

Arun District Council

REPORT TO:	Economy Committee – 22 October 2024
SUBJECT:	Draft Final Out-turn – 2023/24
LEAD OFFICER:	Antony Baden – Group Head of Finance & Section 151 Officer
LEAD MEMBER:	Councillor Roger Nash, Chair of Economy Committee
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: The Council's budget supports all the Council's Objectives.	
DIRECTORATE POLICY CONTEXT: Budget monitoring and forecasting are key 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: This report presents the Committee's revenue budget and capital programme 2023/24 draft out-turn position compared to the budget, highlighting any notable differences from the Q3 forecast.	

1. PURPOSE OF REPORT

- 1.1. The purpose of this report is to appraise the Economy Committee of its draft final out-turn against the 2023/24 budgets which were approved by Full Council at its meeting of 9 March 2023, subject to external audit.

2. RECOMMENDATIONS

- 2.1. Members are asked to consider the report and provide any comments to officers.

3. EXECUTIVE SUMMARY

- 3.1. The report sets out in further detail the Committee's revenue and capital programme draft final out-turn position for the 2023/24 financial year and compares this expenditure against the approved budget.

4. DETAIL

Revenue Budget

- 4.1. Table 1 below, outlines the Economy Committee's draft revenue final out-turn position for 2023/24, revealing an underspend of £494k. This marks a positive shift of £612k from the £118k overspend reported in Quarter 3.

Table 1

Description	Revised 2023/24 Budget	Out-turn 2023/24	Variance 2023/24	Variance at Q3	Movement Q3 - Q4
	£'000	£'000	£'000	£'000	£'000
Administrative Buildings & Facilities Management	782	851	69	0	69
Corporate Asset Management	1,396	1,013	(383)	(14)	(369)
Economic Regeneration	387	170	(217)	179	(396)
Land Charges	(20)	(69)	(49)	0	(49)
Property & Estates Management	505	421	(84)	(30)	(54)
Sundry Properties inc. Beach Huts	(688)	(509)	179	(17)	196
Tourism	87	77	(9)	0	(9)
Total Economy Committee	2,449	1,955	(494)	118	(612)

4.2. As reported to Policy & Finance Committee on 9 July 2024, detailed consolidated insights into significant variances for the 2023/24 financial year are provided below.

4.3. In the 2023/24 financial year, an overall £494k favourable variance is reported, attributed to over-achievements in costs recovered and cost underspend, offset by some overspends. The key favourable variances include:

- Corporate Asset Management showed a notable favourable variance of £383K against budget:
 - Arun's proportion of works at Arun Leisure Centre under the dual use agreement with West Sussex County Council (a plan divided between revenue and capital) kicked off in 2023/24 after facing delays in previous years. Notably, the budget was based on the initial plan, now outdated, resulting in a £200k contribution towards the underspend.
 - Delayed general repairs and maintenance activities at Fitzleet Car Park resulted in a £50k underspend, while £36k in car park resurfacing expenses were capitalised.
 - The Bognor Regis Arcade also saw a positive shift, with an additional £35k in recoverable works through service charges.
- Economic Regeneration slippage of £217k.
- Property & Estates Management faced an underspend of £84k due to various factors. This included £50k attributed to staff vacancies, £18k from survey professional fees not utilised for projects that did not start as planned, and £8k in delayed computer software spend as the new housing management system will not go live until May 2024.

4.4. The above were mitigated by the following key adverse variances:

- Sundry Properties – Vacant units in the Bognor Regis Arcade lead to a £123k loss of income, including business rates and service charges. Additionally, there was a £76k loss of income at the Regis Pub / Alexandra Theatre due to a tenant vacating the site.
- Administrative Buildings & Facilities Management – A £43K overspend in Civic Centre costs, focusing on equipment, general repairs/maintenance, and purchases like a new projector, alongside an £18k overspend on business rates, were key factors in the £69k adverse variance.

