



INDEX FOR FINANCIAL REPORT

Arun District Council

Financial Report as at 30 June 2024, Period 3 / Quarter 1 for the year 2024/25



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1. GENERAL FUND £'000	2024/25 Budget	2024/25 Q1 Full Year Forecast	2024/25 Variance	Final Outturn 2023/24	Final Outturn 2022/23
Total: Cost of Service	28,373	28,607	234	26,979	24,235
Total: Corporate Costs	4,803	4,775	(28)	3,957	2,054
TOTAL COST GENERAL FUND	33,176	33,382	206	30,936	26,289
Total: Financed By	(29,619)	(29,919)	(300)	(26,665)	(23,599)
2.RESERVES CONTRIBUTION	3,557	3,463	(94)	4,270	2,689

5. HRA £'000	2024/25 Budget	2024/25 Q1 Forecast	2024/25 Variance	Final Outturn 2023/24	Final Outturn 2022/23
Total: Income	(21,414)	(21,760)	(346)	(20,020)	(17,821)
Total: Expenditure	20,882	20,897	15	20,935	20,906
(Surplus) / Deficit	(532)	(863)	(332)	915	2,368

6. CAPITAL £'000	2024/25 Budget	2024/25 Q1 Full Year Forecast	2024/25 Variance	Final Outturn 2023/24	Final Outturn 2022/23
General Fund	31,302	28,423	(2,880)	7,206	7,023
HRA	26,897	11,673	(15,224)	7,085	6,443
TOTAL CAPITAL	58,199	40,096	(18,104)	14,291	13,466

Further details are provided on the subsequent pages of this report, summary areas are:

1. General fund sees some consistency with consolidated underspends (2022/3 £1.7m, 2023/4 £1.5m) recently reported including current year savings booked of £1.5m.
2. Reserves contribution is slightly lower than budget requiring a draw down of £3.5m
5. HRA is forecast to deliver an in year surplus of £900k moving reserves to £1.5m by end of year vs the target of £2m.
6. Capital includes slippage brought forwards from prior year, work is being undertaken to profile current year spend.

3. MEDIUM TERM FINANCIAL PLAN (MTFP) £'000			
Years	Reserves B/f	Movement	Closing Balance
2024/25	21,504	(3,535)	17,969
2025/26	17,969	(1,203)	16,766
2026/27	16,766	(6,659)	10,106
2027/28	10,106	(6,536)	3,571
2028/29	3,571	(5,962)	(2,392)
2029/30	(2,392)	(5,839)	(8,231)
Closing Balance 2029/30			(8,231)

4. GENERAL FUND SAVINGS 2024/25 £'000			
Committee	Budget	Forecast	2024/25 Variance
Corporate Support	(269)	(264)	5
Economy	(36)	(36)	0
Environment	(543)	(513)	30
Housing & Wellbeing	(580)	(430)	150
Planning Policy	(107)	(107)	0
TOTAL	(1,535)	(1,350)	185

3. MTFP is updated for Q1 noting movement includes earmarked reserve drawn downs in addition to budget contribution.
4. Approved savings have been built in the current year budgets and forecast, these are being monitored regularly and will be reported quarterly.

