

# Arun District Council

<b>REPORT TO:</b>	<b>Economy Committee – 2 February 2023</b>
<b>SUBJECT:</b>	<b>Committee Revenue and Capital Budgets 2023/24</b>
<b>LEAD OFFICER:</b>	<b>Carolyn Martlew, Interim Group Head of Finance and Section 151 Officer</b>
<b>LEAD MEMBER:</b>	Councillor Andy Cooper
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:</b> The Council's financial planning and budget promotes all the Council's Corporate Priorities.	
<b>DIRECTORATE POLICY CONTEXT:</b> The Council's financial planning and budget has an effect on all Directorates of the Council.	
<b>FINANCIAL SUMMARY:</b> 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 the 2023/24 Revenue Budget as illustrated in Appendix A of this report;
  - (b) Agrees the list of uncommitted growth items as illustrated in Appendix B of this report; and
  - (c) Agree the 2023/24 Capital Programme as illustrated in Appendix C of this report; and
  - (d) Recommends to the 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 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 Committee's capital programme for 2023/24 to 2026/27 is shown in Appendix C.
- 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 committee has one growth bid for £100k (appendix B) for a small grants fund for community-based organisations and Parish councils that are not eligible to apply for the United Kingdom Shared Prosperity Fund (UKSPF).
- 3.9. The significant changes in the revenue budget between 2022/23 and 2023/24 are:
  - Fall out of 2022/23 one off bid list (£500k); and
  - £50k Specialist fees for Local Land Charges required for work to transfer the Local Land Charges Register to HM Land Registry. This expenditure is matched by government grant (transition payment).
- 3.10. The planned capital programme for this committee totals £539k for asset management in 2023/24. The asset management programme is summarised in the table below:

<b>Scheme</b>	<b>Budget 2023/24 £'000</b>	<b>Budget 2024/25 £'000</b>	<b>Budget 2025/26 £'000</b>	<b>Budget 2026/27 £'000</b>
Public Conveniences	449	253	0	0
Hotham Park Carriage Yard	90	0	0	0
Sheepwash Barn	0	200	0	0
Oyster Pond	0	0	500	0
Bognor Regis Town Hall	0	0	610	320
<b>Total</b>	<b>539</b>	<b>453</b>	<b>1,110</b>	<b>320</b>

Further details are available in appendix C

#### **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.

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**CONTACT OFFICER:**

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

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**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.

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

Actual 2021-22 £'000	Description	Budget 2022-23 £'000	Budget 2023-24 £'000
<b>Economy Committee</b>			
<b>Direct Services</b>			
(623)	Sundry Properties including Beach Huts	(662)	(689)
988	Economic Regeneration	771	275
(52)	Land Charges	(24)	(21)
58	Tourism	62	87
<b>371</b>	<b>Total for Direct Services:</b>	<b>147</b>	<b>(348)</b>
<b>Economy Committee</b>			
<b>Management &amp; Support Services</b>			
758	Administrative Buildings and Facilities Management	685	782
321	Property and Estates Management	460	506
0	Corporate Asset Management	1,421	1,396
<b>1,079</b>	<b>Total for Management &amp; Support Services:</b>	<b>2,566</b>	<b>2,684</b>
<b>1,450</b>	<b>Economy Committee Total:</b>	<b>2,713</b>	<b>2,336</b>

Actual 2021-22 £'000	Description	Budget 2022-23 £'000	Budget 2023-24 £'000
<b>Economy Committee</b>			
<b>Direct Services</b>			
<b><u>Sundry Properties including Beach Huts (L82, E24 &amp; E30)</u></b>			
167	Premises	148	174
103	Supplies and Services	27	27
(893)	Other Income	(837)	(890)
<b>(623)</b>	<b>Total for Sundry Properties including Beach Huts:</b>	<b>(662)</b>	<b>(689)</b>
<b><u>Economic Regeneration (R11)</u></b>			
210	Employees	240	176
937	Premises	0	22
0	Transport	1	1
742	Supplies and Services	530	76
(463)	Other Income	0	0
(438)	Grants and Contributions	0	0
<b>988</b>	<b>Total for Economic Regeneration:</b>	<b>771</b>	<b>275</b>
<b><u>Land Charges (D30)</u></b>			
96	Employees	101	99
5	Supplies and Services	5	55
(153)	Other Income	(130)	(175)
<b>(52)</b>	<b>Total for Land Charges:</b>	<b>(24)</b>	<b>(21)</b>
<b><u>Tourism (E15)</u></b>			
40	Employees	41	43
18	Supplies and Services	21	44
<b>58</b>	<b>Total for Tourism:</b>	<b>62</b>	<b>87</b>
<b>371</b>	<b>Total for Direct Services:</b>	<b>147</b>	<b>(348)</b>

