

Public Document Pack

Subject to approval at the next Policy and Finance Committee meeting

453

POLICY AND FINANCE COMMITTEE

9 February 2023 at 6.00 pm

Present: Councillors Gunner (Chair), Mrs Cooper (Substitute for Roberts), Cooper, Chace (Substitute for Pendleton), Dixon, Goodheart, Oppler, Stanley and Walsh.

Councillors Bicknell, Coster, Thurston and Wallsgrove were also in attendance for all or part of the meeting.

Note: Councillor Mrs Cooper was absent from the meeting during consideration of the items in the following minutes – Minute 453 to 455 (Part).

670. WELCOME

The Chair welcomed Members and Officers to the meeting.

671. APOLOGIES FOR ABSENCE

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

672. DECLARATIONS OF INTEREST

Councillors Dixon and Goodheart both declared Personal Interests in Agenda Item 13 [The Regeneration of the Regis Centre, Bognor Regis] as set out below:

- Councillor Dixon in his capacity as a member of the Bognor Regis Civic Society.
- Councillor Goodheart as a Member of Bognor Regis Town Council and as a resident of Bognor Regis

673. MINUTES

The minutes from the meeting of the Committee held on 13 December 2022 were approved as a correct record and were signed by the Chair at the conclusion of the meeting.

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

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

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675. PUBLIC QUESTION TIME

The Chair confirmed that one question had been submitted for this meeting from Mr Cosgrove which has been very briefly summarised below:

- Question 1 – regarding the organisation of a private briefing for Members on the regeneration of the Regis Centre, Bognor Regis.

The Chair then drew Public Question Time to a close confirming that the Public Question Time Schedule would be uploaded to the Committee's web pages within ten working days following the meeting.

676. PALMER ROAD PROJECT

The Principal Landscape and Project Officer presented her report setting out the case for the provision of new sports facilities at Palmer Road in Angmering. It was highlighted that there was a lot of background information provided within the report to assist Members with their understanding of this project and that the basis for a sports hub on this site had stemmed from The Playing Pitch Strategy and Action Plan which had formed part of the evidence for the Local Plan. The hub would help to meet an identified shortfall in sporting facilities within the district. The Local Football Facilities Plan had identified Palmer Road as a high priority and was therefore likely to attract external funding. Whilst a great deal of work had already been undertaken to produce a feasibility study, it was confirmed that the project was still at an early stage.

The recommendations set out in the report would enable the Council to move to the next stage of the project establishing what could be included at the hub. This was a very exciting but complex project as the Section 106 funding had an expenditure deadline with the Council being reliant upon external funding and it was not known if the Football Foundation application would cover everything specified whilst also fully delivering the project. The Council was also reliant upon a planning application to the north of Palmer Road to release land for the football pitches. Moving forward, the steps were to engage with The Football Foundation and to appoint consultants to help develop designs.

The Chair then invited questions. The Committee welcomed this important recreational facility but also aired some concerns. One was the labelling of Palmer Road with one Member of the Committee suggesting that it made it sound like a facility for Angmering when it was intended to be a much wider facility for the eastern side of the district. A suggestion was made as to whether an alternative name should be given which would promote the site's selling to the public and the suggestion of "the Angmering Sports Project" was made. Another concern was about public accessibility as there was no public transport within reasonable distance of the site along with concerns over access along that stretch of road near to the A27. As there were no proposals for any improvement in public transport, a request was made that this be written into any decisions being made as the project progressed and in terms of ongoing negotiations with the Parish Council and bus operators.

It was suggested that such negotiations commence to ensure good public access which would only enhance what was a much needed facility and would then attract visitors from other areas of the district.

In response to these observations, Councillor Cooper provided reassurance that the Parish Council was working on a public bus service as it would remiss not to do that with the significant amount of housing that the Parish had had to absorb. That housing had resulted in this project coming to fruition. These discussions were being progressed though decisions had not yet been made. The proposals set out in the report were very much welcomed with the Committee being reminded that this scheme had been years in the asking with the Parish Council being delighted that this was now hopefully going to be progressed. Members were reminded that this project would be a huge asset, the pavilion there now, which was not fit for purpose, would be replaced with a new multi-purpose pavilion with enhanced pitch facilities.

