

# ARUN DISTRICT COUNCIL

## REPORT TO CABINET ON 19 OCTOBER 2020

**SUBJECT:** The Council's Future Financial Issues

**REPORT AUTHOR:** Nigel Lynn, Chief Executive

**DATE:** 1 October 2020

**EXTN:** 37600

**PORTFOLIO AREA:** Corporate Support

### EXECUTIVE SUMMARY:

The Council's 151 Officer has provided various reports over recent months highlighting the Council's current financial position and the scale of our financial issues for the future. Whilst acknowledging the lack of clarity (due to various uncertainties), this report provides an update on possible financial measures to help future deficits.

Officers request that Cabinet considers the items identified and advise on the way forward.

### RECOMMENDATIONS:

Cabinet is requested to resolve to:

- i) Note the report and instruct Officers how to proceed with each proposal.

### 1. BACKGROUND:

The following budget reports have been presented to Cabinet in recent months:

- 29 April 2020 - Update on the Financial Consequences of the Coronavirus pandemic (Group Head of Corporate Support)
- 1 and 22 June 2020 – The Council's Response to the Covid-19 Pandemic (Chief Executive)
- 20 July 2020 – Revenue and Capital outturn Expenditure 2019/20 (Financial Services Manager)
- 21 September 2020 - Budget Monitoring Report to 31 July 2020 (Financial Services Manager)
- 21 September 2020 - Financial Prospects Report 2020/21 to 2025/6 (Group Head of Corporate Support)
- 21 September 2020 - Financial Support to Freedom Leisure (Group Head of Community Wellbeing)

The Chief Executive has also provided Covid-19 update reports to Cabinet since 1 June 2020 and has highlighted the Council's financial concerns including:

**The 1 June 2020 Cabinet report highlighted:**

- Update on Government grant payments to businesses
- Financial assistance to Freedom Leisure
- Settling invoices immediately to suppliers rather than using our standard payment terms
- Return to MHCLG identifying a loss of income/extra costs
- Council Tax collections and cancellation of Council Tax payments
- Government funding to the Council

**The 22 June 2020 Cabinet report highlighted:**

- Update on Government grant payments to businesses
- Reopening High Streets Safely Fund
- Return to MHCLG identifying a loss of income/extra costs
- Reduced income from Council Tax payments
- Highlighting the need to consider what are our priorities now, what do we need to change to be a different Council and how can we be financially sustainable

**20 July 2020 Cabinet report highlighted:**

- Update on Government grant payments to businesses
- Reopening High Streets Safely Fund
- Freedom Leisure - a report was submitted to Full Council on 15 July 2020
- Uncertainty about Council's financial position - will not be known until the emergency is over but highlighting the potential cost to the Council could be approximately £5m, whilst we have only received £1.6m in funding from Central Government

**21 September 2020 Cabinet report highlighted:**

- Government funding allocation to the Council
- Closure of the Small Business Grants Fund, the Retail, Hospitality and Leisure Grants Fund and the Discretionary Grants Fund and the amount received and paid by Arun DC

The Council's Strategic Targets were agreed by Full Council on 13 November 2019. These targets were set following discussion with the (then) Group Leaders (Conservative/Liberal Democrat/Independent/Green parties) to help the Council focus on some areas of agreement (in a No Overall Control Council).

Although Cabinet have received regular updates on the Strategic Targets, this report provides an update following the Coronavirus Pandemic Lockdown (23 March 2020). The update is provided as Appendix A to this report.

Corporate Management Team, working with their Group Heads of services, have been examining possible changes to service delivery that will assist the Council's budget. The proposals are provided as Appendix B to this report.

**2. PROPOSAL(S):**

In the knowledge of the Council's financial position, particularly for 2022/23, and as explained in the Council's 151 Officer's report to Cabinet on 21 September 2020, Cabinet is asked to provide support for the officer proposals within the Strategic Targets update and possible changes to service delivery proposals.

Alternatively, Cabinet can suggest alternative proposals to either of the Appendices.

**3. OPTIONS:**

- a) To support the officer proposals; or
- b) To suggest alternative proposals

**4. CONSULTATION:**

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		X
Relevant District Ward Councillors		X
Other groups/persons (please specify) – Cabinet Portfolios	✓	
<b>5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)</b>	<b>YES</b>	<b>NO</b>
Financial	✓	
Legal		X
Human Rights/Equality Impact Assessment		X
Community Safety including Section 17 of Crime & Disorder Act		X
Sustainability		X
Asset Management/Property/Land		X
Technology		X
Other (please explain)		

**6. IMPLICATIONS:**

The Council needs to ensure its financial position is stable, so that it continue to provide its quality services in the future. Financially, 22/23 is anticipated to be a very difficult year for the Council, as highlighted by the Council's 151 Officer, in his report to Cabinet on 21 September. This report (19/10/20) requests Cabinet guidance on the proposals put forward by Officers, so that we can work in a timely fashion on our budget.

**7. REASON FOR THE DECISION:**

To enable Officers to investigate a series of measures to reduce the Council's revenue budget.

**8 EFFECTIVE DATE OF THE DECISION: 28 October 2020****8. BACKGROUND PAPERS:**

- 29 April 2020 - Update on the Financial Consequences of the Coronavirus pandemic (Group Head of Corporate Support)

[Report](#)

- 1 and 22 June 2020 – The Council's Response to the Covid-19 Pandemic (Chief Executive)

[1 June 2020 Report](#) and [22 June 2020 report](#)

- 20 July 2020 – Revenue and Capital outturn Expenditure 2019/20 (Financial Services Manager)

[Report](#)

- 21 September 2020 - Budget Monitoring Report to 31 July 2020 (Financial Services Manager)

[Report](#) and [Appendix](#)

- 21 September 2020 - Financial Prospects Report 2020/21 to 2025/6 (Group Head of Corporate Support)

[Report](#)

- 21 September 2020 - Financial Support to Freedom Leisure (Group Head of Community Wellbeing)

[Report](#)