

## **Briefing Note: Overview & Scrutiny Committee**

**20 January 2022**

### **Budget 2022/23 and Capital Programme 2022 to 2017**

#### Summary of Significant Budget Changes Since the November 2021 Budget Report

#### **1. Service Budgets**

1.1 £315k additional budget savings/additional income proposals identified since November:

- 42k - deletion of a vacant Community Development post
- £80k - reduction in Town Improvement Funding
- £50k – additional external funding for Family & Refugee Support services
- £73k - increase in the Harlequin's income budget target to reflect revised income forecasts following the pandemic
- £60k - additional Management Team budget savings
- A reduction of £10k in the November savings proposal relating to the taxi vouchers scheme (now a £33k budget reduction instead of £43k thereby retaining the £10k that is spent each year within the budget)

1.2 Reduction in the forecast parking income loss – reduced from £1.3m to £1.1m.

#### **2. Central Budgets**

2.1 Treasury Management budget forecasts have been reviewed:

- Reduced compared to the November forecast
- Going forward, provision will be made in the budget for the borrowing costs of new Regeneration / Commercial schemes when business cases are approved.

#### **3. Council Tax & Business Rates (NNDR)**

3.1 Updated Council Tax forecast to reflect growth in the Taxbase, updated recovery forecasts and this Council's share of the 2020/21 Collection Fund surplus.

3.2 NNDR forecasts have not changed since November.

#### **4. Call on Reserves & Grants**

- 4.1 £212k call on the General Fund Reserve, which is lower than the £235m in 2020/21.
- 4.2 Calls on previously-established Earmarked Reserves:
- £115k from the Government Funding Risks Reserve – to address Housing Benefit subsidy reduction.
  - £350k from the Pension Reserve – for 2022/23 contributions.
  - £1.100m from the COVID-19 Reserve – continuing to use this Reserve to help address income losses until alternative permanent sources of income/budget savings are identified.
- 4.3 Making use of the 2022/23 New Homes Bonus grant allocation to increase the COVID-19 Reserve and support the revenue budget.

## 5. Final Revenue Budget Summary

Table 1	2021/22 £m	2022/23 £m	Budget Movement
Service Budgets	16.240	17.025	0.785
Central Budgets	1.155	2.955	1.800
<b>Net Budget Requirement</b>	<b>17.395</b>	<b>19.980</b>	<b>2.585</b>
Council Tax	14.365	15.222	0.857
NNDR	1.819	1.710	(0.109)
Grants	0.734	1.271	0.537
Earmarked Reserves	0.242	1.565	1.323
General Fund Contribution	0.235	0.212	(0.023)
<b>Net Funding</b>	<b>17.395</b>	<b>19.980</b>	<b>2.585</b>

## 6. Service & Central Budget Growth – Summary

Table 2	2022/23 £m	New Posts FTE
Net Reduction in Staff Costs	(0.215)	
Net Reduction in Other Operating Costs	(0.215)	
Reduction in Parking Income	1.100	
Reduction in Government Funding (DWP Subsidy and Admin Grants)	0.115	

Table 2	2022/23 £m	New Posts FTE
<b>Net Service Budget Growth</b>		<b>0.785</b>
Central Budget Growth <ul style="list-style-type: none"> <li>Treasury Management - £0.400m</li> <li>Employer Pension Contributions - £0.350m</li> <li>Staff Salary Increases – £1.050m</li> </ul>		1.800
<b>Total Budget Growth</b>		<b>2.585</b>

## 7. Funding Changes – Summary

Table 3	2022/23 £m
Council Tax – net income increase	0.857
Business Rates & Government Grants – net income reduction	(0.109)
Increase in Grants <ul style="list-style-type: none"> <li>Lower Tier Services Grant</li> <li>Services Grant (new)</li> <li>New Homes Bonus (part)</li> </ul>	0.537
Increase in call on Earmarked Reserves <ul style="list-style-type: none"> <li>Government funding risks</li> <li>Pension Reserve</li> <li>COVID-19 Risks Reserve<sup>1</sup></li> </ul>	1.323
Reduced General Fund Contribution	(0.023)
<b>Net Funding Movement</b>	<b>2.585</b>

### NOTE

- The call on the COVID-19 Risks Reserve during 2021/22 was reported separately when the 2021/22 budget was approved because at that time the scale of the ongoing budget impacts of the pandemic had not been confirmed and the call on the Reserve was unquantified. The actual call on the Reserve has been reported as part of in-year budget monitoring. The 2022/23 budget includes the budget in Service Budgets and the compensating call on the Reserve.

## 8. Forecast Reserves Balances at 31 March 2021

Table 4	Forecast Balance <sup>1</sup> at 31 March 2022 £m
General Fund Balance	3.000
Other Earmarked Reserves	34.867
<b>TOTAL</b>	<b>37.867</b>

## NOTE

1. Final balance depends on draw down of funds from Earmarked Reserves during the remainder of 2021/22

## 9. Capital Programme – Growth Proposals 2022/23 to 2026/27

- 9.1 £4.993m net growth over the five years from 2022 to 2027; primarily continuation of existing 'rolling' programmes for asset maintenance and management into 2026/27 and reprofiling/reduction of previously-approved allocations.

