

# Arun District Council

<b>REPORT TO:</b>	<b>Policy and Finance Committee – 6 September 2022</b>
<b>SUBJECT:</b>	<b>Budget Monitoring Report to 30 June 2022</b>
<b>LEAD OFFICER:</b>	<b>Carolin Martlew – Interim Group Head of Finance and Section 151 Officer</b>
<b>LEAD MEMBER:</b>	Cllr Shaun Gunner
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:</b> The Council's budgets support all of the Council's Corporate Objectives.	
<b>DIRECTORATE POLICY CONTEXT:</b> Budget monitoring is a major component in ensuring sound financial controls and control of spending is in place. It is also a major part of ensuring sound governance arrangements.	
<b>FINANCIAL SUMMARY:</b> The report shows the Capital, Housing Revenue and General Fund Revenue budget performance to the end of June 2022.	

## 1. PURPOSE OF REPORT

- 1.1. The purpose of this report is to apprise the Policy and Finance Committee of performance against the budgets approved by the Council on at its meeting of 23 February 2022.

## 2. RECOMMENDATIONS

- 2.1. Any specific project related General Fund revenue underspend continues to be transferred to earmarked reserves as per previous policy to allow projects to be completed;
- 2.2. As it is forecast that the HRA balance will decline below the £2m recommended minimum balance approved by the Council, a report updating the budget be prepared and presented to this Committee on 8 December 2022 and reported to Full Council if appropriate; and
- 2.3. The Capital, Asset Management and Projects programme be reviewed to determine future projections, schemes to be included or removed and deliverability of current projects.

## 3. EXECUTIVE SUMMARY

- 3.1. The budget monitoring report appended to this report sets out the Capital, Housing Revenue and General Fund Revenue budget performance to the end of June 2022.

## **4. DETAIL**

- 4.1. The Council approved a General Fund revenue total net expenditure budget of £25.874 million; a Housing Revenue Account revenue total expenditure budget of £19.351 million; and a capital budget of £11.473 million for the year 2022/23. This report provides information to enable actual spending and income to be monitored against profiled budget for the period to 30 June 2022.
- 4.2. The Committee is requested to note the budget monitoring report in Appendix 1. The report provides information on a management by exception basis to enable the reader to understand the overall performance of the council within the context of the budget book summary. The report highlights the significant additional expenditure and loss of income apparent in the first quarter of the financial year to date.

## **5. CONSULTATION**

- 5.1. No consultation has been undertaken with external bodies.

## **6. OPTIONS / ALTERNATIVES CONSIDERED**

- 6.1. No alternatives have been considered.

## **7. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER**

- 7.1. It is sound governance to monitor spending against budget during the financial year. Such control allows the Council to take prompt corrective action if spending or income significantly varies from the approved budgets.
- 7.2. The Council continues to incur some additional expenditure and loss of income due to the COVID-19 pandemic and net expenditure is monitored closely to ensure that corrective action continues to be taken if necessary. In addition, current inflationary pressure is likely to have an adverse effect on the Council's financial position. An inflation contingency reserve of £500k was set up at the end of 2021/22 to help mitigate the effects of the unprecedented high rates of inflation on expenditure including major contracts. These are reviewed and monitored as part of the process.
- 7.3 The HRA balance projection is a significant concern and is forecast to decline below the £2m recommended minimum balance approved by the Council. A report be prepared and presented to this Committee on 8 December 2022 and reported to Full Council if appropriate.

## **8. RISK ASSESSMENT CONSIDERATIONS**

- 8.1. The main risk arising is poor financial control and budget overspend. By ensuring budgets are monitored regularly and this is reported to Members, corrective action can be taken promptly if any issues arise.

**9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER**

9.1.No comment.

**10.HUMAN RESOURCES IMPACT**

10.1.None.

**11.HEALTH & SAFETY IMPACT**

11.1.None.

**12.PROPERTY & ESTATES IMPACT**

12.1.None.

**13.EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

13.1.None.

**14.CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

14.1.None.

**15.CRIME AND DISORDER REDUCTION IMPACT**

15.1.None.

**16.HUMAN RIGHTS IMPACT**

16.1.None.

**17.FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

17.1.None.

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**CONTACT OFFICER:**

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**BACKGROUND DOCUMENTS:**

Budget Book 2022/23