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24 February 2023

SPECIAL COUNCIL MEETING

To all Members of the Council

You are summoned to attend a meeting of the ARUN DISTRICT COUNCIL to be held on **Wednesday 1 March 2023** at **6.00 pm** in the **Council Chamber, at the Arun Civic Centre, Maltravers Road, Littlehampton, BN17 5LF** to transact the business set out below:

James Hasset
Chief Executive

AGENDA – SUPPLEMENT

8. ARUN DISTRICT COUNCIL BUDGET 2023-2024 (Pages 1 - 8)

The Council is asked to consider the Revenue and Capital Budgets for the 2023/24 financial year for both the General Fund and Housing Revenue Account.

An extract from minutes from the meeting of the Policy and Finance Committee held on 9 February 2023 in relation to Minute 680 – Council Revenue and Capital Budgets 2023-24 is attached.

Also attached is a revised Appendix 2 – The Housing Revenue Account Budget Summary as an incorrect version had been provided with the agenda.

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Agenda Item 8

Subject to approval at the next Policy and Finance Committee meeting

POLICY AND FINANCE COMMITTEE

9 February 2023 at 6.00 pm

Present: Councillors Gunner (Chair), Mrs Cooper (Substitute for Roberts), Cooper, Chace (Substitute for Pendleton), Dixon, Goodheart, Oppler, Stanley and Walsh.

Councillors Bicknell, Coster, Thurston and Wallsgrove were also in attendance for all or part of the meeting.

Note: Councillor Mrs Cooper was absent from the meeting during consideration of the items in the following minutes – Minute 453 to 455 (Part).

680. COUNCIL REVENUE AND CAPITAL BUDGETS 2023/2024

The Chair confirmed that before inviting the Interim Group Head of Finance and Section 151 Officer to present the budget report, he proposed to start with the recommendations that had been submitted for this Committee to consider from each of the service committees. Each of the recommendations had been set out in the supplement pack circulated to the meeting and uploaded to the web and emailed to Councillors on 8 February 2023. The Chair confirmed that he proposed to take these recommendations on block. The recommendations were as set out below and from the:

- Corporate Support Committee – 19 January 2023 – Minute 593 – Committee Budget Report – Service Specific Budget 2023/2024 [Page 1 of the supplement pack].
- Housing & Wellbeing Committee – 25 January 2023 – Minute 607 – Committee General Fund revenue and Capital budget and Housing Revenue Account budgets 2023/24 [Page 3 of the supplement pack]
- Planning Policy Committee – 26 January 2023 – Minute 624 – Committee Revenue and Capital Budgets 2023/24 [Page 4 of the supplement pack]
- Environment Committee – 31 January 2023 – Minute 638 – committee revenue and Capital Budgets 2023/24 [Page 6 of the supplement pack]
- Economy Committee – 2 February 2023 – Minute 655 – Committee revenue and Capital budgets 2023/24 [Page 8 of the supplement pack].

Having had these recommendations proposed by Councillor Chace and seconded by Councillor Dixon, the Committee

RESOLVED – That

- (1) The Revenue budget for this Committee [the Corporate Support Committee] be included in the overall General Fund budget when considering the overall budgets on 9 February 2023;

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- (2) The General Fund revenue budget, list of growth items, General Fund Programme, HRA revenue budget and HRA Capital Programme [for the Housing & Wellbeing Committee] be included in the overall General Fund budget when considering the overall budgets on 9 February 2023;
- (3) The Revenue budget for this Committee [the Planning Policy Committee] be included in the overall General Fund budget when considering the overall budgets on 9 February 2023;
- (4) The Revenue Budget for this Committee [the Environment Committee] be included in the overall General Fund budget when the Policy & Finance Committee considers the overall budget at its meeting on 9 February 2023;
- (5) The Revenue Budget, list of growth items and capital programme for this Committee [the Economy Committee] be included in the overall General Fund Budget when the Policy & Finance Committee considers the overall budgets at its meeting on 9 February 2023.

The Chair confirmed that he would now focus on the whole budget for 2023/24 and he invited the Interim Group Head of Finance and Section 151 Officer to present her report. This confirmed that the final Local Government Finance Settlement had been published on 6 February 2023. There were some minor revisions which resulted in an increase in the Services Grant which had unfortunately been matched by an equal reduction in the 3% Funding Guarantee. The settlement was better than forecast in the Medium Term Financial Prospects brought to the last meeting of the Committee as a result of the 3% Funding Guarantee. This was a one year settlement preceded by a Policy note which had provided some indication of what might happen for 2024/25. An update had been received on the New Homes Bonus earlier on in the day confirming that there would be a publication from the Government within the next couple of months in response to the consultation undertaken in 2021 providing, hopefully, more certainty as to what might be happening with that grant funding.

