

Arun District Council

REPORT TO:	Policy and Finance Committee - 9 February 2023
SUBJECT:	Budget Monitoring Report to 31 December 2022
LEAD OFFICER:	Carolyn Martlew – Interim Group Head of Finance & Section 151 Officer
LEAD MEMBER:	Councillor Shaun Gunner
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: The Council's budget supports all the Council's Objectives.	
DIRECTORATE POLICY CONTEXT: Budget monitoring is a major component in ensuring sound financial control and control of spending is in place. It is also a major part in ensuring sound governance arrangements.	
FINANCIAL SUMMARY: The report shows the Capital, Housing Revenue Account and General Fund Revenue budget performance to the end of September 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 at its meeting on 23 February 2022.

2. RECOMMENDATIONS

- 1.2. There are no recommendations for the Committee to consider.

2. EXECUTIVE SUMMARY

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

3. DETAIL

- 3.1. The Council approved a General Fund revenue total net budget of £25.874 million; a Housing Revenue Account revenue total expenditure budget of £19.361 million; and a capital budget of £11.473 million for 2022/23.

- 3.2. 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 to the reader to understand the overall performance of the budget book summary. The report highlights significant expenditure and income variations against profiled budget for the third quarter of 2022.

4. CONSULTATION

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

5. OPTIONS / ALTERNATIVES CONSIDERED

- 5.1. There are no other options or alternatives.

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

- 6.1. It is sound governance to monitor spend against budget during the financial year. Such control allows the Council to take prompt corrective action if spending or income varies significantly from the approved budget.
- 6.2. Inflationary pressure is having an adverse effect on the Council's financial position. An inflationary earmarked 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 as part of the budget monitoring process and the reserve has now been fully allocated.
- 6.3. The revised HRA budget was approved by Full Council at its meeting on 18 January. This will enable the HRA balance to remain positive, whilst declining below the £2m recommended minimum balance approved by Full Council. The budget 2023/24 report elsewhere on this agenda updates members on the financial position of the HRA with recommendation to Full Council to allow the balance to remain below £2m for the period 2023/24 to 2026/27 to enable the realisation of savings in Repairs and Supervision & Management to deliver a sustainable HRA.

7. RISK ASSESSMENT CONSIDERATIONS

- 7.1. Budget monitoring mitigates against the risk of poor financial control. Regular monitoring ensures that members are informed if corrective action is required and that this is taken promptly.

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

- 8.1. The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility of the Council. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the

year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.

9. HUMAN RESOURCES IMPACT

9.1. None direct

10. HEALTH & SAFETY IMPACT

10.1. None direct

11. PROPERTY & ESTATES IMPACT

11.1. None direct

12. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

12.1. None

13. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

13.1. None

14. CRIME AND DISORDER REDUCTION IMPACT

14.1. None

15. HUMAN RIGHTS IMPACT

15.1. None

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

16.1. None

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BACKGROUND DOCUMENTS:

Budget Book 2022/23

HRA report to Policy and Finance Committee 13 December 2022.