Further discussion involved a request for the officer team to continue discussions with the contacts that they had in the industry to push for other similar projects in the district. The Group Head of Environment and Climate Change outlined that there were proposals through new development in Bersted for 3D pitch provision and a sports hub in the future. This was one initiative being discussed with the Football Foundation. The Football Facilities Plan, referred to in the presentation of the report, was looking at various other schemes in the district where there were possible funding proposals that could be followed up. With the expansion of women's football, was there more funding available for the provision of women's football and committing to facilities such as separate changing rooms and did this form part of this scheme? It was confirmed that the Football Foundation had several boxes that it needed to tick with women's football being one of those along with many other initiatives and so this would form part of the proposals. Although there were not any layouts at this stage, this would form part of the early design stages to be taken forward.

Another issue raised was the shortfall in funding which was around £3m and given that it was unlikely that there would be any further large scale planning applications in the Angmering parish. Where did Officers envisage this funding coming from, would this be through borrowing or other sources of funding? The Group Head of Environment and Climate Change confirmed that the Council would need to look at other potential sources of funding and that borrowing might have to be an outcome. The plan would be to phase the development of the project until funding became assured and as it was not clear at this stage as to what funding would be secured from the Football Foundation.

Two non-Committee Members were permitted to speak. One Member applauded the project stating that it was long overdue, and he thanked the Officer team for their work in progressing the scheme forward. He also commented upon the distance from the site to the train station at Angmering stating that he did not see this as an issue when comparing the accessibility of other leisure sites in the district. A further issue of concern raised was in relation to the fact that the Football Foundation would require that a legal first charge be taken over the freehold or leasehold to secure its

grant funding. It was felt that this sounded more like a mortgage or loan rather than a grant and the Committee was asked if it felt this was advisable.

Following further debate and having had the recommendations proposed by Councillor Cooper and seconded by Councillor Chace, the Committee

RESOLVED – That

- (1) The Project Proposal including the deliverables and the programme as set out in Appendix 1 be approved;
- (2) Approval be given for the council to utilise the established Football Foundation AGP Framework, by signing a Joining Agreement, with the terms and conditions of the agreement to be agreed with Legal Services in consultation with the Monitoring Officer and to be executed in accordance with Contract Standing Orders;
- (3) Approval be given to the procurement of professional services, to support the delivery of a new community sports hub at Palmer Road, within the professional fee allocation of £486,229 subject to the approval of Recommendation 4; and
- (4) Approve the drawdown and expenditure of S106 developer funding contributions from the planning applications allocated to the Palmer Road project, and any CIL funding awarded.

677. ANTI-SLAVERY PLEDGE

In the absence of the Safeguarding Officer, the Communities and Wellbeing Manager presented a report confirming that the Modern Slavery Policy had been adopted by the Council on 9 December 2021. Included within this work was the need to sign and publish an Anti-Slavery Pledge. This report sought the Committee's approval to endorse, sign and approve the Council's pledge demonstrating the Council's commitment to making the district free from slavery.

Members' attention was drawn to Appendix 1 of the report outlining the key principles and aims. In endorsing this approach, the Committee was being requested to recommend to Full Council that it formally adopts the pledge allowing it to be signed and published on the Council's web site. Following a query received regarding the title of the pledge, it was agreed that this should be adjusted slightly and confirmed to be referred to as the Anti-Modern Slavery Pledge.

Councillor Cooper then proposed the recommendation in the report which was duly seconded by Councillor Mrs Cooper.

The Committee in endorsing the Anti-Modern Slavery Pledge

RECOMMEND TO FULL COUNCIL

That the Anti Modern Slavery Pledge be adopted.

678. BUDGET MONITORING REPORT TO 31 DECEMBER 2022

The Interim Group Head of Finance and Section 151 Officer presented the Budget Monitoring Report outlining progress against budget covering the Quarter 3 period up to 31 December 2022. The Committee was being asked to note the Budget Monitoring report with the detail being set out in Appendix 1 of the report.

