

Arun District Council

REPORT TO:	Environment Committee – 31 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 David Edwards
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) Agrees on the 2023/24 Revenue Budget as illustrated in Appendix A of this report;
 - (b) Agrees on the list of uncommitted growth items as illustrated in Appendix B of this report;
 - (c) Agrees on the 2023/24 Capital Programme as illustrated in Appendix C of this report; and
 - (d) Recommends to Policy and Finance Committee that the Revenue Budget for this Committee be included in the overall General Fund Budget when the Policy and Finance Committee considers the overall budgets at its meeting 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 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.
- 3.6. 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.
- 3.7. The budget growth bids are summarised in Appendix B and are comprised of: Apprentice EHO; Assistant Tree Officer; and Countryside and Volunteering Officer.
- 3.8. The significant changes in the revenue budget between 2022/23 and 2023/24 are:
 - Combined Cleansing Contract;
 - Foreshores - cost of beach patrol service;
 - Establishment; and
 - Grounds maintenance contract (CPI inflation)
- 3.9. The level of funding for the capital programme will be determined at the Policy and Finance Committee on 9 February 2023. 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. In addition, because of the strain on the revenue budget, capital financing will require review, including an assessment of borrowing to ease the revenue budget
- 3.10. The planned capital programme for this committee totals £1.655m for 2023/24 (Appendix C) and is comprised of:
 - Disabled Facilities Grants £1.4m (grant funded)
 - Play Areas £255k

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:

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BACKGROUND DOCUMENTS:

[2022/23 Budget Report to Full Council 23 February 2022;](#)

[Financial Prospects 2022/23 to 2026/27 – Policy & Finance Committee 13 December 2022;](#)

[Budget Consultation Report – Corporate Support Committee 15 September 2022;](#)

[Statement of Accounts 2021/22.](#)

**Environment Committee
General Fund Revenue Budget 2023/24**

Actual 2021-22 £'000	Description	Budget 2022-23 £'000	Budget 2023-24 £'000
Environment Committee			
Direct Services			
(44)	Building Control	112	192
(15)	Bus Shelters & Street Nameplates	11	10
(842)	Car Parks	(912)	(898)
28	Cemeteries & Churchyards	(33)	12
5,909	Cleansing Services	5,696	7,699
134	Coast Protection & Land Drainage	131	69
45	Emergency Planning & Support	54	50
879	Environmental Health & Protection	555	577
130	Foreshores	36	47
1,510	Parks & Green Spaces	1,744	1,933
203	Private Sector Housing	302	288
7,937	Total for Direct Services:	7,696	9,979
Environment Committee			
Management & Support Services			
449	Engineering & Infrastructure Services	561	576
449	Total for Management & Support Services:	561	576
8,386	Environment Committee Total:	8,257	10,555

Actual 2021-22 £'000	Description	Budget 2022-23 £'000	Budget 2023-24 £'000
Environment Committee			
<u>Building Control (D10)</u>			
448	Employees	513	591
18	Transport	22	22
20	Supplies and Services	22	24
(530)	Other Income	(445)	(445)
(44)	Total for Building Control:	112	192
<u>Bus Shelters & Street Nameplates (K13 & K15)</u>			
31	Employees	32	40
8	Premises	8	6
1	Supplies and Services	0	0
(55)	Other Income	(29)	(36)
(15)	Total for Bus Shelters & Street Nameplates:	11	10
<u>Car Parks (F10)</u>			
102	Employees	115	100
464	Premises	333	324
20	Transport	17	24
229	Supplies and Services	138	169
189	Third party costs	217	217
(1,780)	Other Income	(1,666)	(1,666)
(66)	Grants and Contributions	(66)	(66)
(842)	Total for Car Parks:	(912)	(898)
<u>Cemeteries & Churchyards (K20 & M21)</u>			
72	Employees	72	96
262	Premises	184	204
3	Transport	4	2
45	Supplies and Services	18	21
(354)	Other Income	(311)	(311)
28	Total for Cemeteries & Churchyards:	(33)	12

