

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF ENVIRONMENT COMMITTEE ON 20 JANUARY 2022

SUBJECT: Committee Revenue and Capital Budgets 2022/2023

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DATE: November 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. Policy and Finance Committee will consider the overall revenue budget for 2022/23 to make a recommendation to Full 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. Policy and Finance Committee will consider the overall capital programme to make a recommendation to Full 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 list of uncommitted growth items as illustrated in Appendix B of this report;
- (c) Agree on the 2022/23 Capital Programme as illustrated in Appendix C of this report; and
- (d) Agree to recommend to Policy and Finance Committee that the Revenue Budget, list of growth items 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 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 C 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 at Appendix B 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.

The proposed uncommitted growth items are summarised with explanatory notes at Appendix B.

The budget is shown at Appendix A.

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

- 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. In addition, there are two new posts in Parks and Open Spaces.
- Additional car parking income of £117,000 is expected in 2022/23 over that in 2021/22. This mainly arises from additional car parks use as visitor numbers have increased during the COVID19 pandemic;
- Contracts' inflation of £103,000 in cleansing services

At its meeting of 17 November 2021, this Committee considered the Annual Engineering Service Review report. Two of the recommendations approved in this report were:

To recommend to Policy and Finance Committee, additional resources of £40,000, in the Coast Protection Revenue Budget commencing in 2022/23 and for a further 4 years thereafter, to allow for shingle management works associated with West Beach and other beaches e.g. East Beach, Littlehampton; and

To recommend to Policy and Finance Committee a £180,000 contribution to the Community Flood Fund in 2022/23 and a further £100,000 in 2023/24, to enable required Partnership Contributions to continue.

The shingle management works are considered essential to prevent coastal flooding issues and have been included in the budget for this Committee with no further reference to Policy and Finance Committee.

A revenue budget deficit is anticipated in 2022/23 which will place pressure on the General fund. Budget monitoring in 2021/22 indicates a likely underspend in the revenue budget. To allow the requested contribution of £180,000 to be made to the Community Flood Fund, it will be made in 2021/22. The £100,000 recommended for 2023/24 will be assessed at a later date.

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:

Priority	Type of Projects
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 C 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 £1,945k and includes:

Scheme	£'000
Play Areas	225
Bersted Brooks Country Park	320
Disabled Facilities Grants	1,400
Total	1,945

Details are shown in Appendix C.

The Economy Committee has responsibility for all Council General Fund Buildings so will make the decision on allocating funding for them. The Economy Committee will be considering its revenue and capital budget bids at its meeting on 19 January 2022

3. OPTIONS:

Not applicable

4. CONSULTATION:

Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		✓
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
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)		✓

6. IMPLICATIONS:

Financial

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.

Legal

The Council has a legal duty to ensure its expenditure can be met by its income, inclusive of reserves.

7. REASON FOR THE DECISION:

To enable the Committee to recommend a revenue and capital budget to Finance and Policy Committee for inclusion in the Council's overall General Fund budget for 2022/23.

8. BACKGROUND PAPERS:

2021/22 Budget Report to Full Council 17 February 2021

Financial Prospects 2021/22 to 2025/26 Report – Finance and Policy Committee 14 October 2021

Budget Consultation Report

Statement of Accounts 2020/21

**Environment Committee
General Fund Revenue Budget 2022/23**

Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
Environment Committee			
Direct Services			
20	Building Control	102	112
6	Bus Shelters & Street Nameplates	11	11
(539)	Car Parks	(864)	(912)
38	Cemeteries & Churchyards	(40)	(33)
5,637	Cleansing Services	5,489	5,679
111	Coast Protection & Land Drainage	91	131
35	Emergency Planning & Support	49	54
393	Environmental Health & Protection	515	555
98	Foreshores	27	36
1,409	Parks & Green Spaces	1,509	1,724
225	Private Sector Housing	239	284
7,433	Total for Direct Services:	7,128	7,641
Environment Committee			
Management & Support Services			
414	Engineering & Infrastructure Services	522	561
414	Total for Management & Support Services:	522	561
7,846	Environment Committee Total:	7,650	8,202

Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
Environment Committee			
<u>Building Control (D10)</u>			
448	Employees	495	513
16	Transport	19	22
21	Supplies and Services	22	22
(465)	Other Income	(434)	(445)
20	Total for Building Control:	102	112
<u>Bus Shelters & Street Nameplates (K13 & K15)</u>			
30	Employees	31	32
4	Premises	5	8
1	Supplies and Services	0	0
(29)	Other Income	(25)	(29)
6	Total for Bus Shelters & Street Nameplates:	11	11
<u>Car Parks (F10)</u>			
68	Employees	91	115
386	Premises	320	333
14	Transport	16	17
153	Supplies and Services	105	138
186	Third party costs	219	217
(1,272)	Other Income	(1,549)	(1,666)
(74)	Grants and Contributions	(66)	(66)
(539)	Total for Car Parks:	(864)	(912)
<u>Cemeteries & Churchyards (K20 & M21)</u>			
68	Employees	69	72
210	Premises	173	184
4	Transport	5	4
45	Supplies and Services	16	18
(289)	Other Income	(303)	(311)
38	Total for Cemeteries & Churchyards:	(40)	(33)

Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
Environment Committee (Continued)			
<u>Cleansing Services (K40, K45, K46, K70, K71, R57 & R69)</u>			
258	Employees	267	318
241	Premises	114	148
22	Transport	24	27
424	Supplies and Services	189	188
7,311	Third party costs	9,169	7,887
(2,567)	Other Income	(4,252)	(2,867)
(52)	Grants and Contributions	(22)	(22)
5,637	Total for Cleansing Services:	5,489	5,679
<u>Coast Protection & Land Drainage (F30 & F50)</u>			
132	Premises	59	99
34	Supplies and Services	33	34
1	Third party costs	1	1
(56)	Other Income	(2)	(3)
111	Total for Coast Protection & Land Drainage:	91	131
<u>Emergency Planning & Support (R02)</u>			
81	Employees	72	75
1	Transport	2	2
3	Supplies and Services	3	4
(50)	Other Income	(28)	(27)
35	Total for Emergency Planning & Support:	49	54

Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
Environment Committee (Continued)			
<u>Environmental Health & Protection (M01, M03, M04, M10 to M14, M16, M17 & M20)</u>			
703	Employees	659	668
19	Transport	16	16
147	Supplies and Services	134	131
2	Third party costs	0	0
(478)	Other Income	(294)	(260)
393	Total for Environmental Health & Protection:	515	555
<u>Foreshores (K50)</u>			
101	Employees	105	114
58	Premises	23	27
7	Transport	8	8
83	Supplies and Services	70	70
2	Third party costs	2	2
(153)	Other Income	(181)	(185)
98	Total for Foreshores:	27	36
<u>Parks & Green Spaces (K25, K30, L13, L40, L41 & L42)</u>			
474	Employees	414	554
1,003	Premises	1,136	1,146
24	Transport	21	31
327	Supplies and Services	222	288
65	Contractual	69	82
(319)	Other Income	(353)	(377)
(165)	Grants and Contributions	0	0
1,409	Total for Park & Green Spaces:	1,509	1,724

Actual 2020-21 £'000	Description	Budget 2021-22 £'000	Budget 2022-23 £'000
Environment Committee (Continued)			
<u>Private Sector Housing (J05, M05, M07 & M15)</u>			
463	Employees	444	476
13	Transport	12	13
1,824	Supplies and Services	1,427	1,429
56	Third party costs	5	5
(114)	Other Income	(49)	(44)
(2,017)	Grants and Contributions	(1,600)	(1,595)
225	Total for Private Sector Housing:	239	284
7,433	Total for Direct Services:	7,128	7,641
Environment Committee Management & Support Services			
<u>Engineering & Infrastructure Services (F60 & F91)</u>			
404	Employees	525	552
33	Transport	40	41
36	Supplies and Services	27	28
(59)	Other Income	(70)	(60)
414	Total for Management & Support Services:	522	561
7,846	Environment Committee Total:	7,650	8,202

**Environment Committee
Budget 2022/23
Growth Items**

Item	£'000	Note
Public Conveniences Maintenance	17	1
Empty Homes Technical Support Officer	18	2
Bersted Brooks Country Park	10	3
Trees for Towns and Parishes	10	4
Total	55	

Notes

1. The Council has made a bid to the government's Changing Places fund to provide enhanced facilities at four Public Convenience sites in the District. If the bid is successful, additional revenue costs of £4,200 per Convenience will be incurred.
2. Environment Committee agreed to recommend to Policy and Finance Committee at its meeting of 17 November 2021 that provision be made in the 2022/23 budget to recruit a part time Empty Homes Technical Support Officer to support and enhance the Council's empty homes work.
3. It is proposed to create a Country Park in Bersted to include master plan, extend car park, signage, seating and bins, new footpath network and Park Ranger. This is the estimated revenue cost of the proposal in 2022/23.
4. A project to plant 100 small native trees for every Parish in Arun – either to plant where Town and Parish Councils choose – or if on this Council's open space in accordance with Arun's 10 year Tree Planting Strategy.

**Environment Committee
Capital Programme 2022/23**

Scheme	£'000	Note
Play Areas	225	1
Bersted Brooks Country Park	320	2
Disabled Facilities Grants	1,400	3
Total	<u>1,945</u>	

Notes

1. The Play Areas spend is the Council's scheme of replacing play areas with up to date, safe equipment.
2. It is proposed to create a Country Park in Bersted to include master plan, extend car park, signage, seating and bins, new footpath network and Park Ranger. This is the estimated capital cost of the proposal.
3. The Council offers grants to homeowners to adapt their properties enabling them to remain in their own homes and community. The scheme is funded by government grant.