It was important for Members to be aware that the budget for 2023/24 had been balanced by a £4.9m contribution from reserves. This included a £1.1m contribution for planned specific purposes included in service expenditure and a further £3.8 million from the funding resilience reserve. It was also highlighted that the growth bids were in the contingency budget which contained a £2m savings target and a £3m transformation expenditure which would be required to achieve the savings targets. Finally, the Environment Committee had approved an increase in car parking fees and charges meaning that £500k savings target in the contingency budget would be met.

The Chair then invited questions. Varying points were raised by Members. Looking at the overall state of the budget, the growth items being presented appeared to have little or direct benefit to the residents in the district, apart from the support to Freedom Leisure which was understood due to the current energy crisis. The small grants fund of £100k was supported but the other growth items were seen as internal reorganisation items employing extra staff representing a very small increase in revenue expenditure on customer facing services.

The continuing cut in Government funding was a concern with this increasing substantially due to austerity leading to many service cuts from committees as well as increases in council tax. This was a direct impact for lower income households due to the progressive nature of council tax. With all of this taken on board, under this administration, it was the view of some Councillors that the council was being presented with an unbalanced deficit budget with an overspend of £4m on a budget of £12m. This could not be seen as responsible or the right way forward. It was felt that the reserves were being raided to a sum of around £5m to balance the budget. Also, hidden away in the report, it was stated that this would be balanced later in the year by unspecified cuts in budgets across the Council to repay the reserves. This was therefore a budget that could not be supported at this stage. Concerns were also expressed over recommendations to increase council house rents by 7% placing a burden onto some of the lowest paid residents in the district. In addition to funding a capital programme, it was proposed to borrow an extra £9.3m, a further burden and cost for council tax payers whilst at the same time increasing council tax by 3% which would be an unwanted gift to the residents of Arun. There were other Members of the Committee who agreed with the points made stating that this was a risky budget which was raiding the council's reserves to balance the budget.

The Chair asked if the Members who had expressed concern over the budget could provide alternative suggestions. They confirmed that they would reserve that debate for the Special Meeting of the Council on 1 March 2023.

Other points raised related to the minutes from the meeting of the Economy Committee held on 2 February 2023 relating to that Committee's budget for 2023/24 in terms of regeneration and the need to create a regeneration masterplan, was the cost of this included in the budget? It was confirmed that this had been allocated in the 2022/23 budget, with the funding being carried over so that this work could now commence. Councillors also asked what the consequences were if a budget was not approved on 1 March 2023. It was confirmed that the Council would need to continue to meet until a budget was confirmed. Some Councillors also asked if following the Elections in May 2023, any new administration would be able to revisit the budget.

The Chief Executive confirmed that the Council had a legal requirement to set a budget which had to be balanced. If this could not be agreed on 1 March 2023, the Council would have to adjourn and continue to meet until a budget was set which included confirming its position on council tax. Any new administration could set a new and revised budget to confirm new priorities, apart from changing council tax levels.

Further questions asked and points made were:

- It was essential for a budget to be set or for a viable alternative to be agreed.
- Was this budget assuming that the local plan would be restarted. It was confirmed that this was the case.
- Support was confirmed for Freedom Leisure. Was there any possibility that the council might be able to claim funding back through any form of grant? It was confirmed that Officers were investigating all opportunities.

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- Could consideration be given to setting budget briefings for Members differently next year, with these taking place ahead of this meeting? Could specific briefings be organised for each of the political groups?
- There was need for the Council to look at ways of earning more income.
- Should the LUF projects be stalled, and other options examined? Could expenditure information be provided for the Sunken Gardens project?

Having heard the views of the Committee, the Chair confirmed that he wished to propose an amendment which was an addition to the service requests labelled as growth items at Paragraph 4.13 of the report to be paid for out of contingency reserves. This was to provide £40k to the Arundel Festival to ensure its survival and in recognition of its contribution to tourism in Arundel and the rest of the district. This amendment was seconded by Councillor Cooper.