COST OF SERVICE BY SERVICE COMMITTEE

2024/25 Full Year Forecast as at end June 2024

Committee	Original 2024/25 Budget	Forecast Q1/P3	Variance at Q1/P3	Commentary: Variance to Budget	Approved Savings 2024/25	Final Outturn 2023/24	Final Outturn 2022/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Support	6,102	6,427	326	• £303k Interim agency staff costs in excess of vacancy underspend (Finance & Legal noting Finance offset by Employee underspends Revenue & Benefits in Housing & Wellbeing)	(269)	6,276	5,433
Economy	2,544	2,575	30	• Further forecasting required during Q2 to understand the status of key initiatives and projects with key officer changes	(36)	1,955	2,612
Environment	10,901	10,890	(11)	• Further work required during Q2 to understand the implications to changes in contracts compared to prior years	(543)	9,854	8,050
Housing & Wellbeing	5,785	5,881	95	• £450k Homelessness overspend: <ul style="list-style-type: none"> • £537k increased demand • £150k savings pressure • £50k increase via GF/HRA salary split • Less £287k grant income • Less £335k Salary underspend (Revs & Bens, Customer Services) 	(580)	5,957	5,133
Planning Policy	1,094	1,044	(50)	• £50k over achievement of CIL income forecasted	(107)	1,158	995
Policy & Finance	1,946	1,790	(156)	• Salary underspend Group Head not recruited.	0	1,781	2,013
Grand Total	28,373	28,607	234		(1,535)	26,979	24,235

With the Final outturn for 2023/24 being delivered earlier than usual, leveraging information flows was crucial to delivering Q1 to CMT. Key areas to note include booked savings of £1.5m seeing a pressure of £185k, with other areas resulting in a net overspend of £235k. Further work is required on Environment Fees, with an anticipated pressure offset by year-on-year contract underspend reviews. Economy is expected to have one-off underspends, balanced by Housing & Wellbeing, which continues to face significant pressures, compounded by additional unknowns from enhanced prisoner release schemes.

Budget Description	Original 2024/25 Budget	Forecast Q1/P3	Variance at Q1/P3	Commentary Budget v Current Qtr & Current Period Forecast	Final Outturn 2023/24	Final Outturn 2023/24
	£'000	£'000	£'000		£'000	£'000
Total: Cost of Service	28,373	28,607	234	See pages 4 & 5 regarding Cost of Service	26,979	24,235
Other precepts and levies	249	346	97	<ul style="list-style-type: none"> • £85k additional levy requested by LHB • £10k Legal advice 	323	236
Interest & investment income	(2,260)	(2,385)	(125)	• £125k additional interest income due base rate remaining at 5.25%. Next meeting is 01 August.	(2,714)	(1,528)
Pension deficit contributions	1,284	1,284	0	• Pension funds can vary, particularly around administration costs and staffing contributions. WSCC and Actuary information is not available until year end.	1,048	(1,678)
Total: Corporate Costs	(727)	(755)	(28)		3,957	2,054
RSG / Retained Business Rates	(8,032)	(8,232)	(200)	• £200k estimated additional business rate income	(5,980)	(3,394)
New Homes Bonus	(1,378)	(1,378)	0		(616)	(1,292)
Other non ringfenced grants	(1,080)	(1,180)	(100)	<ul style="list-style-type: none"> • £34 IER Grant • £30k Housing Benefit Ad-hoc grants • £22k Redman Review - Local Audit Fee for 2023-24 • £14k Covid-19 Support Grant (Sales, Fees and Charges) 	(1,819)	(1,647)
Council Tax income - Arun	(13,599)	(13,599)	0		(12,951)	(12,242)
Total: Financed By	(24,089)	(24,389)	(300)		(26,665)	(23,599)
Total: Cost of Service	28,373	28,607	234		26,979	24,235
Total: Corporate Costs	(727)	(755)	(28)		3,957	2,054
Total: Financed By	(24,089)	(24,389)	(300)		(26,665)	(23,599)
Contribution from Reserves	3,557	3,462	(94)		4,270	2,689

Contribution from reserves is currently forecast lower than budget by £100k with a contribution of £3.5m from reserves to fund current years General Fund budget.