<b>Actual 2021-22 £'000</b>	<b>Description</b>	<b>Budget 2022-23 £'000</b>	<b>Budget 2023-24 £'000</b>
<b>Economy Committee (Continued)</b>			
<b>Management &amp; Support Services</b>			
<b><u>Administrative Buildings and Facilities Management (Q60, Q62, Q63, Q64, Q65 &amp; S40)</u></b>			
147	Employees	143	157
616	Premises	577	661
13	Transport	8	9
107	Supplies and Services	84	72
(125)	Other Income	(127)	(117)
<b>758</b>	<b>Total for Administrative Buildings and Facilities Management:</b>	<b>685</b>	<b>782</b>
<b><u>Property and Estates Management (N41)</u></b>			
293	Employees	404	459
12	Transport	10	10
21	Supplies and Services	52	41
(5)	Other Income	(6)	(4)
<b>321</b>	<b>Total for Property and Estates Management:</b>	<b>460</b>	<b>506</b>
<b>Corporate Asset Management (E50 &amp; E51)</b>			
0	Asset Maintenance	1,421	1,396
<b>0</b>	<b>Total for Corporate Asset Management:</b>	<b>1,421</b>	<b>1,396</b>
<b>1,079</b>	<b>Total Management &amp; Support Services:</b>	<b>2,566</b>	<b>2,684</b>
<b>1,450</b>	<b>Economy Committee Total:</b>	<b>2,713</b>	<b>2,336</b>



**Economy Committee Budget 2023/24 Growth Items**

	£'000
Fund to provide small grants to community-based organisations and Parish councils that are not eligible to apply for the UKSPF	100
<b>Total</b>	<b>100</b>

**Economy Committee  
Capital Programme 2023/24**

<b>Actual 2021/22 £'000</b>	<b>Description</b>	<b>Original Budget 2022/23 £'000</b>	<b>Updated Budget 2022/23 £'000</b>	<b>Budget 2023/24 £'000</b>	<b>Budget 2024/25 £'000</b>	<b>Budget 2025/26 £'000</b>	<b>Budget 2026/27 £'000</b>	<b>Note</b>
1,310	Littlehampton Public Realm	0	3,302	0	0	0	0	
921	Asset Management	807	3,285	539	453	1,110	320	1
<b>2,406</b>	<b>Committee Total</b>	<b>807</b>	<b>6,587</b>	<b>539</b>	<b>453</b>	<b>1,110</b>	<b>320</b>	

## Notes

1. Schemes in 2021/22 and 2022/23 have previously been scrutinised and approved by Members.
2. Asset Management spending from 2023/24 comprises the following schemes:

<b>Scheme</b>	<b>Budget 2023/24 £'000</b>	<b>Budget 2024/25 £'000</b>	<b>Budget 2025/26 £'000</b>	<b>Budget 2026/27 £'000</b>	<b>Note</b>
Public Conveniences	449	253	0	0	1
Hotham Park Carriage Yard	90	0	0	0	2
Sheepwash Barn	0	200	0	0	3
Oyster Pond	0	0	500	0	4
Bognor Regis Town Hall	0	0	610	320	5
<b>Total</b>	<b>539</b>	<b>453</b>	<b>1,110</b>	<b>320</b>	

## Notes

1. Refurbishment of West Meads, West Beach, Sandy Road & Ferring Village Green including allowance for fees.
2. This is in addition to the £66k funding in the 2022/23 current budget and is required to be able to deliver the drainage and resurfacing scheme.
3. This asset remains untouched and is a future risk. The barn is in a very poor state of repair and works are required to make it safe, dependent on further decision with regards to the site's future.
4. Defective pond structure
5. The level of investment will depend on the future plans for the premises.