

CABINET

2 September 2019 at 5.00 pm

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

Councillors Bennett, Chapman, Charles, Clayden, Coster, Dixon, Huntly and Roberts were also in attendance at the meeting.

171. WELCOME

The Chairman welcomed Members, members of the public and Officers to the meeting.

172. APOLOGY FOR ABSENCE

An Apology for Absence had been received from the Cabinet Member for Residential Services, Councillor Mrs Gregory.

173. DECLARATIONS OF INTEREST

There were no Declarations of Interest made.

174. QUESTION TIME

The Chairman confirmed that no Public Questions had been received.

175. MINUTES

The Minutes of the Cabinet meeting held on 29 July 2019 were approved by the Cabinet as a correct record and signed by the Chairman.

176. BUDGET VARIATION REPORT

There were no matters discussed.

177. REVENUE AND CAPITAL OUTTURN EXPENDITURE - 2018/19

The Deputy Leader of the Council and Cabinet Member for Corporate Support, Councillor Oppler, introduced this item and stated that it had a close link to the Budget Monitoring and Financial Prospects reports to be considered later.

The Outturn report set out the actual performance for the Capital, Housing Revenue Account and General Fund Revenue against budget for 2018/19.

Councillor Oppler then invited the Financial Services Manager to highlight the key sections of her report.

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The Financial Services Manager was pleased to advise that the Audited Accounts for the year ended 31 March 2019 were available on the Council's website. The Statement of Accounts had been approved by the Audit & Governance Committee on 30 July 2019 receiving a clean audit report which was good news considering the complexity of work and the tight statutory deadlines that had to be adhered to.

The following points were particularly highlighted through the Financial Services Manager's verbal presentation: -

- The General Fund summary – some of the variations against individual service budgets were due to technical accounting requirements, for example, the requirement to charge depreciation to service. These entries had to be reversed under statute to prevent the charge being borne by the Council Tax payer
- The variations against original budget had been summarised in Table 2.4. and Members' attention was drawn to the fact that the outturn was made up of a significant number of over and underspends against budget. The outturn was generally favourable allowing contributions to be made to the Funding Resilience Reserve. The items over £100k had been explained within the report. Key adverse variations related to homelessness nightly paid accommodation amounting to £567k. Expenditure on this continued to be a significant issue in the current year and had been reflected within the financial model. Full Council last year had approved a supplementary estimate of £650k which had formed part of the approved budget.
- The favourable variations included:
  - Establishment savings of £177k in addition to the £450k corporate target. The Council had also achieved a favourable outturn on Council Tax Court case recoveries with the interest being invested.
  - The Cabinet were asked to note the additional £845k that had been transferred to the Funding Resilience Reserve which had been achieved due to additional Business Rates income.
  - The General Fund balance now stood at £7.076m
  - The Housing Revenue Account (HRA) position stood at £7.229
  - The total major repairs reserve was £1.165m
  - The HRA balance was expected to reduce over the first few years of the HRA Business Plan as a result of the programme in place for the provision of new dwellings and additional expenditure on sheltered housing
  - On capital and asset management it was highlighted that the Wave Leisure Centre had required no prudential borrowing and had been financed through revenue contributions, capital receipts and a successful grant application from Sport England.

The Chairman thanked the Financial Services Manager for a positive report and asked a question relating to the HRA and the reasons for the positive outturn compared to the original budget deficit of £1.248m. The Financial Services Manager explained that this was mainly due to a reduction in the financing of capital expenditure.

The Cabinet

RESOLVED – That

- (1) The revenue and capital outturn expenditure for 2018/19;
- (2) The level of balances and unused S.106 sums at 31 March 2019 be approved;
- (3) the £250k contribution to the Redundancy Reserve to allow restructures that meet the Council's payback period criteria be noted; and
- (4) the additional £0.845m contribution to the Funding Resilience Reserve be noted

The Cabinet supported the recommendations in the report and then confirmed its decision as per Decision Notice C/014/020919, a copy of which is attached to the signed copy of the Minutes.

178. BUDGET MONITORING REPORT TO 30 JUNE 2019

The Deputy Leader of the Council and Cabinet Member for Corporate Support, Councillor Oppler, introduced this item and stated that financial performance was monitored on a regular basis to ensure that spending was in line with Council policies and that net expenditure was contained within overall budget limits. Performance against approved budget to the end of June 2019 in relation to the General Fund, Housing Revenue Account (HRA) and capital was on track.

The Financial Services Manager presented this report and stated that this was the first formal monitoring report for 2018/19. Further reports would be presented to Cabinet for the period ended September and December 2019 with an outturn report this time next year.

The variation against expected spend at the end of June 2019 was £54k. The Financial Services Manager reiterated the situation in relation to homelessness and the continuing financial pressures from homelessness on nightly paid accommodation. She anticipated that there would be a requirement for a further supplementary estimate later in the year.