SAVINGS PROGRESS BY COMMITTEE

As at 30th June 2024

Period 3				
Committee	Original 2024/25 Budget	Forecast Q1/P3	Variance at Q1/P3	Commentary: Variance to Budget
	£'000	£'000	£'000	
Corporate Support	(269)	(264)	5	<ul style="list-style-type: none"> • £10k Legal Service subscriptions. Costs already incurred 24/25 • Less £5k saving overachieved in deleting vacant posts
Economy	(36)	(36)	0	
Environment	(543)	(513)	30	
Housing & Wellbeing	(580)	(430)	150	<ul style="list-style-type: none"> • £72k Savings based on use of 7 LAHF properties to avoid EA & TA costs. Actual: Actual: 7 properties last year with 4 this year • £49k Cease Mobysoft subscription & £25k Cease Aereon subscriptions - relates to HRA not GF. No alternatives saving found • £4k under achieved saving in upgrade to CCTV transmission
Planning Policy	(107)	(107)	0	
Grand Total	(1,535)	(1,350)	185	

Savings are a key focus in our monthly finance meetings with Group Heads and Budget holders. Regular monitoring ensures a robust process, setting the foundation for budget planning beyond 2024/25.

CAPITAL PROGRAMME

2024/25 Full Year Forecast as at end June 2024

				Period 3
Committee	Revised 2024/25 Budget	Forecast Outturn	Variance	Commentary
	£'000	£'000	£'000	
Corporate Support				
Information Communication Technology (ICT)	180	180	0	* Delivery of replacement of document management system (EDRMS), cyber security and PSN work and infrastructure. EDRMS replacement is in the early supplier negotiation stages.
Total Corporate Services	180	180	0	
Economy				
Asset Management	3,398	3,398	0	<p>* In year movement - £190k saving in relation to roofing project no longer being delivered in its current form, £115k reprofiling of Ferring Rife public convenience refurbishment to 25/26 to run along side a resurfacing project at Ferring Rife car park.</p> <p>* Pitched roof works at the Bognor Arcade have been completed, the flat roof work is dependent on the wider Arcade upper floors project and therefore potentially may need to be reprofiled to fit in line with this.</p> <p>* Changing place facilities at Crown Yard and Hotham Park are now open - these facilities were part funded by a grant. The Littlehampton seafront facilities are being delivered as part of the levelling up fund project.</p> <p>* Work is underway on the refurbishment of toilet facilities at Sandy Road, Queensfield, London Road & West Beach, with Ferring village green expected later on in the year.</p> <p>* The delivery of 13 new beach huts is imminent.</p> <p>* Planned car parks resurfacing is dependent on drainage surveys as drainage will need to encompassed as part of the project. This could potentially delay the progress of this scheme.</p>
Bognor Regis Arcade, Upper floors	3,981	1,175	(2,806)	<p>* Contractor for the enabling works (funded from brownfield relief fund) is on site, these works are scheduled to finish end of October 24.</p> <p>* With regards to the main scheme - design works are ongoing, RIBA3 works will now need to be commissioned to refine costs, with the view to submitting planning later on in the year. The budget will need to be reprofiled to fit in line with this piece of work.</p>
Total Economy	7,379	4,573	(2,806)	
Environment				
Improvement & Discretionary Grants	1,580	1,800	220	* Arun's disabled facilities grant (DFG) allocation for 2024/25 is £2m the grant is for provision of home adaptations to help eligible individuals to live as independently and safely as possible in their homes and is also used to fund the resources required to deliver the service (this sits on revenue approx. £200k). Additional funding was provided in 2023/24 and 2024/25 to supplement the core delivery of DFG's to provide a wider range of home adaptation services. Forecast is based on this enhanced allocation.
Bersted Brooks Park	295	1	(294)	* The focus is on the carpark extension and the programme that comes with it. The next steps need to be scoped out to feed into the planning process. The project is unlikely to be delivered in full this financial year, however there is not sufficient information for reprofiling at this time.
Play Areas	599	599	0	* Mewsbrook outdoor gym, Brookfield & Bluebell installations are due in July and Lion's Den September. Littlehampton skate park is also expected to be delivered in 24/25, whilst the Bognor Skate park project is starting to progress.
Total Environment	2,474	2,400	(74)	