Members' attention was drawn to the General Fund table at paragraph 2.3 of the appendix showing a General Fund underspend of £268k against projected to the end of December 2022. This was a favourable variance. The report also detailed cost pressures with the main ones being identified as homelessness and inflation which were being contained within budget and from the £500k earmarked reserve for inflationary pressures, which had been set up at the end of last year and was now exhausted. Other favourable variations identified were planning income at £337k and £296k in corporate underspends, the detail of which had been set out in the tables at sections 2.7.2 and 2.7.3 of the appendix. The main source of funding for the corporate underspends had been from additional interest on investments (£700k) as interest rates had increased.

The estimated outturn was an additional £161k to be taken from balances as detailed in table 7.2. The Housing Revenue Account (HRA) showed the revised budget as approved by Full Council on 18 January 2023. Table 9.2 showed the estimated outturn which had been approved by Full Council on 18 January 2023. The Council had also approved that the recommended minimum balance level be £2m. Turning to Capital Receipts, there was significant slippage in the capital programme with the main component of these being the Levelling-Up Fund (LUF) schemes which were not due to expend a significant proportion of their expenditure until next year.

Questions presented related to ongoing concerns about HRA overspend. The original budget for the year had been a balance at the end of this year of £3.5m and Members were now being told that the HRA should have a minimum of £2m when in fact the Housing & Wellbeing Committee had been happy to see this being reduced to £600k. This was rapid movement for just one year and so assurance was requested that this situation would not worsen again edging the Council nearer to an illegal situation. The Director of Environment and Communities responded confirming that the situation with the HRA for all authorities at this time was very difficult. The HRA Business Plan had been presented to the Housing & Wellbeing Committee and all Members of the Council via an all Member Briefing in January 2023 where all the points raised had been explored in great detail.

In response, a major component was the continuing use of large numbers of agency staff to cover increasing staff vacancies over the last 2 years. The Committee asked what progress was being made and how reassured could Members be that the current overspend was not going to continue into the forthcoming year. It was explained that the staffing situation was not unique to Arun, this was a national problem with many other authorities struggling to recruit specialised staff. This was also being experienced in other areas of the council such as legal and planning and reflected a problem across the country. In response, the Council had started a programme of recruiting some of the posts. There had been some successes but where this had not been possible, the use of agency staff continued as it was essential to provide a continued service to customers who had the greatest needs. Other factors had been the increase in the cost of repairs due to cost of materials and fuel. There had been a raft of issues that had impacted the Business Plan all of which had been brought to Members' attention along with the measures in place to resolve such issues. The Committee was reassured that the Council had a good Business Plan in place and that the budget would require close monitoring and a lot of work. Officers had therefore committed to provide a further update to the Housing & Wellbeing Committee six months' time. The assurance that could be provided now was that all the right controls were in place and the right work was being undertaken. But it could not be argued that the Council was in a difficult position.

The Chief Executive confirmed that the Council's Corporate Management Team had instigated monthly performance boards which would closely monitor the HRA budget. The assumptions were in place and part of the process would be to ensure that the recommendations within the HRA Business Plan would be overseen and monitored allowing the Council to take remedial action more quickly.

The content of the report was noted by the Committee.

679. COMMITTEE REVENUE AND CAPITAL BUDGET 2023/2024

The Chair invited the Interim Group Head of Finance and Section 151 Officer to present this report. It was confirmed that this was the second year of preparing the budget under the committee style governance system. This committee had two budget reports. The committee specific one which was the subject of this report plus any growth bids which would be considered as part of the overall budget report which was the next item on the agenda. Once this committee has considered the overall budget it would be recommended onto a Special Meeting of the Council on 1 March 2023 for approval. Members were also reminded of the Budget Briefing scheduled for 22 February 2023.

The Committee was reminded that it needed to be noted that the budget had been prepared against a backdrop of a significant budget gap for 2023/24. Only essential growth bids for 2023/24 had been put forward for the committees to approve.

This committee had one growth bid for £100k for the continuation of the Carbon Reduction Programme. The main year on year changes had been highlighted at Section (3.8) which was the fall out of the growth bid for 2022/23 in the sum of £155k for carbon reduction initiatives and Members were reminded that they would be receiving a full update at the next meeting of the Committee on 7 March 2023.