In summary, the General Fund and HRA were on track, however, Members were asked to approve the HRA revenue and capital slippage highlighted in Paragraph 7.2 of the report, which linked to the favourable outturn position in the previous item.

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In receiving the report, questions were asked about the homelessness situation in terms of whether this had been foreseen and was a result of West Sussex County Council's (WSCC's) decision to withdraw its homelessness support grant to some charitable organisations and whether this was in line with the expected predictions voiced when that decision had been made.

The Chief Executive responded stating that the Council had not seen a major impact to date, however, he did feel that the situation would worsen over time. Work was underway to try and produce figures so that there would not be the need to seek approval for further Supplementary Estimates in the future. It would be necessary to make sure that the budget for next year would be more realistic to keep within the movement of temporary accommodation and homelessness costs. This was an ongoing and real situation with the Council working alongside its partners across the District including charities, churches and other charitable authorities to try and help people with complex needs and people in general need. Members were reassured that the Council was attacking this issue from every angle including buying additional properties to house people. The Chairman asked how many properties had been purchased. The Director of Services outlined that the Council bought properties but these took a while to come on stream. Cabinet was informed that there was a full-on pipeline of purchases though the precise number could not be provided at this time. Officers were working closely with the Cabinet Member for Residential Services on an ongoing programme.

The Cabinet

RESOLVED – That

- (1) the report in Appendix 1 be noted;
- (2) the significant anticipated overspend in relation to nightly paid accommodation be noted;
- (3) the HRA revenue and capital slippage contained in Appendix 1 (paragraph 7.2) be approved; and
- (4) it be noted that the overall performance against budget is currently on track.

The Cabinet confirmed its decision as per Decision Notice C/015/020919, a copy of which is attached to the signed copy of the Minutes.

179. FINANCIAL PROSPECTS 2019-20 TO 2023/25

The Deputy Leader of the Council and Cabinet Member for Corporate Support, Councillor Oppler, introduced this item and stated that this covered the financial forecast for the Council for the next five years. Of major concern was the significant financial challenges that the Council would be facing as core Government grant funding was being eroded and replaced with more volatile and uncertain funding based around the growth of the District.

The Group Head of Corporate Support then worked through the highlights of the report re-stressing that local government was facing an unprecedented level of financial uncertainty around the funding available to it. The timing of this report had been difficult as it had been announced in August that the three-year spending review had been delayed, the one-year review would be announced on 4 September 2019. It was felt that it would be unlikely that this would provide any detail for individual authorities and that Councils would have to wait until just before Christmas for more detailed information. It therefore had to be recognised that it was not possible to make projections now with any level of certainty.

Despite this, the significant assumption had been made that the business rates reset would not happen now until 2021/22. The Council would therefore not lose its business rate growth until then which was one year later than originally anticipated. Some other general assumptions around the economy had been set out in the report at Paragraph 1.3.

Other general assumptions had been set out in Paragraph 1.3 of the report. Cabinet were advised that allowances had been made within the Strategy for a modest capital programme, however, it was important to stress that this had to cover all infrastructure and estate matters as well as any new initiatives. A further assumption made was around the payments from WSCC in terms of recycling credits. A cut of £186k had been made in this financial year and it was anticipated that the remainder of the £857k would be cut in 2020/21. This would have a significant effect on the Council's financial position and future spending plans.

Members' attention was then drawn to the risk element of the report; these were mainly around local government funding, as highlighted earlier. The Group Head of Corporate Support's only real mitigation was to ensure that the Council held a reasonable level of balances to cushion against any significant reductions in funding. It would also be essential to ensure that a robust business case be undertaken for any significant investments.

It was stressed that the figures identified could only be considered as indicative as explained earlier. Given the fact that information was continually emerging it was important that the Financial Strategy remained dynamic and was regularly updated and where needed significant changes made.

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Following a question relating to the Council's PA system, which was answered at the meeting, the Cabinet

RESOLVED – That

- (1) the core assumptions set out in the Medium-Term Financial Strategy and the current financial position be agreed;
- (2) the significant risks to local government finance that have been clearly outlined in the report be noted and agreed; and
- (3) the Medium-Term Financial Strategy be used to set the Budgetary framework in preparing the 2020/21 budget.

The Cabinet then confirmed its decision as per Decision Notice C/016/020919, a copy of which is attached to the signed copy of the Minutes.

*(During the course of the discussion on this item, Councillors Dr Walsh, Oppler and Purchase all declared their Personal Interests as Members of West Sussex County Council in relation to the update provided on the West Sussex County Council recycling credits.)*

180. ITEMS PUT FORWARD BY THE OVERVIEW SELECT COMMITTEE AND WORKING GROUPS

There were no items to consider.

(The meeting concluded at 17.24 pm)