

Arun District Council

REPORT TO:	Housing & Wellbeing Committee – 25 January 2024
SUBJECT:	Committee General Fund Revenue and Capital Budgets and Housing Revenue Account Budgets 2024/25
LEAD OFFICER:	Antony Baden, Group Head of Finance and Section 151 Officer
LEAD MEMBER:	Councillor Birch
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 influences all Directorates of the Council.	
FINANCIAL SUMMARY: The draft budgets for this Committee are shown in the appendices. The Committee is responsible for General Fund services and the Housing Revenue Account (HRA). The detailed effects are contained in the body of the report. The HRA is under significant financial pressure. Members have received reports outlining the financial position of the Housing Revenue Account at previous meetings. The recommendations from these reports have been taken into account when setting the budgets.	

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 overall 2024/25 revenue budget. The report also considers the Housing Revenue Account (HRA) budget for 2024/25. These recommendations will be submitted to the Policy and Finance Committee on 8 February 2024 when it considers the overall revenue and capital budgets for 2024/25 so recommendations can be made to a Special Meeting of the Council on 21 February 2024 regarding the budgets to be set and level of Council Tax for the District for 2024/25.

2. RECOMMENDATIONS

- 2.1 It is recommended that this Committee:

- (a) Agrees the 2024/25 Revenue Budget as set out in Appendix A of this report;
- (b) Agrees the 2024/25 HRA Revenue Budget set out in Appendix B of this report;

- (c) Agrees to allow the HRA Balance to remain below the minimum level of £2.0m for the period 2024/25 to 2027/28 to enable the realisation of savings in Repairs and Supervision & Management expenditure to deliver a sustainable HRA;
- (d) Recommends HRA rents for 2024/25 are increased by 7.7% in accordance with the provisions of the rent standard;
- (e) Recommends that HRA garage rents are increased by 7.7% to give an average rent of £15.60 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;
- (f) Agree on the 2024/25 Capital Programme as illustrated in Appendix C of this report;
- (g) Recommends to Policy and Finance Committee that the General Fund Revenue Budget, HRA Revenue Budget and Committee Capital Programme be included in the overall General Fund Budget when considering the overall budgets on 8 February 2024.

3. EXECUTIVE SUMMARY

- 3.1. The purpose of the report is for this Committee to consider and recommend its 2024/25 revenue budgets (General Fund & HRA), which will be submitted to the Policy and Finance Committee on 8 February 2024. The Policy and Finance Committee will consider the overall budgets for 2024/25 so that it can make recommendations to a Special Meeting of the Council on 21 February 2024.
- 3.2. In addition, this Committee must consider and recommend its draft capital budget for inclusion in the overall capital programme, which will be submitted to the Policy and Finance Committee on 8 February 2024. The Policy and Finance Committee will consider the overall programme to make a recommendation to the Special Meeting of the Council on 21 February 2024 regarding the overall capital programme to be set for 2024/25.

4. DETAIL

General Fund Budget 2023/24

- 4.1. The general background to the budget was included in the Financial Prospects 2024/25 to 2028/29 report to Policy & Finance Committee on 26 October 2023. An updated report was also presented to Policy & Finance Committee on the 8 January 2024.
- 4.2. Financial forecasting continues to be extremely difficult due to high inflation rates and various other external factors affecting the economy therefore budgets have been compiled on the best information available.
- 4.3. The basis of revenue budgeting for 2024/25 broadly assumes that current levels of service provision will remain unchanged. This means that whilst cost increases have been included, there is no growth within the budget proposals.
- 4.4. The net change in the revenue budget between 2023/24 and 2024/25 is a reduction of £151k and the key changes are summarized in the table below:

Change	Amount £'000
Salary inflation	281
Homelessness / temporary accommodation	510
Supported accommodation	505
Utilities support Freedom Leisure contracts	(590)
Rent rebates	(130)
Community development grants	(37)
Savings identified by the Financial Strategy paper	(579)
Salary inflation adjustment	(72)
Other minor changes	(39)
Total	(151)