The Committees had a capital programme totalling £3.750m for 2023/24 the detail of which had been set out in Appendix C with this being for the Alexandra Theatre Levelling-Up Fund. It should be noted that this would effectively be offset by £1m worth of capital receipts for the site, with this having already been approved by Full Council.

The Chair invited questions. In relation to the carbon reduction scheme questions were asked around the funding in terms of growth bids for 2023/24 and the reduction in expenditure of £155k . This was explained. Other questions asked related to the capital programme for 2023/24 in relation to the Levelling-Up Fund for the Alexandra Theatre, what did the costs mean in respect of corporate management and transport and supplier and services.

Following further questions and having had the recommendations proposed by Councillor Cooper and seconded by Councillor Mrs Cooper,

The Committee

RESOLVED - That

- (1) Agree on the 2023/24 Revenue Budget as illustrated in Appendix A of this report;
- (2) Agree on the list of uncommitted growth items as illustrated in Appendix B of this report;
- (3) Agree the capital programme as illustrated in Appendix C of this report; and
- (4) Agree to recommend that the Revenue Budget for this Committee be included in the overall General Fund Budget when considering the overall budgets later on in this agenda; and
- (5) Agree to recommend that the Revenue budget list of growth items and Capital Programme for this Committee be included in the overall General Fund Budget when considering the overall budget to recommend to Full Council.

680. COUNCIL REVENUE AND CAPITAL BUDGETS 2023/2024

The Chair confirmed that before inviting the Interim Group Head of Finance and Section 151 Officer to present the budget report, he proposed to start with the recommendations that had been submitted for this Committee to consider from each of the service committees. Each of the recommendations had been set out in the supplement pack circulated to the meeting and uploaded to the web and emailed to Councillors on 8 February 2023. The Chair confirmed that he proposed to take these recommendations on block. The recommendations were as set out below and from the:

- Corporate Support Committee – 19 January 2023 – Minute 593 – Committee Budget Report – Service Specific Budget 2023/2024 [Page 1 of the supplement pack].
- Housing & Wellbeing Committee – 25 January 2023 – Minute 607 – Committee General Fund revenue and Capital budget and Housing Revenue Account budgets 2023/24 [Page 3 of the supplement pack]
- Planning Policy Committee – 26 January 2023 – Minute 624 – Committee Revenue and Capital Budgets 2023/24 [Page 4 of the supplement pack]
- Environment Committee – 31 January 2023 – Minute 638 – committee revenue and Capital Budgets 2023/24 [Page 6 of the supplement pack]
- Economy Committee – 2 February 2023 – Minute 655 – Committee revenue and Capital budgets 2023/24 [Page 8 of the supplement pack].

Having had these recommendations proposed by Councillor Chace and seconded by Councillor Dixon, the Committee

RESOLVED – That

- (1) The Revenue budget for this Committee [the Corporate Support Committee] be included in the overall General Fund budget when considering the overall budgets on 9 February 2023;
- (2) The General Fund revenue budget, list of growth items, General Fund Programme, HRA revenue budget and HRA Capital Programme [for the Housing & Wellbeing Committee] be included in the overall General Fund budget when considering the overall budgets on 9 February 2023;
- (3) The Revenue budget for this Committee [the Planning Policy Committee] be included in the overall General Fund budget when considering the overall budgets on 9 February 2023;
- (4) The Revenue Budget for this Committee [the Environment Committee] be included in the overall General Fund budget when the Policy & Finance Committee considers the overall budget at its meeting on 9 February 2023;

- (5) The Revenue Budget, list of growth items and capital programme for this Committee [the Economy Committee] be included in the overall General Fund Budget when the Policy & Finance Committee considers the overall budgets at its meeting on 9 February 2023.

The Chair confirmed that he would now focus on the whole budget for 2023/24 and he invited the Interim Group Head of Finance and Section 151 Officer to present her report. This confirmed that the final Local Government Finance Settlement had been published on 6 February 2023. There were some minor revisions which resulted in an increase in the Services Grant which had unfortunately been matched by an equal reduction in the 3% Funding Guarantee. The settlement was better than forecast in the Medium Term Financial Prospects brought to the last meeting of the Committee as a result of the 3% Funding Guarantee. This was a one year settlement preceded by a Policy note which had provided some indication of what might happen for 2024/25. An update had been received on the New Homes Bonus earlier on in the day confirming that there would be a publication from the Government within the next couple of months in response to the consultation undertaken in 2021 providing, hopefully, more certainty as to what might be happening with that grant funding.

