

# Arun District Council

<b>REPORT TO:</b>	<b>Policy and Finance Committee – 9 February 2023</b>
<b>SUBJECT:</b>	<b>Council 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 Shaun Gunner
<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 make recommendations to Full Council on 1 March 2023 on the overall budget to be set, level of Council Tax for the District, Housing Revenue Account (HRA) budget and rent levels for 2023/24.
- 1.2. In addition, the Policy and Finance Committee must consider the overall capital programme to make recommendations to Full Council on 1 March 2023 on the overall capital programme (HRA and General Fund) to be set for 2023/24.

## 2. RECOMMENDATIONS

- 1.3. It is recommended that this Committee:

- (a) Notes that the Interim Group Head of Finance, in consultation with the Leader of the Council has approved a tax base of 64,159 for 2023/2024;
- (b) Notes the budget report in Appendices A, 1,2 and 3;

The Policy and Finance Committee is requested to recommend to Full Council that:

- (c) The General Fund Budget as set out in Appendix 1 is approved;

- (d) Arun's Band D Council Tax for 2023/24 is set at £202.34, an increase of 2.99% over 2022/23;
- (e) Arun's Council Tax Requirement for 2023/24, based on a Band D Council tax of £202.34, is set at £12.982m, plus parish precepts as demanded, to be transferred to the General Fund in accordance with statutory requirements;
- (f) The Council's General Fund Balance minimum balance to continue to be set at £5m;
- (g) The HRA budget as set out in Appendix 2 is approved;
- (h) HRA rents be increased by 7% in accordance with the provisions of the rent standard;
- (i) HRA garage rents be increased by 7% to give an average rent of £14.50 per week (excluding VAT) and heating and water/sewerage charges be increased on a scheme by scheme basis, with the aim of balancing costs with income; and
- (j) The HRA Balance to remain below the minimum level of £2.0m for the period 2023/24 to 2026/27 to enable the realisation of savings in Repairs and Supervision & Management expenditure to deliver a sustainable HRA; and
- (k) Agree the balance of the capital budget as illustrated in appendix C of this report.

## **2. EXECUTIVE SUMMARY**

- 2.1. The purpose of this report is for this Committee to consider and recommend to Full Council on 1 March 2023, the overall budget to be set, level of Council Tax for the District, Housing Revenue Account budget and rent levels for 2023/24.
- 2.2. In addition, Committees must consider and recommend the overall capital programme (HRA and General Fund) to be set 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. At Arun, this is the Policy and Finance Committee. The Policy and Finance Committee then consider an overall budget to recommend to Full Council. This report is compiled on the assumption that all previous recommendations on this agenda and other Committee agendas were agreed.

- 3.2. A largely similar approach has been used for 2023/24. The main change to the 2022/23 process is the Council has undertaken a Zero Based Budgeting (ZBB) exercise that has reviewed and rebased the Council's revenue budgets and future assumptions. It is important that these matters are considered when determining the budget parameters for 2023/24
- 3.3. The ZBB Project has informed the budget preparation for 2023/24 and figures derived from this have been used as the base for the 2023/24 budget figures. ZBB has given a greater understanding of the information behind budgets and will aid budget processes in future years.
- 3.4. Growth items were not included in service committee estimates. They were considered as a separate list by service committees and agreed for submission to this Committee. These items now form the final growth list which this Committee must consider when setting the overall budget. The current total is included under the Contingencies and Miscellaneous budget vote in the Council Budget Summary in appendix 1. The committee growth bids totalling £1.156m are summarised below:

<b>Committee</b>	<b>Growth Items</b>	<b>£'000</b>
Corporate Support	Deputy Committee Services Manager	49
Corporate Support	Member Liaison Officer	41
Corporate Support	Electoral Services Assistanat	19
Economy	Small Grants Fund	100
Economy	Careers Advice	13
Environment	Assistant Tree officer	37
Environment	Countryside and Volunteering Officer	37
Environment	Apprentice EHO	30
Housing and Wellbeing	Events Co-ordinator	50
Housing and Wellbeing	Events	100
Housing and Wellbeing	Support for Leisure Provider	580
Policy and Finance	Carbon Reduction Funding	100
	<b>Total Growth Bids 2023/24</b>	<b>1,156</b>

