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POLICY AND FINANCE COMMITTEE

24 October 2024 at 6.00 pm

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

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

224. APOLOGIES FOR ABSENCE

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

225. DECLARATIONS OF INTEREST

There were no Declarations of Interest made.

226. MINUTES

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

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

The Chair confirmed that there were no urgent items for the Committee to consider.

228. PUBLIC QUESTION TIME

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

229. ITEMS PUT FORWARD FROM SERVICE COMMITTEES

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

230. ENVIRONMENT COMMITTEE - 19 MARCH 2024

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

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

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

The Committee

RECOMMENDS TO FULL COUNCIL – That

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

231. ENVIRONMENT COMMITTEE - 19 SEPTEMBER 2024

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Committee

RESOLVED - That

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

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

232. PLANNING COMMITTEE - 11 SEPTEMBER 2024

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

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

233. CORPORATE SUPPORT COMMITTEE - 10 OCTOBER 2024

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

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

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

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

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

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

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

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

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

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

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

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

The Committee

RESOLVED – That

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

235. DRAFT FINAL OUTTURN REPORT - 2023/2024

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

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

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

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

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

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

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

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

The following was reported:

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

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

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

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

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

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

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

237. ANGMERING SPORTS HUB PROJECT

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

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

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

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

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

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

Following some further discussion,

The Committee

RESOLVED

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

238. LITTLEHAMPTON SEAFRONT PROJECT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Committee

RESOLVED – That

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

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

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

The Committee also

RECOMMENDS TO FULL COUNCIL – That

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

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

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

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

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

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

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

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

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

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

The Committee

RESOLVED

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

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

Policy and Finance Committee - 24.10.24

241. WORK PROGRAMME

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

(The meeting concluded at 9.17 pm)