It was important for Members to be aware that the budget for 2023/24 had been balanced by a £4.9m contribution from reserves. This included a £1.1m contribution for planned specific purposes included in service expenditure and a further £3.8 million from the funding resilience reserve. It was also highlighted that the growth bids were in the contingency budget which contained a £2m savings target and a £3m transformation expenditure which would be required to achieve the savings targets. Finally, the Environment Committee had approved an increase in car parking fees and charges meaning that £500k savings target in the contingency budget would be met.

The Chair then invited questions. Varying points were raised by Members. Looking at the overall state of the budget, the growth items being presented appeared to have little or direct benefit to the residents in the district, apart from the support to Freedom Leisure which was understood due to the current energy crisis. The small grants fund of £100k was supported but the other growth items were seen as internal reorganisation items employing extra staff representing a very small increase in revenue expenditure on customer facing services. The continuing cut in Government funding was a concern with this increasing substantially due to austerity leading to many service cuts from committees as well as increases in council tax. This was a direct impact for lower income households due to the progressive nature of council tax. With all of this taken on board, under this administration, it was the view of some Councillors that the council was being presented with an unbalanced deficit budget with an overspend of £4m on a budget of £12m. This could not be seen as responsible or the right way forward. It was felt that the reserves were being raided to a sum of around £5m to balance the budget. Also, hidden away in the report, it was stated that this would be balanced later in the year by unspecified cuts in budgets across the Council to repay the reserves. This was therefore a budget that could not be supported at this stage. Concerns were also expressed over recommendations to increase council house rents by 7% placing a burden onto some of the lowest paid residents in the district. In addition to funding a capital programme, it was proposed to borrow an extra £9.3m, a

further burden and cost for council tax payers whilst at the same time increasing council tax by 3% which would be an unwanted gift to the residents of Arun. There were other Members of the Committee who agreed with the points made stating that this was a risky budget which was raiding the council's reserves to balance the budget.

The Chair asked if the Members who had expressed concern over the budget could provide alternative suggestions. They confirmed that they would reserve that debate for the Special Meeting of the Council on 1 March 2023.

Other points raised related to the minutes from the meeting of the Economy Committee held on 2 February 2023 relating to that Committee's budget for 2023/24 in terms of regeneration and the need to create a regeneration masterplan, was the cost of this included in the budget? It was confirmed that this had been allocated in the 2022/23 budget, with the funding being carried over so that this work could now commence. Councillors also asked what the consequences were if a budget was not approved on 1 March 2023. It was confirmed that the Council would need to continue to meet until a budget was confirmed. Some Councillors also asked if following the Elections in May 2023, any new administration would be able to revisit the budget.

The Chief Executive confirmed that the Council had a legal requirement to set a budget which had to be balanced. If this could not be agreed on 1 March 2023, the Council would have to adjourn and continue to meet until a budget was set which included confirming its position on council tax. Any new administration could set a new and revised budget to confirm new priorities, apart from changing council tax levels.

Further questions asked and points made were:

- It was essential for a budget to be set or for a viable alternative to be agreed
- Was this budget assuming that the local plan would be restarted. It was confirmed that this was the case.
- Support was confirmed for Freedom Leisure. Was there any possibility that the council might be able to claim funding back through any form of grant? It was confirmed that Officers were investigating all opportunities
- Could consideration be given to setting budget briefings for Members differently next year, with these taking place ahead of this meeting? Could specific briefings be organised for each of the political groups?
- There was need for the Council to look at ways of earning more income
- Should the LUF projects be stalled, and other options examined? Could expenditure information be provided for the Sunken Gardens project?

Having heard the views of the Committee, the Chair confirmed that he wished to propose an amendment which was an addition to the service requests labelled as growth items at Paragraph 4.13 of the report to be paid for out of contingency reserves. This was to provide £40k to the Arundel Festival to ensure its survival and in recognition of its contribution to tourism in Arundel and the rest of the district. This amendment was seconded by Councillor Cooper.