Table 5: <b>TOTAL CAPITAL PROGRAMME GROWTH 2022/23 to 2026/27</b>	<b>2022/23 Projected £M</b>	<b>2023/24 Projected £M</b>	<b>2024/25 Projected £M</b>	<b>2025/26 Projected £M</b>	<b>2026/27 Projected £M</b>	<b>TOTAL £M</b>
ORGANISATION	(0.207)	(0.157)	(0.147)	0.168	1.736	<b>1.393</b>
PEOPLE SERVICES	(0.100)	(0.100)	(0.100)	1.264	1.462	<b>2.426</b>
PLACE SERVICES	0.493	(0.683)	(0.139)	0.590	0.913	<b>1.174</b>
CORPORATE	-	-	-	-	-	-
<b>TOTAL CAPITAL PROGRAMME GROWTH</b>	<b>0.186</b>	<b>(0.940)</b>	<b>(0.386)</b>	<b>2.022</b>	<b>4.110</b>	<b>4.993</b>

Table 6: <b>CAPITAL GROWTH/SAVINGS PROPOSALS</b>	
<b>ORGANISATION SERVICES</b>	
Building Maintenance – Support Costs	<ul style="list-style-type: none"> <li>2022/23 to 2025/26 forecast reduced following review of future resource requirements; 2026/27 forecasts added</li> </ul>
Building Maintenance - Capitalised Staff Costs	<ul style="list-style-type: none"> <li>Forecast to be £140k across the next five years.</li> </ul>
IT Replacement Programme	<ul style="list-style-type: none"> <li>Reduced allocation of £235k to reflect the outcome of the IT Strategy Review and consequent substitution of capital expenditure with revenue funding to reflect the nature of costs to be incurred</li> <li>£140k growth for network data replacement.</li> </ul>
IT Disaster Recovery	<ul style="list-style-type: none"> <li>Reduced allocation of £50k to reflect substitution of capital expenditure with revenue costs due to the type of expenditure that will now be required.</li> </ul>
Workplace Facilities	<ul style="list-style-type: none"> <li>Reduced allocation of £30k to reflect substitution of capital expenditure with revenue costs due to the type of expenditure that will now be required</li> </ul>
<b>PEOPLE SERVICES</b>	
Grant-Funded Schemes	<ul style="list-style-type: none"> <li>Growth of £1.3m to support the continued 2025/26 rolling budget for Disabled Facilities Grant, Home Improvement Agency and Handy Person Scheme</li> </ul>
Housing Repossession Prevention	<ul style="list-style-type: none"> <li>Reduced allocation of £90k to reflect substitution of capital expenditure with a revenue Reserve to reflect the type of expenditure incurred</li> </ul>
Housing Temporary/Emergency Accommodation – Capital Repairs & Maintenance	<ul style="list-style-type: none"> <li>Growth of £37k – for ongoing maintenance of Housing's temporary and emergency accommodation units</li> </ul>

Table 6: <b>CAPITAL GROWTH/SAVINGS PROPOSALS</b>	
Harlequin Maintenance	<ul style="list-style-type: none"> <li>Reduced allocation of £160k – costs will be funded within the corporate property maintenance budget</li> </ul>
CCTV	<ul style="list-style-type: none"> <li>Savings of £60k arising from the new CCTV contract</li> </ul>
Vehicles & Plant Programme	<ul style="list-style-type: none"> <li>No growth for period to 2025/26. £562k required in 2026/27 to support the continued rolling investment programme.</li> </ul>
Neighbourhood Operations	<ul style="list-style-type: none"> <li>Growth of £702k to support the continued 2025/26 &amp; 2026/27 rolling budget for play area improvement, Air Quality Management equipment, parks &amp; countryside, infrastructure &amp; fencing and flood prevention.</li> </ul>
Contaminated Land - Investigation Work	<ul style="list-style-type: none"> <li>Reduced allocation of £90k to reflect substitution of capital expenditure with an earmarked revenue Reserve to reflect the type of expenditure incurred</li> </ul>

## **10. Budget Consultation and Assessment of Equality Implications**

### **10.1 Consultation**

- 8 Weeks consultation on budget proposals
- 78 responses received, including 58 from residents, 24 from representatives of community or voluntary organisations and 12 who either run a business or work in the borough.
- A variety of views expressed, as would be expected. Headlines include:
  - While participants largely do not welcome an increase to council tax, many sense that it is necessary and do not object.
  - The move to providing services digitally is seen as an opportunity for efficiency by many but there is concern that people who are not online will suffer.
  - Participants tend to support savings from removing vacant posts or restructuring, though some raise concern about increased burden on remaining staff
  - Participants, particularly those within the Voluntary and Community sector are concerned about the impact of reduced funding of grants to voluntary and community organisations in the current climate; and about the impact of the pausing of grants on residents, particularly vulnerable people who they feel would be disproportionately affected.
  - There is notable concern about the effect on the lives of elderly and disabled people that removal of taxi vouchers could have, described in some detail and evidenced by voucher recipients themselves

### **10.2 Assessment of Equality Implications**

- Initial assessment of equality implications identified that some draft budget proposals could potentially have a negative impact on people with protected characteristics. These were:
  - Council Tax increase
  - Savings via introducing E-billing for Council Tax and Business Rates

- Reduction in budget reducing the frequency of Borough News (BN) publication to once per year rather than twice a year
- Withdrawal of the taxi voucher scheme budget; and
- A pause on small and medium grants to the voluntary and community sector (VCS).
- One further proposal put forward since November Executive also identified:
  - The deletion of one Community Development Worker post (currently vacant)
  - As a result of further investigation into the proposal to withdraw the taxi voucher budget, and the results of the consultation, it is now proposed to right-size this budget rather than withdraw it.
  - Final equality impact assessments for the remaining proposals listed above are still in the process of being finalised as the public consultation only closed recently. These will include explanation of any measures that will be put in place to avoid or reduce impact on residents with protected characteristics vulnerable.

End.