% over the period of the forecast.
 - It has been assumed that there will be no increase at the next pension triennial valuation and, whilst this is not confirmed, a recent meeting with the actuary indicated that this would be the case.
- 1.4. It has been problematic to model enhancements to the capital programme as it has been difficult to calculate the resources that will be available due to the reasons outlined above. There is, inevitably, a requirement to allow for business-critical IT systems and infrastructure as systems fall out of maintenance/support and become life expired. An assumption has been made that £2M is available in 20/21 for one off/capital schemes and £1M in subsequent years (which includes investment in business-critical IT). This will include any required investment in the Council's infrastructure including essential investment in areas such as public toilets, play areas,

car parks and the Arcade. The funds identified are clearly insufficient to cover everything so we will have to prioritise our investment carefully and CMT will produce a draft capital programme. In addition these funds will also have to finance the strategic aims that are currently evolving and will be reported to the November Full Council.

- 1.5. The most volatile and significant variables continue to be the New Homes Bonus (NHB) and Retention of Business Rates and that these are dictated by growth within the District. The assumption has been made that there will not be a reset of business rates in 2020/21, which, effectively, means that the accumulated growth will not be lost in that year and the potential loss will be postponed by a year. However, the assumption made for NHB is that the government will only pay legacy payments i.e. the system will wind down and no new years will be taken into account.
- 1.6. A further assumption that has been made concerns the payments from the County Council in terms of recycling credits. A cut of £186k was made in this financial year and we are anticipating that the remainder of (£857k) will be cut in 2020/21. This is a strategically significant sum and will have a huge effect upon our financial position and future spending plans.
- 1.7. The following section outlines a number of risks that are associated with the MTFs and how these may be mitigated.

2. PROPOSAL(S):

2.1 Risks

- 2.1.1 The most serious financial risk that the Council is facing is the potential implications of changes in Local Government funding as outlined in the preceding section.
- 2.1.2 There are a number of risks around the retention of Business Rates which is the major funding source from central government and may, ultimately, be the sole source. Whilst we have used, what we consider to be, the best available information there is also a risk that the level of business rate appeals will be more than has been anticipated and this risk lies with local government. The reset, as outlined in para. 1.5 is a major risk and we have assumed that this will not happen until 2021/22 and we will, therefore, have to monitor all the available intelligence closely in case it is introduced in 2020/21 as planned. It is probable that there will be some form of “damping” formula but it is currently impossible to predict how this might be applied. As mitigation against this risk there is a recommendation in a report, “Revenue and Capital Outturn Expenditure 2018/19”, elsewhere on this agenda, which explains a Funding Resilience Reserve which currently totals £4.983M. This will provide a valuable buffer when the funding is anticipated to reduce. However, this reserve should not, solely, be used for supporting the budget as it could also, potentially, be used to pump prime transformational projects. It does have to be accepted, however, that this is only a temporary measure and the potential effect of the reset will have to be addressed. There is a comment from our External Auditors in their Audit Results Report that “**reserves can only be spent once**”. They

also state that **“the Council remains resilient in the short to medium term, but it needs to remain focused on managing its level of reserves and reducing the dependency of the annual budget on withdrawing balances from those reserves.”**

2.1.3 The proposals concerning NHB are a significant concern and the assumption that this will be confined to legacy payments is exactly that as there is no information currently available. Again, all that can be done is to monitor the situation closely and retain a reserve, as outlined above, to address the anticipated funding shortfall.

2.1.4 There are also other expenditure pressures in a number of areas, notably homelessness, and these will be monitored closely and reported to Cabinet at the appropriate time. An amount of £500k has been included in the strategy and a report will be submitted, in due course, to explain the reasons behind this significant increase.

2.1.5 Whilst the extent of funding cuts on Arun remains unknown it is vitally important to mitigate, as much as possible, against such significant risks. The most effective mitigation against this is to hold sufficient balances to ensure that the Council has enough time to plan and implement any reductions in expenditure and are not obliged to make ill informed decisions. It is also important to ensure that we adopt a robust approach to any investment decisions and stipulate that all are accompanied by a thorough business plan which clearly outlines all costs and benefits. In addition we need to ensure that all decisions are prudent, affordable and sustainable and that any savings are retained.

2.2 Indicative Projections

2.2.1 The following table shows the current situation given all of the assumptions and omissions outlined above. These will, inevitably, be fine-tuned as more information becomes available and have to be read in conjunction with all of the caveats and uncertainties outlined earlier in the report.

2.2.2 The effects of the above assumptions are summarised in the table below:

	2019/20 £'000	Revised 2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Net Expenditure	24,525	25,025	25,564	26,508	27,231	27,866	28,287
Surplus/ (Deficit)	0	(500)	(797)	(3,668)	(4,117)	(5,065)	(4,830)
Funding Resilience Reserve				1,890	3,093		
Balances	7,076	6,576	5,779	4,000	2,976	(2,088)	(6,918)

It should be stressed that the negative balances are purely indicative and show what the situation would be if no remedial action were to be taken. In practice, the Council will need to fully assess the implications of any

reductions in external funding and develop a strategy to make the necessary reductions in net expenditure to ensure a prudent level of balances is maintained. This will include investment in the digital agenda which will both improve the customer experience and produce sustainable savings

2.2.3 When considering the figures above it is important to consider the issues outlined earlier in the report and, especially, the uncertainty regarding central government funding and they can only be regarded as indicative at this stage. The underlying financial position is masked to a certain extent by the earmarked reserve contribution, from the Funding Resilience Reserve to cover the reduction in external funding, but the effect of that can be seen above. However, given the reduction in funding the trend of increasing deficits is not surprising. We are fortunate that the Council's prudent financial management has resulted in sufficient balances which will enable us to formulate a strategy with a measured approach. In addition, we will refresh the strategy once more detail emerges at the earliest opportunity.

3. OPTIONS:

To accept the assumptions outlined in the strategy

To not accept the assumptions outlined in the strategy

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:

To formulate the Council's Financial Strategy and to inform any consequent decisions on capital investment and revenue savings plans to be taken by Full Council and Cabinet.

7. REASON FOR THE DECISION:

To formulate the Council's Medium Term Financial Strategy and set the financial context and framework for decisions to be taken by the Council

8. EFFECTIVE DATE OF THE DECISION: 11 September 2019

9. BACKGROUND PAPERS: None