

Extract from the minutes of the Adur Executive - 1 February 2022

A EX/005/21-22 Budget Estimates 2022/23 and setting of the 2022/23 Council Tax

The Executive had before it a report from the Director for Digital, Sustainability and Resources, attached to these minutes as item 5.

The report was the final budget report of the year, the culmination of the annual budgeting exercise, and asked members to consider:

- The final revenue estimates for 2022/23 including any adjustments arising from settlement;
- An updated outline 5-year forecast; and
- The provisional level of Council Tax for 2022/23, prior to its submission to the Council for approval on the 24th February 2021. This would be subject to any proposals to change the draft revenue budget following the consideration of the budget by the Executive.

The report outlined the medium term financial challenge through to 2026/27, discussed the continuing impact that the pandemic was having on the Council's finances over the next year, and set out performance in the key strategic areas of commercialisation, digital transformation and strategic asset investment. This had been updated to include the latest information regarding the impact of the pandemic on the Council financial position. The current budget strategy was having a significant effect on how the Council would be funded in the future with increasing income generated from commercial income and rents. Following the delay to the fairer funding review, the challenge still remained significant for 2023/24, however the delivery of the budget strategy would ensure that this was met.

The budgets reflected the Councils' ambitions set out in *Platforms for our Places: Going Further and 'And then'*, and agreed savings proposals contributing to the financial sustainability of the Councils. The report also updated members about the impact of the draft 2022/23 settlement.

The major points raised within the report included:

- A full update on the impact of settlement. The Council should prepare itself for a continuation of the reduction in Government resources for 2023/24 and beyond (see section 4.2);
- Creation of a Covid 19 contingency budget from one-off resources provided by Government to fund both covid related risks and any associated recovery actions throughout 2022/23;
- The proposed funding for initiatives to support the Councils' ambitions set out in *Platforms for our Places - Going Further and And Then*;
- Detailed the proposals to invest in services outlined in Appendix 2;
- The Executive needed to consider whether to increase Council Tax by 1.99% or by a lower amount (paragraph 5.10).

The budget was analysed by Executive Member portfolio. In addition, the draft estimates for 2022/23 had been prepared, in accordance with the requirements of the Service Reporting Code of Practice for Local Authorities (except in relation to pension costs adjustments that did not impact either on the Budget Requirement or the Council Tax Requirement).

The Police and Crime Commissioner (PCC) had already been informed that the referendum criteria for this year was an increase of £10.00 per Band D property which would be equivalent to an increase of 4.65%. The proposed 2022/23 budget was due to be considered by the Sussex Police and Crime Panel (PCP) on 28th January 2022. If the proposals were vetoed by the PCP, revised proposals would be considered by the Panel on the 14th February 2022 at which point the Commissioner would be in a position to confirm the Council Tax for 2022/23 in time for Council on the 24th February 2021.

The draft Local Government Settlement allowed Councils to increase core Council Tax by up to 2%. Those Councils with responsibility for Adult Social Care could increase Council Tax by up to a further 1% which could be increased by up to 3% where they opted to defer the flexibility that was available to them in 2021/22. Therefore a Council Tax increase of between 3% and 6% for Councils with social care responsibilities was allowed for 2022/23.

The precept for West Sussex County Council had not yet been finalised and would not be confirmed until 18th February 2022. The formal detailed resolution setting the overall Council Tax for next year would be presented directly to the Council Meeting on 24th February 2022.

A Member asked questions in relation to the impact of a rise on interest rates on the budget and whether the Council would be better off not contributing towards the County Business Rate Pool. Officers advised that changes to interest rates could affect the Council's budget in two different ways. It would improve the Council's

investment yield but it may also affect the Council's cost of borrowing. It was noted that the Councils did tend to budget quite prudently for the cost of borrowing, assuming an average rate of around two to two and a half percent. In addition, a lot of the Council's borrowing was fixed for the longer term which reduced vulnerability to the impact of interest rises. In relation to the County Business Rate Pool, the county would be significantly better off as a result of pooling. The pool itself would generate in the region of £3m worth of additional resources across the county area. The approach to the pool was that it was generally invested into projects that benefited the whole area. It was also noted that these resources would have gone to the treasury and therefore the Council would never have been able to keep them locally.

Members thanked Officers for the report.

It was proposed that the Adur District Council share of Council Tax be increased by an average of 1.99% which would increase the average annual cost of a band D to £317.61. The final amount charged in each area would depend on whether special expenses were chargeable and the relevant parish precepts.

A recorded vote was taken, the results of which, are set out below:-

For: (6) - Councillors C Albury, B Boggis, K Boram, A Dunn, E Evans and N Parkin

Against: (0)

Abstentions: (0)

Decision

The Executive:-

- (a) approved the proposals to invest in services outlined in Appendix 2;
- (b) recommended to Council the draft budgets for 2022/23 at Appendix 5, as submitted in Executive Member Portfolio order, and the transfer to Reserves leading to a net budget requirement of £9,742,360 which included provision for the proposals in Appendix 2; and
- (c) recommended to Council an average increase of 1.99% in Council Tax, making the average Band D £317.61 for Adur District Council's requirements in 2022/23, as set out in paragraph 5.10;
- (d) recommended to Council that special expenses of £25.29 per Band D equivalent, to be charged in all areas of the District except Lancing;

- (e) approved the Council Tax base of 21,699.7 for 2022/23 as set out in paragraph 12.3.