Period 3

Committee	Revised 2024/25 Budget	Forecast Outturn	Variance	Commentary
	£'000	£'000	£'000	
Housing & Wellbeing				
Swimming Pool Support Fund	135	135	0	* In year movement - swimming pool support fund award of £135k approved at Housing & Wellbeing Committee March 2024. Split as follows: £45k Littlehampton Wave for photo voltaic (PV) panels and Arundel Lido £90k for a pool cover and also PV panels.
General Fund Housing	17	17	0	* In year movement - Transfer of S106 funds to Arundel Community Land Trust for provision of affordable housing - delegated 13-05-24. This S106 sum is restricted to Arundel and its surrounding parishes and it has been extremely difficult for the Council to spend such a low sum ourselves on the provision of affordable housing. It has been included under capital as it falls under REFUCS accounting principles (expenditure on the acquisition or construction of an asset by a party outside of the Council (in this case the Trust) which would be capital expenditure if those assets were acquired or constructed by the Council for its own use).
Total Housing & Wellbeing	152	152	0	
Policy & Finance				
Alexandra Theatre	14,456	14,456	0	* In year movement - £45k approved by Policy & Finance Committee in March 2024 for provision of photo voltaic panels funded from the Council's climate change budget. Plus £94k allocation from the Council's UK shared prosperity fund award, approved by the panel April 2023. * Site set up estimated within next couple of months. A more informed cashflow is being developed which should be available at the end of July which will better inform the budget requirements for the rest of the year with the view of reprofiling the budget.
Littlehampton Seafront	6,662	6,662	0	* In year movement - £25k approved by Policy & Finance Committee in March 2024 for provision of photo voltaic panels funded from the Council's climate change budget. * Value engineering exercise is being undertaken which will inform the cashflow and identify if any budget reprofiling is required. Start on site is forecast for late summer 24.
Total Policy & Finance	21,117	21,117	0	
Total Capital Budget	31,302	28,423	(2,880)	

Capital sees slippage from 2023/24 moved in to 2024/25 budgets. Work is being undertaken to determine profiling on key major projects with reprofiled budgets where appropriate reported in due course.

HRA REVENUE INC. RESERVES AS AT 30TH JUNE 2024 (P3)

