

651. THE COUNCIL'S REVENUE AND CAPITAL BUDGETS 2021/22 AND 2022/23

In introducing this item, the Chair explained that due to the number of recommendations within this report, he proposed to divide these up into sections and take multiple recommendations on block. He proceeded to the first set of recommendations regarding the Environment Committee.

Having had the recommendations proposed by Councillor Pendleton and seconded by Councillor Roberts,

The Committee

RESOLVED

For 2021/22 financial year:

That in respect of Environment Committee, the £180,000 contribution to the Community Flood Fund and a further £100,000 in 2023/24 be approved, to enable required Partnership Contributions to continue. The £100,000 recommended in 2023/24 will be assessed at a later date. A contribution of £100k be made to a contingency budget reserve to replace the £50k annual budget to be topped up annually.

The Chair then turned to the recommendations for this Committee to consider from the other Service Committees [Minutes 555, 570, 579, 590 and 601 in the Supplement Pack] that needed to be agreed by this Committee for inclusion in the budget before the Committee could move on to the wider budget discussion.

The Chair invited questions. Clarification was sought over the details of the Bersted Brooks Country Park project and whether it was needed given the cost and the proximity of the South Downs National Park. The Director of Services confirmed a report would be going to Committee on this project. A Member [and Chair of the Environment Committee] provided some background information and spoke in favour of the project. The impact to residents from cost of living increases was also raised and whether these budgets should be reviewed to see if savings could be made on non-essential spending in order to keep future Council Tax rises to a minimum.

Having had the recommendations proposed by Councillor Roberts and seconded by Councillor Cooper,

The Committee

RESOLVED - That

- (1) The Revenue Budget and Capital Programme for the [Corporate Support] Committee be included in the overall General Fund Budget when considering the overall budgets on 10 February 2022;
- (2) The Revenue Budget, list of growth items and Capital Programme for the [Economy] Committee be included in the overall General Fund Budget when considering the overall budgets on 10 February 2022;
- (3) The Revenue Budget, list of growth items and Capital Programme for the [Environment] Committee be included in the overall General Fund Budget when considering the overall budgets on 10 February 2022;
- (4) The General Fund Revenue Budget, list of growth items, General Fund Capital Programme, HRA Revenue Budget and HRA Capital Programme [from the Housing and Wellbeing Committee] be included in the overall General Fund Budget when considering the overall budgets on 10 February 2022;
- (5) The Revenue Budget and list of growth items [from the Planning Policy Committee] be included in the overall General Fund Budget when considering the overall budgets on 10 February 2022.

The Interim Group Head of Corporate Support & Section 151 Officer introduced this item explaining that each of the Service Committee's budgets had now been considered by each Committee with this Committee now needing to consider the Council's Budget 2022/23 so that it could make recommendations for approval to a Special Meeting of the Council on 23 February 2022. This report brought together all the Committee reports including the previous item on the agenda. The Budget Report included the Service Committee revenue bids and the capital budget for all Committees.

The Interim Group Head of Corporate Support & Section 151 Officer drew Members' attention to the Local Government Settlement, the draft had been issued on 16 December 2021 and had been favourable. In particular, the Council had been awarded an additional one-off allocation of New Homes Bonus of £825k which had not been anticipated. The final settlement had been announced last week and it was pleasing to report there had not been any significant changes made. Unfortunately, this had only been a one-year settlement with consultation commencing again next year on "updating the system" previously referred to as the Fair Funding Review. This was likely to include the business rate reset which would be detrimental to the Council's finances. There therefore continued to be significant risks to the Council's finances from 2023/24 and so it had to be stressed how important it was for the Council to continue to hold sufficient balances as a way to mitigate these risks. However, the combination of the anticipated favourable outturn for 2021/22 in combination with the

favourable settlement meant that the Council was in a much-improved financial position for 2022/23 than forecast in the autumn.

The Committee's attention was then drawn to the full budget report as set out on Page 79 of the agenda and the Interim Group Head of Corporate Support and Section 151 Officer provides some key highlights on some of the more significant issues.

