

# ARUN DISTRICT COUNCIL

## REPORT TO AND DECISION OF CORPORATE SUPPORT COMMITTEE ON 18 JANUARY 2022

**SUBJECT: Committee Revenue and Capital Budgets 2022/2023**

**REPORT AUTHOR:** Carolin Martlew, Interim Group Head of Corporate Support and Section 151 Officer

**DATE:** December 2021

**EXTN:** 01903 737558

**AREA:** Corporate Support

### **EXECUTIVE SUMMARY:**

The purpose of the report is for this Committee to consider and recommend its revenue budget for inclusion in the 2022/23 revenue budget, which will be submitted to the Policy and Finance Committee on 10 February 2022. The Policy and Finance Committee will consider the overall revenue budget for 2022/23 so that it can make recommendations to a Special Meeting of the Council on 23 February 2022 on the budget to be set and level of Council Tax for the District for 2022/23.

In addition, Committees must consider and recommend their draft capital budget for inclusion in the overall capital programme, which will be submitted to the Policy and Finance Committee on 10 February 2022. The Policy and Finance Committee will consider the overall capital programme to make a recommendation to a Special Meeting of the Council on 23 February 2022 on the overall capital programme to be set for 2022/23.

### **RECOMMENDATIONS:**

It is recommended that this Committee:

- (a) Agree on the 2022/23 Revenue Budget as illustrated in Appendix A of this report;
- (b) Agree on the 2022/23 Capital Programme as illustrated in Appendix B of this report;  
and
- (c) Agree to recommend to Policy and Finance Committee that the Revenue Budget and Capital Programme for this Committee be included in the overall General Fund Budget when considering the overall budgets on 10 February 2022.

## **1. BACKGROUND:**

2022/23 is the first year of budget preparation under the Committee form of governance introduced on 19 May 2021. Under Committee governance, Service Committees such as this must consider and recommend revenue and capital budgets for the services they provide to the Committee responsible for budget setting. At Arun, this is the Policy and Finance Committee. The Policy and Finance Committee will then consider an overall budget to recommend to Full Council.

The general background to the 2022/23 budget process was included in the Financial Prospects 2021/22 to 2025/26 report to Policy and Finance Committee on 14 October 2021. The main points to note are:

- Council Tax increases by £5 or 2% per annum which is currently the maximum allowed for similar District Councils;
- There is an inflationary increase in salary costs in 2022/23. The effect of the increase in National Insurance contributions from 2022/23 is included;
- If possible, cash limited sums for goods and services (no inflationary rise) for the period are included, otherwise inflation is provided for;
- The most up to date figure available has been used for the lump sum payable to the pension fund which was reflected in the latest report from the actuary for 2022/23;
- It is assumed all discretionary fees and charges imposed by the Council increase by at least 2.5% for the year;
- Growth items are not included in service committee estimates. They will be considered as a separate list by service committees. Items agreed by service committees will then form part of the final growth list which Policy and Finance Committee will need to consider when it sets the overall budget. It has been made clear to budget officers that growth requests should be minimised and restricted to those with a significant impact on Council priorities or objectives.

Financial forecasting has been difficult due to the COVID 19 pandemic. Budgets have been compiled on the best information available. In addition, where appropriate, central government funding has been applied to mitigate against increased costs and reductions in income.

The draft capital programme for this Committee is detailed at Appendix B and, if agreed, will be submitted to the Policy and Finance Committee for inclusion in the Authority's overall Capital Programme.

## **PROPOSAL(S):**

### Revenue Budget

The basis of budgeting for 2022/23 assumes that current levels of service remain unchanged. Any proposed increase in the service level, or other significant new area of expenditure, is treated as uncommitted growth. These items are listed as an Appendix and are not included in the budgets. If this Committee agrees this list either in full, or in part, it will be considered by Finance and Policy Committee on 10 February 2022 in the context of the overall General Fund budget.

The budgets are presented in the format recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) for the publication of accounting information.

The information contained in the detailed budgets is as follows:

- Actual 2020/21, as per the Council's published accounts for 2020/21;
- Budget 2021/22 – a reproduction of the budget approved by the Council for 2021/22, adjusted to align with the Committee governance Structure;
- Budget 2022/23 – budgets are prepared at current price, plus inflation where unavoidable. The budgets contain committed growth. This indicates a change to the base level of service arising from policy changes determined by the Council, the effects of the financing of the agreed Capital Programme, or other unavoidable costs, eg arising from statutory commitments. Such growth is included in the budgets.

Uncommitted growth indicates an enhanced level of base service provision. This is not included in the budgets at this stage. The final inclusion in the Authority's overall revenue budget will be subject to consideration by the Policy and Finance Committee and Council.

There are no proposed uncommitted growth items for this Committee.

The revenue budget is shown at Appendix A.

