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369

SPECIAL POLICY AND FINANCE COMMITTEE

8 January 2024 at 6.00 pm

Present: Councillors Nash (Vice-Chair, in the Chair), Birch, Brooks, Cooper, Greenway, Gunner, Oppler, Pendleton and Walsh (Substituting for Councillor Stanley).

Councillors Butcher, Lury, May, Northeast, Purser, Tandy, Turner and O'Neill were also in attendance for all or part of the meeting.

490. WELCOME AND ELECTION OF VICE-CHAIR

The Vice-Chair in the Chair opened the meeting and welcomed Members and Officers to the meeting. He explained that the Chair had given his apologies for the meeting and proposed Councillor Walsh as acting Vice-Chair for the meeting. This was approved by the Committee.

491. APOLOGY FOR ABSENCE

An Apology for Absence had been received from Councillor Stanley.

492. DECLARATIONS OF INTEREST

The following Declarations of Personal Interests were made in relation to all of the items on the agenda:

- Councillors Nash and Brooks as Members of Bognor Regis Town Council and volunteers for Arun Arts.

493. MINUTES

The minutes from the meeting of the committee held on 6 December 2023 were approved as a correct record and were signed by the Chair at the conclusion of the meeting.

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

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

495. PUBLIC QUESTION TIME

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

496. FINANCIAL PROSPECTS 2024/25 TO 2028/29 - UPDATE

The Group Head of Finance and Section 151 Officer presented to Members his report providing an update on the Council's Financial Forecast for 2024/25 to 2028/29 which had first been presented to the Committee at its meeting held on 26 October 2023. It was confirmed that regular updates would be provided to the Committee together with progress reports on the delivery of the Council's Savings Strategy [the next item on the agenda].

The report provided a summary of the updated Medium-Term Financial Plan (MTFP) forecast for the period 2024/25 to 2028/29 and represented the latest view of the Council's financial position. This was subject to several factors that might still affect the forecasts, such as local government funding reforms, business rates review and the continuation of certain ring-fenced government grants.

The Group Head of Finance and Section 151 Officer confirmed that the report did include 2024-25 budget figures which were still draft and subject to further changes before being presented to the Committee on 8 February and ultimately a Special Meeting of the Council on 21 February 2024. Paragraphs 4.1 to 4.11 of the report detailed the areas of the budgets that had been updated since 26 October 2023. The Local Government Finance Settlement was still in its draft format with figures still needing to be confirmed by the DLUHC once the consultation period concluded on 15 January 2024. Appendix A summarised the estimated budget requirement for the next 5 years with Appendix B summarising the impact of that forecast on the Council's usable revenue reserves. The Group Head of Finance and Section 151 Officer highlighted that the funding gap had reduced since the last report provided in October 2023. The table at paragraph 4.1 of the report summarised the changes that had been incorporated into the 2024/25 revenue budget which would achieve a net reduction of £1.6m. The Group Head of Finance and Section 151 Officer then explained some of the changes listed.

Turning to the Local Government Finance Settlement for 2024/25, the Group Head of Finance and Section 151 Officer confirmed that the announcement had been made on 18 December 2023, however, this was a provisional settlement and was subject to a consultation period which would finish on 15 January 2024. Paragraphs 4.12 to 4.16 provided the detail of the draft settlement.

As had been reported previously, the Council currently had no general fund debt although the capital programme did include some schemes which would be funded from future borrowing. The table at paragraph 4.18 set out some indicative high level financial costs if the Council were to take on additional financial investment. These figures had not been included in the budget forecasts.

The Committee's attention was then steered towards Appendix B of the report, which set out the impact on the Council's Usable Revenue Reserves based on the updated MTFP forecasts. The latest projections indicated that by 2028/29, the balance of reserves was forecast to be only £218,000 if no further decisions were made to address the budget shortfall. The Group Head of Finance and Section 151 Officer stressed the importance of addressing the challenges ahead for the Council and that if these challenges were not addressed the ultimate outcome would be the need to issue a Section 114 notice. He explained that the implications of this were very serious. Section 25 of the Local Government Act 2003 required the Section 151 Officer to produce a statement regarding the adequacy of a Council's reserves. This would be formally reported to this Committee on 8 February 2024 as part of the revenue budget setting process.

Members were reminded of the resolution approved at the meeting of the Committee on 26 October 2023 regarding Budget consultation literature. The budget consultation document had been agreed with the Chair of the Committee in early December and the consultation survey was available for all to access on the Council's web site so that the Council could receive feedback and comments. The deadline for responses was 21 January 2024 and it was confirmed that the results of this consultation would be presented to the Committee's next meeting on 8 February 2024.

The risks detailed in the previous forecast reported to the Committee in October 2023 remained and had been reiterated in paragraphs 8.2 to 8.7 of the report. This section of the report provided a good indication of the challenges ahead and of the difficulties in forecasting the budget over the next 12 months and 5 years.

The Chair having thanked the Group Head of Finance and Section 151 for his presentation invited questions from Members.