2024/25 Full Year Forecast as at end June 2024

Key Areas	Revised 2024/25 Budget	2024/25 P3 Actuals	Full Year Forecast	Variance at Q1/P2 (Forecast vs Budget)	Variance at Q1 P3 (Forecast vs Budget)	23/24 Actuals	22/23 Actuals	Commentary P3 for year 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Income								
Rents	(20,796)	(5,136)	(20,812)	(16)	(16)	(18,905)	(17,420)	Increase Yr. on Yr. 1.9m, 1.5m 7.7% increase, 360k 53 weeks year, new properties 95k
Voids	405	106	417	11	11	339	258	Property voids numbers (Avg 100). Garage void at 25%.
Service Charges	(829)	(222)	(1,128)	(300)	(300)	(972)	(345)	Significant price increase last year, years delay on charging, de-pooling review with wider service charges
Other (Writes offs / Interest)	(195)	(5)	(236)	(42)	(42)	(482)	(314)	200K Bad debt provision witten back to HRA I&E during 2023.24. Debt Management Strategy to be identified in the short to medium term
Total Income	(21,414)	(5,257)	(21,760)	(346)	(346)	(20,020)	(17,821)	
Supervision & Management	6,009	1,962	6,956	851	947	6,277	6,116	Key Pressures <ul style="list-style-type: none"> • Anticipated increases in utility cost £145K • Increased fixed cost pressures from insourcing repairs contract £514K • Agency and staffing pressures have increased by 96K since P2. £70K relates to increased TUPE costs for in house repairs Team and an extra 25K for a HRA
Repairs & Maintenance	6,613	925	5,413	(1,200)	(1,200)	6,222	6,801	Noted that target savings anticipated on in house R&M provision estimated at £1.2m. Note this will offset the R&M staffing pressures of £515k detailed in Supervision and Management. Further repairs commitments and orders are not included in actuals.
Depreciation & Loan Charges	8,074	0	8,328	255	255	8,205	7,845	Loan charges based on estimated opening and closing balances, and includes cost of new borrowing in year.
Rents, rates, taxes & other charges	186	134	199	13	13	230	143	Higher than anticipated void costs impacting recovery of council tax and water rates.
Total Expenditure	20,882	3,021	20,897	(82)	15	20,935	20,906	
Gain or Loss on sale of HRA Non current assets							(717)	
Net HRA (Surplus)/Deficit	(532)	(2,236)	(863)	(428)	(332)	915	2,368	Key objective is to ensure a HRA reserves are at a sustainable and health balance
HRA Reserve								
HRA Reserve - Balance Brought Forward	(608)	(608)	(608)	0	0	(1,523)	(3,891)	3.3m reserves utilised last 2 years, Committee target balance for 24.25 is 2m
Contingency / Savings			0	67	0			Earmarked Additional back office support services, In house contract, Operational requirements etc
In-Year Net HRA (Surplus)/Deficit	(532)	(2,334)	(863)	(361)	(332)	915	2,368	
HRA Reserve - Balance Carried Forward	(1,140)	(2,942)	(1,471)	(361)	(332)	(608)	(1,523)	Increased Salary and Agency pressures have reduced target in year surplus to below £1.5m reported in P2
<p>There are several initiatives on going with Housing and Finance where there is a significant requirement to move the culture towards fiscal transparency, accountability and ownership between the two core teams. We have taken an agreed approach where we draw a line in prior savings brought in to balance budgets, we work to the forecast / revised budget and ensure we have appropriate knowledge, systems and processes in place for exception reporting and sign off on potential overspends, this needs to be sufficient to capture such areas before we place orders and commit to costs over the prior culture of finding out once too late to make immediate corrective actions. The Housing & Wellbeing committee has a revenue reserve target of £2m, pressure therefore remains.</p>								

HRA CAPITAL PROGRAMME

2024/25 Full Year Forecast as at end June 2024

Project	Period 3									Commentary
	Original 2024/25 Budget	2023/24 C/Fwds	Added In-Year Approvals	Revised 2024/25 Budget	Actual Year to Date	Commitments	Forecast Spend P4-P12	Forecast to Year End	Forecast Variance to Revised Budget	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Housing Improvements & Energy Efficiencies	5,901	0	0	5,901	494	0	5,407	5,901	0	
Decarbonisation	0	3,000	0	3,000	0	0	0	0	(3,000)	<ul style="list-style-type: none"> No spend until min 50% co-external funding received Progressing submission to social housing decarbonisation fund (SHDF) round 3
Civica Implementation	579	6	0	584	90	143	352	584	0	<ul style="list-style-type: none"> Phase 1 went live June '24 Phase 2 will take approx. a further year to deliver
Stock Development	6,671	4,790	1,351	12,812	3,083	1,062	1,043	5,188	(7,624)	<ul style="list-style-type: none"> £1,351k Additional in-year approval: Hampton Park acquisition of 4 properties funded by £624k local authority housing fund (LAHF), £350k S106 affordable housing contributions & £377k HRA borrowing. Scheme approved at H&W Committee Mar' 24. Handover of units expected Jul '24. Expenditure to date relates to Warwick & Boweries. Handover of the 14 units expected Jul '24. £6.7m original budget was for redevelopment of garage & other sites to be reprofiled once feasibility work undertaken
Sheltered Accommodation	2,000	2,600	0	4,600	0	0	0	0	(4,600)	<ul style="list-style-type: none"> Revised budget will need reprofiling 2025/26 existing budget provision needs review at budget setting following feasibility study
Total HRA Capital Budget	15,151	10,396	1,351	26,897	3,667	1,205	6,801	11,673	(15,224)	

Stock development and Sheltered accommodation require feasibility studies to profile the budget and to utilise these Capital schemes with Decarbonisation requiring external funding before commencing.