

Budget Statement 2021/22

By the Leader of the Council

Special Council Meeting - 17 February 2021

This is the second budget presented by this administration and little did I know this time last year what a turbulent year we all would have experienced. I don't propose to dwell on the sheer unprecedented pressures and suffering that we have all experienced as it is not possible to adequately cover these except to say that I hope that we are on the threshold of better times.

The budget has been prepared with an even greater degree of uncertainty than usual, but I believe that we have managed to achieve the fine balance between prudence and ambition. We have had to be extremely agile to respond to the needs of our residents bearing in mind the severe financial climate that we are obliged to operate within, and this has, inevitably, been exacerbated by the pandemic.

This Budget is part of our medium-term financial plan to give economic security to the residents of this district and to show that despite facing continuing significant funding challenges this Council can deliver effective efficient services. I would remind members that, for many years, we have been obliged to operate in a climate of austerity with declining support from central government. We are, however, continually re-evaluating our budget to ensure that we are able to direct our scarce resources towards providing front line services for our residents.

I am pleased to say that this is an extremely positive budget and we have much to celebrate despite having to operate within a severely constrained financial envelope. Although there is still great uncertainty about local government funding for the future everything in this budget is provided at a cost of £191 per annum for a band D property and Arun's share of the total bill is less than 10%. This charge seems comparatively modest given the breadth of the services that the Council provides. The Council has increased its share of the Council Tax by £4.95 or 2.65% (less than 10p per week) and this is constrained by central government which highlights the lack of control that we have over our most significant source of income. I would also like to reiterate that Arun's share constitutes a small percentage of the overall Council Tax bill and that and would like to stress that the vast majority of this local tax goes to the County Council.

I am really proud and delighted to announce that, despite all of the financial pressures that we are facing, the Council has been able to achieve a balanced budget. In addition to this we have been able to include a sum of approximately £0.5M in our contingencies budget as a buffer against the adverse financial effects of the pandemic. This has been achieved by reserving a significant proportion of the COVID funding allocated by government for 2021/22. This means that we have balanced our budget as well as allocating significant funds to address future funding pressures which demonstrates this administration's strong commitment to sound financial planning and there is demonstrably no "raid on reserves". In addition to this there is an ambitious capital programme, which I will refer to later, that will benefit the residents of the district and make a visible difference.

As in previous years we have had to contend with erratic information from central government and we didn't receive details of our main financial settlement until 17th December which meant our budgetary timetable was seriously compromised. Following this we received various notifications of further funding sources as details gradually emerged. The settlement wasn't totally as anticipated as some new grants were introduced, mainly to address the current unprecedented situation, and we were still making adjustments to the budget in January. However, it is pleasing that, apart from the individual committee briefings, there was a general briefing to all members where they were given the opportunity to ask any questions to aid their understanding of the budget and the future outlook.

We have commented over recent years that we are anticipating New Homes Bonus, which has been one of our most buoyant funding sources, to gradually reduce to zero. This is happening and we only received just over £1M for 2021/22, compared to a peak of over £4M only 5 years ago. This is an area of concern and, as yet, there have been no announcements from government regarding a replacement. It is surprising that there is not currently a financial incentive given the ambitious house building targets, but we will have to monitor any developments extremely closely.

The major funding source from central government going forward will be the retention of business rates and any increase is dependent upon growth in the rates base across the District. We have experienced significant growth since the inception of this scheme in April 2013 (especially in supermarkets) and this has proved to be of significant benefit to the Council and has partially offset the reduction in other funding sources.

However, as previously reported to a number of meetings, there is a real threat that we will lose all or some of this growth if the government reset our business rates base. This has been anticipated for the last 3 years but has been postponed due to the complexity of the system, Brexit and, finally, the pandemic. Whilst the government have signalled that they would like to achieve this next year, in conjunction with the fair funding review, they have also conceded that this may not be possible. In addition to this there are real questions being asked whether Business rates will continue to be a sustainable source of funding for local government with the acceleration of on-line shopping. We will need to study all proposals and developments extreme closely to ensure that we are able to plan our future finances to ensure that our residents receive the best services possible. The one thing that I am sure that we can agree upon is that the future funding for local government is becoming increasingly uncertain.

We have a commitment and a duty to plan, as best as possible, for this increased uncertainty and the only prudent way to achieve this is to maintain a reasonable level of balances. At the July Cabinet meeting we agreed to transfer approximately £850k to the Funding Resilience reserve which means that currently this stands at approximately £5.8M. This means that we are able to ensure that the Council can still invest into our District whilst maintaining a financial buffer against future uncertainty. We should all be supportive of this approach as we must move forward despite the severe constraints that we are working within. I firmly believe that this is more important than ever as we must demonstrate to our residents that we are making real progress at the same time as demonstrating financial prudence.