4.5. The savings of £580,000 identified in the Financial Strategy paper referred to in paragraph 4.4 are as follows:

Change	Amount £'000
Vacant Community Warden (0.5 FTE) post	23
Delete vacant Business & Contracts Engagement Officer	41
Community Safety - Reduce seminar budget	2
Community Safety - Reduce miscellaneous costs	6
Community Safety - Reduce protective clothing for Town Wardens	2
Upgrade to CCTV transmission	10
Cease Mobyssoft subscription due to implementation from Civica	49
Cease Aereon annual subscriptions	25
Reduce Emergency and Temporary Accommodation costs by using Council and Registered Social Landlord partners social housing stock	150
Avoid Emergency and Temporary Accommodation costs by using the 7 properties purchased through the LAHF Scheme	202
Recover a proportion of the Energy Efficiency Officer's costs from the Better Care Fund	4
Delete vacant posts of Visiting Officer and Deputy Clerical Team Leader	54
Cease use of Ascendant software used to deliver grants	12
Total Savings	580

Housing Revenue Account Budget 2024/25

4.6. The net change in the revenue budget between 2023/24 and 2024/25 is £872k and the key changes are summarised in the table below:

Change	Amount £'000
Dwelling Rents	(1,926)
Other Income	(80)
Interest on Balance	(77)
Repairs & Maintenance	657
Depreciation	161
Loan Charges	153
Supervision & Management	144
Voids	133
Other minor changes	(37)
Total	(872)

4.7. Savings of £807k have been identified in the HRA Business Plan and also budgeted salary inflation realignment, as follows:

Change	Amount £'000
Responsive Repairs	390
Supervision & Management	376
Salaries Inflation Realignment	41
Total Savings	807

4.8. A housing rent increase of 7.7% has been assumed for 2024/25 giving an average rent of £110.70 per week (excluding VAT). In addition, a garage rent increase of 7.7% for 2024/25 has been assumed giving an average rent £15.60 per week (excluding VAT). The HRA budget for 2024/25 shows an expected surplus of £532k, leaving a balance carried forward as at 31 March 2025 of £3.988m (HRA Reserve £1.083m and Major Repairs Reserve £2.905m).

4.9. The minimum level HRA Balance is set at £2.0m. It is expected that by the end of 2023/24 the balance will remain well below this figure, and it is not expected to return to this level until 2027/28. The delivery of savings will be critical to this aim.

Capital Programme 2024/25

4.10 The capital programme will be determined at the Policy and Finance Committee on 8 February 2024. Existing schemes and new schemes will continue to be reviewed during 2024/25 for affordability and deliverability. The impact of any new borrowing will also be kept under review and reported to Members during the financial year.

4.11 The planned capital programme for this committee totals £15.15 million for 2024/25.

5. CONSULTATION

- 5.1. No consultation has taken place with external organisations regarding this committee's budget, but a wider budget consultation process is taking place in respect of the Council's overall budget.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1. Not applicable.

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

- 7.1. The financial implications are shown throughout the report. It is important that close monitoring of both revenue budgets, and the capital programme is in place.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1. The risks outlined in the Financial Prospects Report 2024/25 to 2028/29 to Policy & Finance Committee on the 26 October 2023 remain relevant. Members may wish to review these alongside this report.
- 8.2. Members will note that there is a risk to the delivery of some savings detailed in paragraph 4.5. If any savings are not realised this will increase the size of the budget shortfall.

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

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

10. HUMAN RESOURCES IMPACT

- 10.1. There are no direct implications. Any subsequent Human Resources impact arising from the savings programme will be managed in accordance with Council policies and procedures.

11. HEALTH & SAFETY IMPACT

- 11.1. There are no direct implications.

12. PROPERTY & ESTATES IMPACT

- 12.1. There are no direct implications.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1. There are no direct implications from this report, arising from this report, impacts arising from subsequent actions will be identified in future reports.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1. There are no direct implications.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1. There are no direct implications.