The significant changes in the revenue budget between 2021/22 and 2022/23 are:

- The Information and Communication Technology budget has increased due to an establishment increase to provide resource for website support, development and to deliver accessibility compliance programme using resource switching. Also, supplies and services costs have increased to fund cloud strategy and migration. This increase in revenue cost will reduce capital cost and is therefore cost-neutral.
- The 2021/22 pay award is still under negotiation. It is therefore necessary to include two years' pay awards in the employee figures which increases the expected cost in 2022/23.

### Capital Budget

The Council's Capital Strategy sets out the framework for capital expenditure. The current Capital Strategy was considered by the Audit and Governance Committee on 25 February 2021 and recommended to Council for adoption on 17 March 2021. The Strategy contains the following regarding capital priorities at paragraph 1.7:

*In common with other local authorities Arun is facing a challenging financial climate and it is therefore essential that systems are in place to ensure that scarce resources are allocated in the most effective possible way and therefore expenditure needs to be prioritised:*

<b>Priority</b>	<b>Type of Projects</b>
Highest Priority	Unavoidable capital expenditure due to an emergency such as one affecting service continuity or business critical infrastructure
	Projects that deliver strategic outcomes as per the Council's vision
	Projects necessary to deliver statutory, mandatory and legal/contractual obligations
	Projects that give rise to revenue savings or income generation. These can be developed as invest to save projects
	Projects attracting additional external funding
	Projects which improve and repair Council assets and reduce the need for revenue maintenance
Lowest Priority	Projects that are not for statutory or mandatory purposes, attract low external support, have little or no payback or result in increases in revenue costs

The draft programme shown at Appendix B includes schemes that have been prioritised as above.

The draft Capital Programme has been scrutinised by Corporate Management Team before being presented to the service committee.

The level of funding for the Capital Programme will be determined at the Policy and Finance Committee on 10 February 2022. It is clear that capital resources will have to be assessed and the proposed programme may need to be adjusted if planned expenditure exceeds expected resources.

Financial forecasting has been difficult due to the COVID 19 pandemic. Budgets have been compiled on the best information available. In addition, where appropriate, central government funding has been applied to mitigate against increased costs and reductions in income.

The total planned Capital Programme for this committee totals £200k and includes:

<b>Scheme</b>	<b>£'000</b>
Information Technology and Communications	200
<b>Total</b>	<b>200</b>

The capital scheme is for replacement of corporate telephony and contact centre solution - end of life / contract.

### **3. OPTIONS:**

Not applicable

<b>4. CONSULTATION:</b>		
Has consultation been undertaken with:	<b>YES</b>	<b>NO</b>
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		✓
<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	✓	
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land		✓
Technology		✓
Other (please explain)		✓
<b>6. IMPLICATIONS:</b>		
<p><u>Financial</u></p> <p>The financial implications are shown throughout the report. Capital spending is susceptible to overrun, delay and increased costs. It is important that close monitoring of both revenue budgets and the capital programme is in place.</p> <p><u>Legal</u></p> <p>The Council has a legal duty to ensure its revenue and capital expenditure can be met by its income, inclusive of reserves.</p>		

<b>7. REASON FOR THE DECISION:</b>
To enable the Committee to recommend a revenue and capital budget to the Policy and Finance Committee for inclusion in the Council's overall General Fund budget for 2022/23.

<b>8. BACKGROUND PAPERS:</b>
<p>2021/22 Budget Report to Full Council 17 February 2021 – <a href="#">The Report</a> and other papers - <a href="#">Other Appendices</a> and supplement papers – <a href="#">Supplement Papers</a></p> <p>Financial Prospects 2021/22 to 2025/26 Report – Finance and Policy Committee 14 October 2021 - <a href="#">The Report</a></p> <p>Budget Consultation Report – <a href="#">The report</a></p> <p>Statement of Accounts 2020/21</p>

**Corporate Support Committee  
General Fund Revenue Budget 2022/23**

Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
<b>Corporate Support Committee</b>			
<b>Direct Services</b>			
124	Elections	91	83
171	Registration of Electors & Elections	180	189
<b>295</b>	<b>Total for Direct Services:</b>	<b>271</b>	<b>272</b>
<b>Corporate Support Committee</b>			
<b>Management &amp; Support Services</b>			
107	Communications	119	124
692	Customer Services	790	764
661	Democratic Services	718	734
247	Design, Print & Post Services	274	284
1,184	Financial Services (Accountancy, Payroll, Procurement and Internal Audit)	1,216	1,303
299	Human Resources	331	343
1,653	Information & Communication Technology	1,595	1,836
527	Legal & Administration	502	637
13	Policy & Partnerships	36	30
249	Staff Support	239	265
<b>5,632</b>	<b>Total for Management &amp; Support Services:</b>	<b>5,820</b>	<b>6,320</b>
<b>5,927</b>	<b>Committee Total:</b>	<b>6,091</b>	<b>6,592</b>

Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
<b>Corporate Support Committee</b>			
<b><u>Elections (R09)</u></b>			
58	Employees	59	63
0	Transport	1	1
67	Supplies and Services	41	29
(1)	Other Income	(10)	(10)
<b>124</b>	<b>Total for Registration of Electors &amp; Elections:</b>	<b>91</b>	<b>83</b>
<b><u>Registration of Electors (R10)</u></b>			
69	Employees	65	67
104	Supplies and Services	117	124
(2)	Other Income	(2)	(2)
<b>171</b>	<b>Total for Registration of Electors &amp; Elections:</b>	<b>180</b>	<b>189</b>
<b>295</b>	<b>Total for Direct Services:</b>	<b>271</b>	<b>272</b>
<b>Corporate Support Committee</b>			
<b>Management &amp; Support Services</b>			
<b><u>Communications (P32)</u></b>			
81	Employees	87	100
0	Transport	0	0
28	Supplies and Services	42	34
(2)	Other Income	(10)	(10)
<b>107</b>	<b>Total for Communications:</b>	<b>119</b>	<b>124</b>

Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
<b>Corporate Support Committee (Continued)</b>			
<b><u>Customer Services (S42)</u></b>			
670	Employees	773	743
1	Transport	3	3
21	Supplies and Services	14	18
<b>692</b>	<b>Total for Customer Services:</b>	<b>790</b>	<b>764</b>
<b><u>Democratic Services (P30)</u></b>			
136	Employees	159	193
0	Premises	1	1
14	Transport	14	15
511	Supplies and Services	545	526
0	Other Income	(1)	(1)
<b>661</b>	<b>Total for Democratic Services:</b>	<b>718</b>	<b>734</b>
<b><u>Design, Print &amp; Post Room (P27, P29, S32 &amp; S33)</u></b>			
233	Employees	237	247
189	Supplies and Services	233	224
25	Third party costs	49	40
(200)	Other Income	(245)	(227)
<b>247</b>	<b>Total for Design, Print &amp; Postal Services:</b>	<b>274</b>	<b>284</b>



Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
<b>Corporate Support Committee (Continued)</b>			
<b>Management &amp; Support Services (Continued)</b>			
<b><u>Finance (P42, P50, Q10, Q11, Q20, Q25, R15 &amp; V01)</u></b>			
893	Employees	906	990
0	Transport	2	2
231	Supplies and Services	245	228
61	Other Authorities	63	83
<b>1,184</b>	<b>Total for Finance:</b>	<b>1,216</b>	<b>1,303</b>
<b><u>Human Resources (P10 to P12)</u></b>			
299	Employees	284	295
1	Transport	2	2
45	Supplies and Services	45	46
(46)	Other Income	0	0
<b>299</b>	<b>Total for Human Resources:</b>	<b>331</b>	<b>343</b>
<b><u>Information &amp; Communication Technology (Q47 &amp; S43)</u></b>			
1,054	Employees	1,031	1,194
1	Transport	2	1
605	Supplies and Services	562	642
(7)	Other Income	(1)	(1)
<b>1,653</b>	<b>Total for ICT:</b>	<b>1,595</b>	<b>1,836</b>
<b><u>Legal &amp; Administration (Q40 &amp; N51)</u></b>			
519	Employees	479	611
0	Transport	2	2
43	Supplies and Services	34	41
(35)	Other Income	(13)	(17)
<b>527</b>	<b>Total for Legal &amp; Administration:</b>	<b>502</b>	<b>637</b>

<b>Actual 2020-21 £'000</b>	<b>Description</b>	<b>Budget 2021-22 £'000</b>	<b>Budget 2022-23 £'000</b>
<b>Management &amp; Support Services (Continued)</b>			
<b><u>Policy &amp; Partnerships (Q01)</u></b>			
0	Employees	19	0
13	Supplies and Services	17	30
<b>13</b>	<b>Total for Policy &amp; Partnerships:</b>	<b>36</b>	<b>30</b>
<b><u>Staff Support (Q30)</u></b>			
55	Employees	45	57
109	Transport	112	112
85	Supplies and Services	82	96
<b>249</b>	<b>Total for Staff Support:</b>	<b>239</b>	<b>265</b>
<b>5,632</b>	<b>Total for Management &amp; Support Services:</b>	<b>5,820</b>	<b>6,320</b>
<b>5,927</b>	<b>Corporate Support Committee Total:</b>	<b>6,091</b>	<b>6,592</b>

**Corporate Support Committee  
Capital Programme 2022/23**

<b>Actual 2020-21 £'000</b>	<b>Description</b>	<b>Budget 2021-22 £'000</b>	<b>Budget 2022-23 £'000</b>
	<b><u>Corporate Support</u></b>		
32	Arun Improvement Programme	0	0
27	ICT	120	200
48	E5 Upgrade	0	0
<b>107</b>	<b>Total Expenditure</b>	<b>120</b>	<b>200</b>
<b>107</b>	<b>Committee Total:</b>	<b>120</b>	<b>200</b>