Apart from the Funding Resilience Reserve, as you will all appreciate, we also maintain a General Fund Reserve. This is essential good practice across all tiers of local government and is held as mitigation against unanticipated events. It is anticipated that this will amount to approximately £6.7M at March 2022. I believe that this projected level of General Fund balances appears appropriate in the current financial environment and it is pleasing that we have been able to maintain the level of General Fund balances whilst enhancing the Funding Resilience reserve .I would like to highlight this as further evidence of our strong commitment to ensuring that this Council remains financially resilient in these volatile times

I am pleased to report that we have recently made significant progress on implementing the digital agenda, which was prominent in the 2020 vision, which the last administration launched in 2016. Full Council adopted the digital strategy in January 2020. This strategy is about delivering a joined-up customer experience, meeting expectations and transforming the way that the Council works. This constituted a huge milestone and the programme demonstrated this Council's commitment to progressing the digital agenda, undoubtedly helping us to become more effective and efficient during continued difficult financial times.

Whilst there have been a number of pressures on our IT with the sudden unanticipated move to homeworking, it is pleasing to report that we are making excellent progress on pressing ahead with the digital agenda and things are definitely not stagnating. The website is being redesigned and this will improve the overall customer experience and provide information much faster. I have seen the initial versions and the site looks much clearer and easier to read as well as being mobile friendly and far more accessible. We anticipate that this updated website will go live later in the summer. A

fully functioning and accessible website is essential in order to progress the other elements of our digital strategy which will provide the quality service that we are striving for. Our vision is to provide as many digital opportunities as possible by making dealing with us easier through frictionless services and offering an improved customer experience

Climate change; carbon reduction and biodiversity measures at around £100k will be overseen by the new Climate Change Officer who will be in post next month. We intend to make small grants available to Day Centres in Bognor Regis and Littlehampton to assist in post-Covid recovery.

I would now like to move onto the Housing Revenue Account, and this reflects the Business Plan that was presented to Cabinet in January. The primary objectives are to increase the housing stock, ensure that our housing assets are fit for purpose and to maximise our income to make the best use of available resources. We are on course to deliver our 90th new Council house this year. This budget will ensure that we are able to provide the best possible service to our tenants within the funding envelope available.

The final part of the budget concerns the capital programme and I am pleased to say that, despite the severe financial pressures that we are facing, we have a capital programme that maintains our essential assets as well as some exciting new projects. We are also delivering £3.4m of Public Realm works in Littlehampton Town Centre with Coast to Capital and other grant money.

I am sure that you will recall, at the January Full Council meeting, that funding was approved to fund a new project at the Place St. Maur. The vast majority of the funding for this project is from the Coast to Capital Local Economic Partnership who clearly saw the merits in this scheme. The designs for this project are really exciting and can only be of a benefit to Bognor Regis. I would urge you to all get behind this tangible improvement and I am clear that it will complement any further regeneration schemes in this area that may be proposed. At the same meeting funds were approved to finance the refurbishment of the sunken gardens. This will enhance the quality of the site whilst retaining features within the existing footprint of the site. I am particularly pleased to see these schemes being progressed in the current challenging environment.

A further feature of the capital programme is a clear commitment to invest in the Council's essential infrastructure as we believe that this cannot be ignored and left to decay. We are looking to invest substantial sums in essential repairs to Fizzleet car park (£266k) and general car park resurfacing (£165k). In addition to this we are continuing the annual refurbishment programme for both play areas (£100k) and Public Conveniences (£150k). I am sure that you will appreciate that it has been difficult to commission infrastructure works over the last year but I would like to assure you that all of the funds, which we have not been able to spend, will be brought forward into 2021/22. This will mean that there will be visible improvements, across the district, which will enhance our services to both residents and visitors. In partnership, to allow Arun District Council to develop new housing on the current site, Littlehampton Town Council will be building a new Keystone Youth Centre in Wick.

The 2021/22 capital programme also includes essential investment in Disabled Facility Grants. These essential grants help to keep people living in their own homes and we have set aside a budget of £1.4m. In addition, we are making a significant investment in our IT infrastructure to protect our information against the ever-increasing threat of hacking. We are making a substantial investment in an incremental move to cloud technology and this will increase our resilience and ultimately reduce our revenue costs.

I think that the financial challenges that we are having to address are clear and this budget achieves the balance between acting with financial responsibility and providing essential services as well as some exciting new initiatives. Last year I made the point that I will not let this Council retrench and stagnate as we simply have to be improving the District for our residents and I am totally committed to this. However, I also fully accept that these financial challenges will mean that we will be faced with tough decisions and we will not shirk from these.

I am proud to be able to present this budget in the face of the most testing times imaginable and I really hope that we are all able to agree it and move forward as I believe that we are using the scarce resources available to us in the best way possible

I would like to summarise the 2021/22 budget by stating that that we have a managed to achieve a balanced budget despite all that has been thrown at us. We have a varied capital programme which has also levered in significant amounts of external funding. This budget would be regarded as sensible and ambitious in any climate but under the current circumstances it is an exceptional achievement.

I commend this budget to the Council, and I hope that you will join me in supporting it and working towards a brighter future for us all.

Councillor Dr James Walsh

Leader of the Council

Arun District Council