16. HUMAN RIGHTS IMPACT

16.1. None.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1. There are no direct implications.

CONTACT OFFICER:

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BACKGROUND DOCUMENTS:

2023/24 Budget Report to Full Council 01 March 2023

[Report](#)

Financial Prospects 2024/25 to 2028/29 –Policy & Finance Committee 26 October 2023

[Report](#)

Financial Prospects 2024/25 to 2028/29 update – Policy & Finance Committee 8 January 2024

[Report](#)

**Housing & Wellbeing Committee
General Fund Revenue Budget 2024/25**

Actual 2022-23 £'000	Description	Budget 2023-24 £'000	Budget 2024-25 £'000
Housing & Wellbeing Committee			
Direct Services			
(78)	Arun Lifeline	(7)	22
438	Community Safety/Development	772	781
88	Activities for the Elderly	79	84
2,452	Homelessness & Housing Advice	2,427	2,933
39	Housing Strategy & RSLs	39	42
(584)	Leisure & Culture	(445)	(1,023)
2,559	Revenues & Benefits	2,781	3,311
228	Voluntary Sector	291	287
5,142	Housing & Wellbeing Committee Sub Total:	5,937	6,437
	Salary Inflation adjustment		(72)
	Housing & Wellbeing Committee Sub Total:		6,365
	Savings identified by Financial strategy		(580)
	Committee Total:		5,785

Housing Revenue Account Budget Summary

Description	Budget	Budget	Movement
	2023-24	2024-25	2024-25
	£'000	£'000	£'000
<u>Income</u>			
Dwelling Rents	18,345	20,271	(1,926)
Non-Dwellings Rents	479	5250	(46)
Voids	(272)	(405)	133
Write-Offs	(96)	(105)	9
Other Income	764	844	(80)
Interest on Balance	207	284	(77)
Total Income	19,427	21,414	(1,987)
<u>Expenditure</u>			
Supervision & Management	5,865	6,009	144
Repairs & Maintenance	5,956	6,613	657
Rent, rates, taxes & other charges	186	186	0
Depreciation	5,808	5,969	161
Loan Charges	1,952	2,105	153
Total Expenditure	19,767	20,882	1,115
Asset sale Gain/Loss	0	0	0
(Surplus)/Deficit	340	(532)	(872)
<u>Major Repairs Reserve</u>			
Balance Brought Forward	(3,884)	(4,386)	
(Surplus)/Deficit	(1,334)	1,481	
Balance Carried Forward	(5,218)	(2,905)	
<u>HRA Reserve</u>			
Balance Brought Forward		(551)	
(Surplus)/Deficit	340	(532)	
Balance Carried Forward	(1,183)	(1,083)	

**Housing & Wellbeing Committee
Capital Programme 2024/25**

Actual 2022/23 £'000	Description	Original Budget 2023/24 £'000	Updated Budget 2023/24 £'000	Budget 2024/25 £'000	Budget 2025/26 £'000	Budget 2026/27 £'000	Budget 2027/28 £'000	Note
409	Sports Centres	0	578	0	0	0	0	1
332	Housing IT	467	420	579	24	0	0	2
2924	Housing Stock Development	0	7,056	6,671	0	0	0	3
3,186	Housing Improvements	2,931	2,931	5,901	5,683	5,516	5,356	4
0	Decarbonisation	3,000	3,000	0	0	0	0	5
0	Sheltered Accommodation	2,600	2,600	2,000	1,400	0	0	6
6,851	Committee Total	8,998	16,585	15,151	7,107	5,516	5,356	

Notes

1. Scheme complete.
2. Delivery of a new housing management system CX, phase 1 is expected to go live May 2024 with phase 2 expected to be delivered over the following 12 months. The budget takes into consideration the required resources for delivery of phase 2 and includes the reprofiling of £107k of 2023/24 budget.
3. Reprofiling of £6,671m of 2023/24 budget relates to development of garage sites.
4. Programme of improvements to housing stock, consisting of works such as boiler, kitchen, bathroom, and roof replacements. The increase in budget primarily relates to an enhanced roofing programme and an introduction of cavity/loft insulation and air source heat pump programmes.
5. Match funding to support a bid to the Social Housing Decarbonisation fund, which was unsuccessful. Decarbonisation will feature at some point in the future within the improvement programme.
6. £6m overall budget subject to full options appraisal and sound business case on the upgrading/redevelopment of sheltered housing stock.