

Arun District Council

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| REPORT TO: | Corporate Support Committee – 19 January 2023 |
| SUBJECT: | Committee Revenue and Capital Budgets 2023/24 |
| LEAD OFFICER: | Carolyn Martlew, Interim Group Head of Finance and Section 151 Officer |
| LEAD MEMBER: | Councillor Paul Dendle |
| WARDS: | All |
| CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: The Council's financial planning and budget promotes all the Council's Corporate Priorities. | |
| DIRECTORATE POLICY CONTEXT: The Council's financial planning and budget has an effect on all Directorates of the Council. | |
| FINANCIAL SUMMARY: The draft budgets for this Committee are shown in the appendices. The financial forecast for the General Fund Revenue Budget predicts significant budget deficits in 2023/24 and future years. The detailed effects are contained in the body of the report. | |

1. PURPOSE OF REPORT

- 1.1. The purpose of the report is for this Committee to consider and recommend its revenue budget for inclusion in the Council's 2023/24 revenue budget for 2023/24. These will be submitted to the Policy and Finance Committee on 9 February 2023 when it considers the overall revenue and capital budgets for 2023/24 so recommendations can be made to a Special Meeting of the Council on 1 March 2023 on the budgets to be set and level of Council Tax for the District for 2023/24.

2. RECOMMENDATIONS

- 1.2. It is recommended that this Committee:
 - (a) Agree on the 2023/24 Revenue Budget as illustrated in Appendix A of this report;
 - (b) Agree on the list of uncommitted growth items as illustrated in Appendix B of this report; and
 - (c) Agree to recommend to Policy and Finance Committee that the Revenue Budget for this Committee be included in the overall General Fund Budget when considering the overall budgets on 9 February 2023.

2. EXECUTIVE SUMMARY

- 2.1. The purpose of the report is for this Committee to consider and recommend its revenue budget for inclusion in the 2023/24 revenue budget, which will be submitted to the Policy and Finance Committee on 9 February 2023. The Policy and Finance Committee will consider the overall revenue budget for 2023/24 so that it can make recommendations to a Special Meeting of the Council on 1 March 2023 on the budget to be set and level of Council Tax for the District for 2023/24.

3. DETAIL

- 3.1. 2022/23 was the first year of budget preparation under the Committee form of governance introduced to the Council on 19 May 2021. Under Committee governance, Service Committees such as this consider and recommend revenue and capital budgets for the services, they provide to the Committee responsible for budget setting (the Policy and Finance Committee). The Policy and Finance Committee then considers an overall budget to recommend to Full Council.
- 3.2. The Council has undertaken a Zero Based Budgeting (ZBB) exercise during 2022/23 that has reviewed and rebased the Council's revenue budgets and future assumptions. ZBB has given a greater understanding of the information behind budgets and will aid budget processes in future years
- 3.3. The general background to the 2023/24 budget process was included in the Financial Prospects 2022/23 to 2026/27 report to Policy and Finance Committee on 13 December 2022 for approval by Full Council on 18 January 2023. The main points to note are:
 - a significant budget deficit of circa £4m for 2023/24;
 - a roll over funding settlement similar to 2022/23 is provided from central government for 2023/24;
 - Council Tax increases by a maximum of £5 per annum or 2.99%, which is currently the maximum allowed for similar District Councils;
 - There is an increase in salary costs in 2022/23 as per the employers' offer;
 - The effect of the government's announcement to reverse increasing National Insurance contributions from November 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;
 - A triennial review of the pension fund is due with revised figures required from 2023/24. Preliminary indications have been received and the financial effects of this are favourable and are built into projections;
 - At this stage, no increase in discretionary fees and charges imposed by the Council has been assessed and included in the financial projections.
 - 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 service provision.