4.5. Quarter 4 saw a positive shift of £612k from the forecast £118k overspend recorded in the previous Quarter. The Economic Regeneration slippage, along with capitalised salaries lead to a £373k variance. The remaining balance was

driven by the outdated Arun Leisure Centre budget causing a £200k underspend, car parks resurfacing costs of £36k transferred to capital expenditure, and £35k works on Bognor Regis Arcade now recoverable through service charges.

General Fund Capital Programme

4.6. Table 2 outlines the Committee's General Fund 2023/24 draft final capital programme out-turn. Detailed insights across all projects across the 2023/24 financial year are provided below.

Table 2

Project	Revised 2023/24 Budget	Out-turn 2023/24	Variance 2023/24
	£'000	£'000	£'000
Littlehampton Public Realm	796	712	(84)
Asset Management	3,224	754	(2,470)
Bognor Regis Arcade, Upper Floors	781	350	(431)
Total for Economy Committee:	4,802	1,817	(2,985)

4.7. Littlehampton Public Realm – The revised budget was entirely made up of slippage from the prior year. The project is complete. However, as the scheme was funded by West Sussex County Council, the £84k underspend against budget is not a saving to Arun DC.

4.8. Asset Management – The activity within this significant capital budget project category is summarised as follows:

- The revised budget of £3,224k is made up of:
 - The original £539k budget.
 - Slippage carried over from 2022/23 of £2,137k.
 - An additional in-year approval of £1m relating to the Waterloo Square project.
 - A reduction of £451k due in the main to the Airbnb project not proceeding in its current form.
- In-year expenditure included refurbishing public conveniences, providing Changing Places Toilet facilities, and commencing the Bognor Regis Arcade pitched roof replacement.
- Breaking down the remaining £2,470k budget allocation to be carried forward to 2024/25:
 - £1m for Waterloo Square: delayed due to unforeseen issues.
 - £556k for public conveniences & Changing Places Toilets (CPT): Littlehampton Seafront CPT progress tied to delayed Levelling Up Fund (LUF) project. The Hotham Park project expected completion is not until June '24. Other public convenience refurbishments delayed to 2024/25 to prioritise CPTs based on their grant funding conditions.
 - £419k for the Arcade re-roofing: Delayed to June '24. has been delayed due to unforeseen issues. Expected completion is now June '24, and the Windmill roof project has been affected by The Harvester fire.
 - £260k for beach huts: Ordered but delivery set for 2024/25.

- £90k for Hotham Park carriage yard: now included in a larger 2024/25 project with an additional £259k approved budget.
- £85k for car parks resurfacing: Delayed pending drainage engineer requirements. Drainage issues to be addressed alongside resurfacing.
- £60k for leased property dilapidations: Delayed due to legal matters.

4.9. Bognor Regis Arcade, Upper Floors - £781k budget allocated in-year, with £350k spent on project team & professional fees. £431k to be carried forward for enabling works scheduled to commence in 2024/25. Design & valuation works for the wider redevelopment will then inform the cashflow forecast.

5. CONSULTATION

5.1. Consultation with other stakeholders is not required for this report.

6. OPTIONS / ALTERNATIVES CONSIDERED

6.1. There are no alternative options to this report.

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

7.1. It is crucial for effective governance to closely monitor spending against budget throughout the financial year. This practice enables swift corrective measures by the Council in case spending or income deviates significantly from the approved budgets.

8. RISK ASSESSMENT CONSIDERATIONS

8.1. Regular budget monitoring and forecasting mitigates against the risk of poor financial control and ensures that Members are informed when corrective action is required and what action has been taken.

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

9.1. As part of good governance, it is important members are kept updated in respect of the financial position of Council expenditure during the year.

10. HUMAN RESOURCES IMPACT

10.1. None.

11. HEALTH & SAFETY IMPACT

11.1. None.

12. PROPERTY & ESTATES IMPACT

12.1. None.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1. None.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1. None.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1. None.

16. HUMAN RIGHTS IMPACT

16.1. None.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1. None.

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BACKGROUND DOCUMENTS:

Policy & Finance July 24 – updated

Minute 779, Full Council 9 March 2023 – Arun District Council budget 2023/24.