- 3.5. In addition, the draft Housing Revenue Account budget for 2023/24 is also attached for Member consideration, following presentation to the Housing and Wellbeing Committee on 25 January 2023. The HRA budget reflects the revised HRA budget approved by Full Council at its meeting on 18 January 2023. The details are contained appendix 2.
- 3.6. The draft capital programme for 2023/24 is also included in appendix 3.
- 3.7. Prior to the start of each financial year, the Council sets its budget, Council Tax levels and housing rent levels for the year. This report allows Policy and Finance Committee to make a recommendation to Full Council on the budgets, Council Tax level and Housing rent levels to be set for 2023/24.

3.8. The Policy and Finance Committee is requested to consider the attached report (Appendix A) and to approve the recommendations made.

#### **4. CONSULTATION**

4.1. Consultation is being undertaken with representatives of non-domestic ratepayers on the Council's proposals for expenditure for the 2023/24 financial year in accordance with Section 65 of the Local Government Finance Act 1992.

4.2. Individual committees have been consulted on their individual budgets as part of the budget process.

#### **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 budget report in appendix A. 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.

6.2. The General Fund Revenue budget was rebased following a ZBB exercise, as stated in the report. It is prudent to review this for the budget 2024/25 process to ensure that the assumptions made are still valid in light of the transformation programme that the Council will need to embark on to ensure that future budgets are balanced without excessive use of reserves as highlighted in the Medium Term Financial Plan considered at Full Council on 18 January 2023.

6.3. The HRA budget reflects the assumptions in the latest draft HRA Business Plan. It is recommended that the HRA Business plan is reviewed mid 2023/24 to ensure that these assumptions continue to be valid.

#### **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 is avoided through the planned use of reserves; however, the risk of reserves being run down to support the General Fund Budget remains if work on the transformation programme does not result in a more balanced budget.

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 must set its 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. 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 to 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.
- 8.2. Section 30(6) of the Local Government Finance Act 1992 provides that the Council must set its budget before 11 March in the financial year preceding the one in respect of which the budget is set.
- 8.3. The provisions of Section 25 of Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer (Section 151 Officer) as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 8.4. Consultation must take place in accordance with the Council's duties under Section 65 of the Local Government Finance Act 1992. It must be borne in mind that this is consultation on the budget proposals, not on the decision to take whatever decision is implied by the adoption of that budget. Consultation has taken place as set out in section 5 of this report, including with Group Heads and Directors in conjunction with the Finance team.
- 8.5. When considering options, Members must bear in mind their fiduciary duty to the council taxpayers of the District. Members must have adequate evidence on which to base their decisions on the level of quality at which services should be provided.
- 8.6. Where a service is provided pursuant to a statutory duty, it would not be lawful to fail to discharge it properly or abandon it, and where there is discretion as to how it is to be discharged, that discretion should be exercised reasonably.
- 8.7. The report sets out the relevant considerations for Members to consider during their deliberations and Members are reminded of the need to ignore irrelevant considerations. Members have a duty to seek to ensure that the Council acts lawfully. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality and level of services which they consider should be provided, against the costs of providing such services.
- 8.8. There is a particular requirement to take into consideration the Council's fiduciary duty and the public sector equality duty in coming to its decision.

8.9. The public sector equality duty is that a public authority must, in the exercise of its functions, have due regard to the need to: (1) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.10. Any decision made in the exercise of any function is potentially open to challenge if the duty has been disregarded.

8.11. Members are also individually reminded that Section 106 of the Local Government Finance Act 1992 applies to this meeting. Members who are two months or more in arrears with their Council Tax must declare this to the meeting and must not vote on budget recommendations, as to do otherwise can be a criminal offence.

## **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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**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.