- 3.4. Financial forecasting was difficult due to the COVID 19 pandemic in recent years. However, this has now been largely overtaken by high inflation rates, brought about by various external factors. 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.
- 3.5. The Committee has no capital programme for 2023/24. Appendix C shows the projected capital programme for 2023/24 to 2026/27 for information.
- 3.6. The basis of revenue budgeting for 2023/24 assumes that current levels of service remain unchanged. Any change arising from the ZBB exercise has been included where appropriate. 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 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 9 February 2023 in the context of the overall General Fund budget.
- 3.7. The significant budget deficit forecast for 2023/24 has resulted in only essential growth bids being put forward to this committee for approval. 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.
- 3.8. The new committee style of governance has placed significant strain on the Committee Services Team. It is therefore proposed to increase the establishment by introducing a Deputy Committee Services Managers (£49k) post and a Member Liaison Officer (£41k). These posts will increase the resilience of this team. It is also proposed to increase the Election Services Team by a part Electoral Services Assistants (£19k) post to reflect the increase in the workload in relation to areas like voter ID.
- 3.9. The significant changes in the revenue budget between 2022/23 and 2023/24 are:
 - Elections' net expenditure has increased by £292k. This is mainly due to the district election in May 2023;
 - Financial Services spend has increased due to the increase in the establishment for a Chief Accountants Post to provide technical support in specialist areas like the Housing Revenue Account.

4. CONSULTATION

- 4.1. No consultation has taken place with external organisations.

5. OPTIONS / ALTERNATIVES CONSIDERED

5.1. Not applicable.

6. COMMENTS BY THE INTERIM GROUP HEAD OF FINANCE/SECTION 151 OFFICER

6.1. 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.

7. RISK ASSESSMENT CONSIDERATIONS

7.1. The risks listed in the Financial Prospects Report 2022/23 to 2026/27 remain relevant. Members may wish to review these alongside this report.

7.2. The main risk in preparing the detailed budgets is that the Council sets an illegal budget (expenditure is greater than income). This will be avoided.

7.3. An inaccurate or illegal budget would cause reputational damage to the Council. This is a risk and the controls and processes in place will avoid this.

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

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

9. HUMAN RESOURCES IMPACT

9.1. There are no direct implications.

10. HEALTH & SAFETY IMPACT

10.1. There are no direct implications.

11. PROPERTY & ESTATES IMPACT

11.1. There are no direct implications.

12. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

12.1. There are no direct implications.

13. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

13.1. There are no direct implications.

14. CRIME AND DISORDER REDUCTION IMPACT

14.1. There are no direct implications.

15. HUMAN RIGHTS IMPACT

15.1. There are no direct implications.

16. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

16.1. There are no direct implications.

CONTACT OFFICER:

Name: Carolin Martlew

Job Title: Interim Group Head of Finance and Section 151 Officer

Contact Number: 01903 737568

BACKGROUND DOCUMENTS:

2022/23 Budget Report to Full Council 23 February 2022;

Financial Prospects 2022/23 to 2026/27 – Finance and Policy Committee 13
December 2022;

Budget Consultation Report – Corporate Support Committee 15 September 2022;
Statement of Accounts 2021/22.

**Corporate Support Committee
General Fund Revenue Budget 2023/24**

| | | Appendix A | |
|--|---|----------------------------|----------------------------|
| Actual 2021-22 £'000 | Description | Budget 2022-23 £'000 | Budget 2023-24 £'000 |
| Corporate Support Committee | | | |
| Direct Services | | | |
| 114 | Elections | 83 | 375 |
| 175 | Registration of Electors & Elections | 189 | 206 |
| 289 | Total for Direct Services: | 272 | 581 |
| Corporate Support Committee | | | |
| Management & Support Services | | | |
| 104 | Communications | 124 | 138 |
| 703 | Customer Services | 764 | 804 |
| 660 | Democratic Services | 734 | 766 |
| 235 | Design, Print & Post Services | 284 | 270 |
| 1,727 | Financial Services (Accountancy, Payroll, Procurement and Internal Audit) | 1,303 | 1,496 |
| 335 | Human Resources | 343 | 424 |
| 1,973 | Information & Communication Technology | 1,836 | 2,133 |
| 547 | Legal & Administration | 637 | 620 |
| 15 | Policy & Partnerships | 30 | 34 |
| 266 | Staff Support | 265 | 303 |
| 6,565 | Total for Management & Support Services: | 6,320 | 6,988 |
| 6,854 | Committee Total: | 6,592 | 7,569 |