Varying questions were asked. Turning to the table provided summarising the changes that had been incorporated into the 2024/25 revenue budget since the MTFP forecast had been reported to the last meeting of the Committee, a breakdown of what the figures for Temporary Accommodation and Supported Housing Payments represented was sought. The Group Head of Finance and Section 151 Officer confirmed that he did not have that level of information to hand and a written response would be provided outside of the meeting.

A question was asked regarding the West Sussex Business Rates Pool and whether any funds from the pool would be spent in the district. The Group Head of Finance and Section 151 Officer confirmed that he had recently attended a meeting of West Sussex Finance Officers and felt confident that progress had been made in establishing some principles around accessing funds. A meeting of West Sussex Leaders was due to take place shortly and so further information would be available following that meeting.

Looking at Appendix A to the report, a question was asked about the Council Tax increase assumptions. Looking at the savings set out in paragraph 4.1, a question was asked on the timing of those savings as it looked like they would be achieved next year. The Group Head of Finance and Section 151 Officer outlined that the Council Tax forecasts assumed a maximum increase of 2.99 % and it was assumed that this would be the case for future years. It was stated that there would always be delivery risks in achieving to make savings and it was intended that the savings highlighted would be achieved in 2024/25. A question was also asked about the impact on the forecasts of freezing Council Tax. It was agreed that this information would be provided to the Committee outside of the meeting as well as an update following the West Sussex Leaders meeting regarding the business rate pool.

The Committee then noted the content of the report.

497. FINANCIAL STRATEGY 2024-2028

The Interim Joint Chief Executive and Director of Environment and Communities presented the Financial Strategy for 2024 to 2028 following two briefings provided to Members on 14 December and 4 January 2024. The Strategy provided the Council not only with details of its key components to deliver the transformation of the Council's financial position, but also proposals for the reorganisation and reduction of the Senior Management Team.

The Committee was reminded that it was a legal requirement to set a balanced budget each year and that although reserves were a legitimate way of balancing the budget, this was not sustainable in the longer term. The report set out the Council's approach to achieving a balanced budget over the next 4 years and proposed actions to address the net revenue budget shortfall. It was explained that these proposals were subject to consultation to achieve savings in excess of £2m. The Strategy was based on undertaking a number of key tasks in each of the next four years and these had been detailed within the report.

It had been the Council's intention to secure in year savings in 2023/24 and an anticipated £2.5m reduction in the budget gap for 2024/25. Progress on starting this work had been delayed due to the resignation of the previous Chief Executive. This meant that the potential savings identified for 23/24 would now be largely realised in 2024/25. Service Group Heads had been asked to identify cost reductions and income generating opportunities, the details of which had been set out in the report. Members were alerted to the fact that the Council currently had no general fund debt (although the Committee was aware that some capital schemes were planned to be funded from borrowing) and that it had a reasonable level of reserves, meaning that it was in a strong position to address the financial challenges highlighted in a measured and planned way.

Within this context of significant financial constraint, the Council had a strong updated Vision based on four key themes in terms of how it wished to move forward for the benefit of residents, businesses, visitors and the environment. To deliver these key themes during a time of financial challenge required the Council to improve its efficiency and effectiveness, transparency and communications and required it to explore new ways of delivering services and possibly cease some too.

Progress on how the Council proposed to achieve this had been set out in paragraphs 5.1 to 5.10 of the report. Paragraph 6 set out an action plan covering the next four years to achieve the required reduction in the funding gap. This included a restructure of the senior management team; use of different service delivery models; a review of the 23-24 budget; maximising cost recovery; completing an asset review; undertaking an electoral review; reviewing the council's future accommodation requirements; and the retendering of the waste contract. This work would help the Council in moving forward in addressing its financial challenges.

The appendices to the report were explained. Appendix A set out the potential areas for savings examined subject to periodic review. Appendix B featured the issues for Members to determine through individual Committees. Appendix C set out the detail of the Senior Management Team structure which was subject to consultation and Appendix D listed the vacant posts to be deleted in addition to Senior Management posts which were again subject to consultation.

Before inviting debate on the report, Councillor Walsh proposed the recommendations which were then seconded by Councillor Oppler.

Comments made were that what had been presented to Members was an action plan rather than a strategy as the report did not confirm the overall principles of saving money. It was also felt that there had been a complete lack of Member involvement in getting to this point. Questions were then asked about the consultation undertaken regarding the proposed savings in terms of what had been delivered already. Questions were also asked surrounding the 18 posts to be deleted as not all of these posts had been listed in the appendix. In response, Members were advised that consultation regarding the proposed saving of posts also included consultation with the staff union and staff which was underway as initial informal consultation had taken place ahead of this meeting. The formal consultation would take place following the Council meeting on 10 January 2024. The aim of the Strategy was to demonstrate how the Council was going to save the money that it needed to save whilst at the same time managing the work that had to be done within remaining resources and in a way that would protect services.

Discussion then focused on the proposed actions identified to achieve the required reduction in the funding gap especially around the restructure of the Senior Management Team and the vacant posts listed in Appendix D for deletion.

The Committee then

RECOMMEND TO FULL COUNCIL – That

- (1) The Financial Strategy 2024 to 2028 be approved; and
- (2) The proposal to reduce the Senior Management Team as part of an organisational restructure be noted.

(The meeting concluded at 6.44 pm)