The Chair then invited debate on this amendment. Although most of the Committee felt sympathetic towards this suggestion, it was with concern as there were no supporting papers that could evidence the need for this amount, a business case was required so that Councillors could see what the return on such an investment would be. The Chair confirmed that no funding would be released to the Arundel Festival without having received a business case and without that business case being approved.

On putting this amendment to the vote, it was declared CARRIED.

The Chair then returned to the substantive recommendations and having had these recommendations proposed by Councillor Cooper and seconded by Councillor Chace,

The Committee

RESOLVED - That

- (a) It notes that the Interim Group Head of Finance, in consultation with the Leader of the Council, has approved a Council Tax base of 64,159 for 2023/24;
- (b) It notes the budget report in Appendices A, 1, 2 and 3, as amended

The Committee also

RECOMMEND TO THE SPECIAL MEETING OF THE COUNCIL ON 1 MARCH 2023 – That

- c) The General Fund Revenue budget as set out in Appendix 1 is approved;
- d) Arun's Band D Council Tax for 2023/24 is set at £202.34, an increase of 2.99% over 2022/23;
- e) Arun's Council Tax Requirement for 2023/24, based on a Band D Council Tax of £202.34 is set at £12,982m, plus parish precepts as demanded, to be transferred to the General Fund in accordance with statutory requirements;

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- f) The Council's General Fund Balance minimum balance continues to be set at £5m;
- g) The HRA budget as set out in Appendix 2 is approved;
- h) HRA rents be increased by 7% in accordance with the provisions of the rent standard;
- i) HRA garage rents are increased by 7% to give an average rent of £14.50 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;
- j) The HRA Balance to remain below the minimum level of £2.0m for the period 2023/24 to 2026/27 to enable the realisation of savings in Repairs and Supervision & Management Expenditure to deliver a sustainable HRA; and
- k) Agree the balance of the capital budget as set out in Appendix 3 of this report.

- Before moving onto the next agenda item, the Chair confirmed that he wished to formally thank Carolin Martlew, Interim Group Head of Finance and Section 151 Officer, for her hard work and commitment and this would be her last Committee meeting before leaving the Council at the end of February 2023.

681. WORK PROGRAMME

The Committee received and noted its Work Programme for the remainder of the Municipal Year.

682. EXEMPT INFORMATION

Having been proposed by Councillor Chace and seconded by Councillor Cooper,

The Committee

RESOLVED

That under Section 100a (4) of the Local Government Act 1972, the public and accredited representatives of newspapers be excluded from the meeting for the following item of business on the grounds that it may involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act by virtue of the paragraph specified against the item.

683. THE REGENERATION OF THE REGIS CENTRE, BOGNOR REGIS - UPDATE REPORT (EXEMPT - PARAGRAPH 3 - INFORMATION RELATING TO THE FINANCIAL OR BUSINESS AFFAIRS OF ANY PARTICULAR PERSON (INCLUDING THE AUTHORITY HOLDING THAT INFORMATION))

The Chair invited the Council's Regeneration Consultant to provide to the Committee his update in terms of how the regeneration of the Regis Centre was progressing.

The Committee was advised that there were four main areas to update the Committee on. These were:

- The land deal with Whitbread – Heads of Terms at Exchange of Contracts
- The procurement programme
- The outline programme for the project from route to budget to construction
- A breakdown of the budget

This presentation was followed by a detailed question and answer session. From this, the Regeneration Consultant confirmed that he would provide information to the Committee outside of the meeting in relation to:

- Would Councillors be able to see the contract? It was confirmed that a response would follow from the Group Head of Law & Governance and Monitoring Officer
- Bricks from the Fire Station – could date stamped bricks be retained?
- That if there was an opportunity for a presentation/briefing for Members with regard to the design and build [prior to a planning application being submitted] that the appropriate guidance be provided to Members of the Planning Committee to avoid Members being compromised

Points discussed were:

- The land deal with Whitbread
- Parking
- Support to Arun Arts

(The meeting concluded at 8.26 pm)

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