The Chair then invited debate on this amendment. Although most of the Committee felt sympathetic towards this suggestion, it was with concern as there were no supporting papers that could evidence the need for this amount, a business case was required so that Councillors could see what the return on such an investment would be. The Chair confirmed that no funding would be released to the Arundel Festival without having received a business case and without that business case being approved.

On putting this amendment to the vote, it was declared CARRIED.

The Chair then returned to the substantive recommendations and having had these recommendations proposed by Councillor Cooper and seconded by Councillor Chace,

The Committee

RESOLVED - That

- (a) It notes that the Interim Group Head of Finance, in consultation with the Leader of the Council, has approved a Council Tax base of 64,159 for 2023/24;
- (b) It notes the budget report in Appendices A, 1, 2 and 3, as amended

The Committee also

RECOMMEND TO THE SPECIAL MEETING OF THE COUNCIL ON 1 MARCH 2023 – That

- c) The General Fund Revenue budget as set out in Appendix 1 is approved;
- d) Arun's Band D Council Tax for 2023/24 is set at £202.34, an increase of 2.99% over 2022/23;

- e) Arun's Council Tax Requirement for 2023/24, based on a Band D Council Tax of £202.34 is set at £12,982m, plus parish precepts as demanded, to be transferred to the General Fund in accordance with statutory requirements;
- f) The Council's General Fund Balance minimum balance continues to be set at £5m;
- g) The HRA budget as set out in Appendix 2 is approved;
- h) HRA rents be increased by 7% in accordance with the provisions of the rent standard;
- i) HRA garage rents are increased by 7% to give an average rent of £14.50 per week (excluding VAT), and heating and water/sewerage charges increased on a scheme by scheme basis, with a view to balancing costs with income;
- j) The HRA Balance to remain below the minimum level of £2.0m for the period 2023/24 to 2026/27 to enable the realisation of savings in Repairs and Supervision & Management Expenditure to deliver a sustainable HRA; and
- k) Agree the balance of the capital budget as set out in Appendix 3 of this report.

Before moving onto the next agenda item, the Chair confirmed that he wished to formally thank Carolin Martlew, Interim Group Head of Finance and Section 151 Officer, for her hard work and commitment and this would be her last Committee meeting before leaving the Council at the end of February 2023.

(The meeting concluded at 8.26 pm)

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Housing Revenue Account Budget Summary

| Actuals 21/22 £'000 | Description | Original Budget 22/23 £'000 | Revised Budget 22/23 £'000 | Budget 23/24 £'000 |
|---------------------------|---|--------------------------------------|-------------------------------------|--------------------------|
| | Expenditure | | | |
| 5,905 | Supervision & Management | 5,534 | 6,136 | 6,237 |
| | Planned efficiency savings | | | (186) |
| 5,514 | Repairs & Maintenance | 5,181 | 7,182 | 6,099 |
| | Planned efficiency savings | | | (143) |
| 6,634 | Financing of capital expenditure | 5,851 | 4,336 | 2,931 |
| 1,507 | Net Loan charges | 2,760 | 2,760 | 3,199 |
| | Interest and VRP on Loan for stock development | 0 | 0 | 70 |
| | Interest and VRP on old loan | 0 | 0 | 94 |
| | Interest and VRP on Garage sites | 0 | 0 | 0 |
| | Interest and VRP on Decarbonisation Programme | | | 71 |
| | Interest and VRP on Shelteted Accomodation | 25 | 0 | 61 |
| 19,560 | Total Expenditure: | 19,351 | 20,414 | 18,433 |
| | Income | | | |
| (16,316) | Rents (dwellings, garages, hostels, other property) | (17,286) | (17,039) | (18,456) |
| (693) | Charges for services and facilities | (641) | (644) | (764) |
| 47 | Interest on Balance Payable / (Receivable) | (28) | (28) | (207) |
| | Service Charges recovered from tenants | | | 0 |
| (16,962) | Total Income: | (17,955) | (17,711) | (19,427) |
| 2,598 | HRA (Surplus)/Deficit | 1,396 | 2,703 | (995) |
| | Housing Revenue Account Reserves | | | |
| (6,489) | HRA and MRR Reserves - Balance brought forward | (6,869) | (5,899) | (3,196) |
| 2,598 | HRA (Surplus)/Deficit | 1,396 | 2,703 | (995) |
| | Budget changes (Nov 2020) | | | |
| (3,891) | HRA Reserve - Balance Carried Forward | (5,472) | (3,196) | (4,191) |

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