Actual 2021-22 £'000	Description	Budget 2022-23 £'000	Budget 2023-24 £'000
Environment Committee (Continued)			
<u>Cleansing Services (K40, K45, K46, K70, K71, R57 & R69)</u>			
293	Employees	318	295
283	Premises	165	104
28	Transport	27	27
430	Supplies and Services	188	189
7,610	Third party costs	7,887	10,244
(2,654)	Other Income	(2,867)	(3,138)
(81)	Grants and Contributions	(22)	(22)
5,909	Total for Cleansing Services:	5,696	7,699
<u>Coast Protection & Land Drainage (F30 & F50)</u>			
177	Premises	99	99
22	Supplies and Services	34	38
1	Third party costs	1	1
(66)	Other Income	(3)	(69)
134	Total for Coast Protection & Land Drainage:	131	69
<u>Emergency Planning & Support (R02)</u>			
73	Employees	75	72
1	Transport	2	1
3	Supplies and Services	4	4
(32)	Other Income	(27)	(27)
45	Total for Emergency Planning & Support:	54	50

Actual 2021-22 £'000	Description	Budget 2022-23 £'000	Budget 2023-24 £'000
Environment Committee (Continued)			
<u>Environmental Health & Protection (M01, M03, M04, M10 to M14, M16, M17 & M20)</u>			
965	Employees	668	704
12	Transport	16	15
237	Supplies and Services	131	182
15	Third party costs	0	0
(350)	Other Income	(260)	(325)
879	Total for Environmental Health & Protection:	555	577
<u>Foreshores (K50)</u>			
97	Employees	114	127
104	Premises	27	29
7	Transport	8	3
100	Supplies and Services	70	72
2	Third party costs	2	2
(180)	Other Income	(185)	(186)
130	Total for Foreshores:	36	47
<u>Parks & Green Spaces (K25, K30, L13, L40, L41 & L42)</u>			
516	Employees	554	676
1,039	Premises	1,166	1,233
27	Transport	31	17
499	Supplies and Services	288	297
69	Contractual	82	85
(348)	Other Income	(377)	(375)
(292)	Grants and Contributions	0	0
1,510	Total for Park & Green Spaces:	1,744	1,933

Actual 2021-22 £'000	Description	Budget 2022-23 £'000	Budget 2023-24 £'000
Environment Committee (Continued)			
<u>Private Sector Housing (J05, M05, M07 & M15)</u>			
529	Employees	494	518
16	Transport	13	13
1,496	Supplies and Services	1,429	1,432
48	Third party costs	5	0
(199)	Other Income	(44)	(85)
(1,687)	Grants and Contributions	(1,595)	(1,590)
203	Total for Private Sector Housing:	302	288
7,937	Total for Direct Services:	7,696	9,979
Environment Committee Management & Support Services			
<u>Engineering & Infrastructure Services (F60 & F91)</u>			
393	Employees	552	475
30	Transport	41	34
73	Supplies and Services	28	73
(47)	Other Income	(60)	(6)
449	Total for Management & Support Services:	561	576
8,386	Environment Committee Total:	8,257	10,555

Environment Committee Budget 2023/24 Growth Items

	£'000
Assistant Tree Officer	37
Countryside and Volunteering Officer	37
Apprentice EHO	30
Total	104

**Environment 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	Note
1,413	Disabled Facilities Grants	1,400	1,400	1,400	1,400	1,400	1,400	1
23	Parks Chipper	0	0	0	0	0	26	
0	Keystone Centre	0	250	0	0	0	0	
34	Sunken Gardens	0	466	0	0	0	0	
1,311	Place St Maur	0	465	0	0	0	0	
162	Play Areas	225	462	255	65	100	100	2
	Bersted Brooks Country Park	320	320	0	0	0	0	3
2,943	Committee Total	1,945	3,363	1,655	1,465	1,500	1,526	

Notes

1. 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.
2. The Play Areas spend is the Council's scheme of replacing play areas with up to date, safe equipment.
3. Creation of a Country Park in Bersted to include master plan, extend car park, signage, seating and bins, new footpath network and Park Ranger