| Actual 2021-22 £'000 | Description | Budget 2022-23 £'000 | Budget 2023-24 £'000 |
|--|--|-------------------------------------|-------------------------------------|
| Corporate Support Committee | | | |
| <u>Elections (R09)</u> | | | |
| 60 | Employees | 63 | 71 |
| 0 | Transport | 1 | 1 |
| 371 | Supplies and Services | 29 | 455 |
| (317) | Other Income | (10) | (152) |
| 114 | Total for Registration of Electors & Elections: | 83 | 375 |
| <u>Registration of Electors (R10)</u> | | | |
| 70 | Employees | 67 | 75 |
| 107 | Supplies and Services | 124 | 133 |
| (2) | Other Income | (2) | (2) |
| 175 | Total for Registration of Electors & Elections: | 189 | 206 |
| 289 | Total for Direct Services: | 272 | 581 |
| Corporate Support Committee | | | |
| Management & Support Services | | | |
| <u>Communications (P32)</u> | | | |
| 83 | Employees | 100 | 96 |
| 35 | Supplies and Services | 34 | 52 |
| (14) | Other Income | (10) | (10) |
| 104 | Total for Communications: | 124 | 138 |

| Actual 2021-22 £'000 | Description | Budget 2022-23 £'000 | Budget 2023-24 £'000 |
|--|--|-------------------------------------|-------------------------------------|
| Corporate Support Committee | | | |
| <u>Elections (R09)</u> | | | |
| 60 | Employees | 63 | 71 |
| 0 | Transport | 1 | 1 |
| 371 | Supplies and Services | 29 | 455 |
| (317) | Other Income | (10) | (152) |
| 114 | Total for Registration of Electors & Elections: | 83 | 375 |
| <u>Registration of Electors (R10)</u> | | | |
| 70 | Employees | 67 | 75 |
| 107 | Supplies and Services | 124 | 133 |
| (2) | Other Income | (2) | (2) |
| 175 | Total for Registration of Electors & Elections: | 189 | 206 |
| 289 | Total for Direct Services: | 272 | 581 |
| Corporate Support Committee | | | |
| Management & Support Services | | | |
| <u>Communications (P32)</u> | | | |
| 83 | Employees | 100 | 96 |
| 35 | Supplies and Services | 34 | 52 |
| (14) | Other Income | (10) | (10) |
| 104 | Total for Communications: | 124 | 138 |

| Actual 2021-22 £'000 | Description | Budget 2022-23 £'000 | Budget 2023-24 £'000 |
|---|---|----------------------------|----------------------------|
| Corporate Support Committee (Continued) | | | |
| Management & Support Services (Continued) | | | |
| <u>Customer Services (S42)</u> | | | |
| 662 | Employees | 743 | 793 |
| 2 | Transport | 3 | 2 |
| 39 | Supplies and Services | 18 | 9 |
| 703 | Total for Customer Services: | 764 | 804 |
| <u>Democratic Services (P30)</u> | | | |
| 154 | Employees | 193 | 202 |
| 0 | Premises | 1 | 1 |
| 14 | Transport | 15 | 14 |
| 493 | Supplies and Services | 526 | 550 |
| (1) | Other Income | (1) | (1) |
| 660 | Total for Democratic Services: | 734 | 766 |
| <u>Design, Print & Post Room (P27, P29, S32 & S33)</u> | | | |
| 238 | Employees | 247 | 276 |
| 166 | Supplies and Services | 224 | 148 |
| 35 | Third party costs | 40 | 36 |
| (204) | Other Income | (227) | (190) |
| 235 | Total for Design, Print & Postal Services: | 284 | 270 |