Looking at key financial issues, mention was made of:

- The summaries provided for the Retained Business Rate income and non-ringfenced grant income. All the changes result in a reduction of 714k from previous year.
- The proposed increase in Council Tax of £4.95 for a band D equivalent. Members were already aware that the Core Spending Power is calculated by the Government assumed this increase. So effectively the Council was required to put up Council tax to stand still.
- The anticipated General Fund reserve movement. The GF balance would be kept at £5m. This allowed circa £2.7m to be added to the Funding Resilience Reserve at the end of this financial year. £6.659m to £9.355m. This change in presentation was intended to enable better understanding of the underlying reserve issues.
- Members were asked to note that the budget for 2022/23 required a £817k contribution from the Funding Resilience reserve as shown in table 4.8 on page 87. The table also summarised the other main budget changes
- Finally, the Committee revenue growth bids were shown in table 4.18 on page 88. The capital programme was set out in Appendix 3.
- The Housing Revenue Account (HRA) budget had been set out in Appendix 2, with the budget reflecting the priorities of the HRA Business Plan, recently updated and approved by Full Council. This assumed a 4.1% rent increase and a 5% garage rent increase.
- Looking at capital, it was necessary to draw Members' attention to the capital programme and financing. The capital programme was underpinned by £1.5m of usable capital receipts.
- In line with proper accounting practice the Asset Management Revenue budget had been moved to the Corporate Asset management revenue budget and was no longer included under capital and special projects.
- The budget assumed that the Arun Leisure Centre wet change was to be funded from s106 agreements which were susceptible to slippage. This £987k would internally be met by internal borrowing and the s106 receipts would be applied to reduce the borrowing when received. There remained a balance of £320k to be funded; the details on which were in 6.10 on page 91.

Finally, the Committee was reassured that the estimates as presented in the draft Budget were sufficiently robust and that the reserve balances for 2022/23 were adequate.

The Chair thanked the Interim Group Head of Corporate Support and Section 151 Officer for all her work and her team's work on this project. The Chair then invited questions.

Varying points were raised by Members some in support and some not in support of the proposed Council Tax increases. Mention was made of some of the refurbishment projects such as the Arun Leisure Centre wet change. Although this scheme was welcome and very much needed by residents, it was felt that more needed to be done to transform the local economy. Concern was raised over Section 106 slippage and how the Council needed to minimise this by designing projects in phases; the underspend over the last year and the money returned from Government. The Sussex by the Sea Festival was highlighted as a project that could perhaps be paused as it had already been postponed for a year due to the works being undertaken as a result of the Levelling Up project, with the thought that these funds could be spent elsewhere. The success of the seasonal closure of Pier Road in Littlehampton was also mentioned and some Members pressed for confirmation that this would continue for the forthcoming season to allow for greater tourism impact and in terms of making the area a more vital seafront and riverside attraction. The Director of Place confirmed that a report on Pier Road and seasonal closures would be submitted to the next meeting of the Economy Committee on 29 March 2022 which would explain the different options moving forward.

Having had the recommendations proposed by Councillor Pendleton and seconded by Councillor Roberts,

The Committee

RESOLVED - That

For the 2022/23 financial year:

- a) The Interim Group Head of Corporate Support, in consultation with the Leader of the Council, approved a Council Tax base of 63,011 for 2022/23;
- b) The budget report in Appendices A, 1, 2 and 3 be noted.

The Committee also

RECOMMEND TO THE SPECIAL MEETING OF THE COUNCIL ON 23 FEBRUARY 2022 - That

- (1) The General Fund Revenue budget as set out in Appendix 1 be approved;
- (2) Arun's band D council tax for 2022/23 be set at £196.47, an increase of 2.58% over 2021/22;

- (3) Arun's Council Tax Requirement for 2022/23, based on a Band D Council Tax of £196.47, be set at £12,379,771 plus parish precepts as demanded, to be transferred to the General Fund in accordance with statutory requirements;
- (4) The Council's General Fund Revenue Account Balance be set at £5m. Any balance above this to be transferred to the Funding Resilience Reserve to allow future budgets to be balanced;
- (5) The HRA budget as set out in Appendix 2 be approved;
- (6) HRA rents for 2022/23 be increased by 4.1% (CPI plus 1%) in accordance with the provisions of the rent standard;
- (7) HRA garage rents be increased by 5% to give a standard charge of £13.58 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; and
- (8) The Capital budget as set out in Appendix 3 be approved.