| Actual 2021-22 £'000 | Description | Budget 2022-23 £'000 | Budget 2023-24 £'000 |
|--|--|-------------------------------------|-------------------------------------|
| Corporate Support Committee (Continued) | | | |
| Management & Support Services (Continued) | | | |
| <u>Finance (P42, P50, Q10, Q11, Q20, Q25, R15 & V01)</u> | | | |
| 882 | Employees | 990 | 1,037 |
| 0 | Transport | 2 | 0 |
| 773 | Supplies and Services | 228 | 234 |
| 81 | Other Authorities | 83 | 225 |
| 1,727 | Total for Finance: | 1,303 | 1,496 |
| <u>Human Resources (P10 to P12)</u> | | | |
| 289 | Employees | 295 | 338 |
| 1 | Transport | 2 | 1 |
| 45 | Supplies and Services | 46 | 85 |
| 0 | Other Income | 0 | 0 |
| 335 | Total for Human Resources: | 343 | 424 |
| <u>Information & Communication Technology (Q47 & S43)</u> | | | |
| 1,142 | Employees | 1,194 | 1,320 |
| 0 | Transport | 1 | 1 |
| 833 | Supplies and Services | 642 | 812 |
| (1) | Other Income | (1) | 0 |
| 1,973 | Total for ICT: | 1,836 | 2,133 |
| <u>Legal & Administration (Q40 & N51)</u> | | | |
| 553 | Employees | 611 | 632 |
| 1 | Transport | 2 | 3 |
| 43 | Supplies and Services | 41 | 45 |
| (50) | Other Income | (17) | (60) |
| 547 | Total for Legal & Administration: | 637 | 620 |

| Actual 2021-22 £'000 | Description | Budget 2022-23 £'000 | Budget 2023-24 £'000 |
|--|---|----------------------------|----------------------------|
| Corporate Support Committee (Continued) | | | |
| Management & Support Services (Continued) | | | |
| <u>Policy & Partnerships (Q01)</u> | | | |
| 15 | Supplies and Services | 30 | 34 |
| 15 | Total for Policy & Partnerships: | 30 | 34 |
| <u>Staff Support (Q30)</u> | | | |
| 63 | Employees | 57 | 96 |
| 112 | Transport | 112 | 112 |
| 91 | Supplies and Services | 96 | 95 |
| 266 | Total for Staff Support: | 265 | 303 |
| 6,565 | Total for Management & Support Services: | 6,320 | 6,988 |
| 6,854 | Corporate Support Committee Total: | 6,592 | 7,569 |

Corporate Support Committee Budget 2023/24 Growth Items

| | £'000 |
|----------------------------------|------------|
| Deputy Committee Service Manager | 49 |
| Member Liaison Officer | 41 |
| Electoral Service Assistant | 19 |
| Total | 109 |

**Corporate Support Committee
Capital Programme 2023/24**

| Actual 2021/22 £'000 | Description | Original Budget 2022/23 £'000 | Updated Budget 2022/23 £'000 | Budget 2023/24 £'000 | Budget 2024/25 £'000 | Budget 2025/26 £'000 | Budget 2026/27 £'000 |
|-------------------------------------|-------------------------------|--|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 0 | Arun Direct Telephony | 0 | 200 | 0 | 0 | 0 | 0 |
| 356 | ICT | 200 | 403 | 0 | 50 | 0 | 355 |
| 75 | Arun Improvement Programme | 0 | 0 | 0 | 0 | 0 | 0 |
| 33 | E5 Upgrade | 0 | 0 | 0 | 0 | 0 | 0 |
| 464 | Committee Total | 200 | 603 | 0 | 50 | 0 | 355 |

The indicative capital budget for 2024/25 does not include a sum of the replacement Financial Management System (the current contract expires in 2025/26). This is because most of the cost is likely to be revenue expenditure. Work will begin during 2023/24 to scope the project as this may be an opportunity to include an HR Payroll solution depending on cost.