

<b>SIGNED OFF BY</b>	Chief Finance Officer
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<b>TO</b>	Executive
<b>DATE</b>	Thursday, 26 January 2023
<b>EXECUTIVE MEMBER</b>	Portfolio Holder for Finance & Governance

<b>KEY DECISION REQUIRED:</b>	YES
<b>WARD (S) AFFECTED:</b>	ALL

<b>SUBJECT:</b>	<b>BUDGET 2023/24 and CAPITAL PROGRAMME 2023/24 to 2027/28</b>
<b>RECOMMENDATIONS:</b>	
That Executive recommend to Council:	
<p>(i) The latest Medium-Term Financial Plan forecast at Annex 1</p> <p>(ii) An increase in Reigate &amp; Banstead’s Band D Council Tax of £7.25 (2.99%) and a final taxbase of 63,495.31 Band D equivalents;</p> <p>(iii) A Revenue budget requirement of £23.194 million for 2023/24, as set out in this report and at Annex 2, which reflects:</p> <ul style="list-style-type: none"> <li>• Service budget growth proposals totalling £0.442 million, savings of (£0.828) million; additional income of (£1.186) million and forecast issues, risks and opportunities totalling £1.843 million;</li> <li>• Central Revenue Budget net growth proposals totalling £2.379 million and forecast issues and risks totalling £0.564 million;</li> </ul> <p>(iv) The forecast for Revenue Reserves (Annex 3) and the recommended use of £0.977 million from Reserves in 2023/24 comprising:</p> <ul style="list-style-type: none"> <li>• £0.493 million from the IT Strategy Reserve to fund implementation of the approved IT Strategy; and</li> <li>• Up to £0.484 million from the Government Funding Risks Reserve, where necessary, to fund the forecast reduction in housing benefit subsidy;</li> </ul>	

- (v) **A Capital Programme of £59.899 million for 2023/24 to 2027/28 as set out in this report and including net Capital Programme Growth Proposals of £7.672 million;**
- (vi) **The updated Fees & Charges Policy (Annex 7)**
- (vii) **The Chief Finance Officer's report on the robustness of the Budget estimates and adequacy of Reserves.**

**That Executive authorise:**

- (viii) **The Chief Finance Officer to make any necessary final technical adjustments to the Budget and Council Tax arising from final budget refinements or changes to Government funding.**

#### **REASONS FOR RECOMMENDATIONS:**

To ensure that the Council continues to plan and manage its resources well, deliver high standards of service and meet the aims and objectives of its Five-Year Plan for 2020-2025 and supporting Strategies.

#### **EXECUTIVE SUMMARY:**

This report sets out the recommended Revenue Budget and a £7.25 (2.99% per annum) increase in Band D Council Tax for 2023/24. It also presents the recommended Capital Programme for 2023/24 to 2027/28.

**Recommendations (i) to (vii) are subject to approval by the Council. The Executive has authority to approve recommendation (viii).**

## STATUTORY POWERS

1. The Local Government Act 1972 requires the Council to set the associated annual budget as part of proper financial management. This report is part of that process.
2. The Local Government Act 1992 requires councils to set a balanced budget and announce the Council Tax level by 11 March each year. Section 65 of the Act requires the Council to consult representatives of those subject to non-domestic rates in the Borough about its proposals for expenditure for each financial year.
3. The Chief Finance Officer has a key role to play in fulfilling the requirements of the statutory duty under the Local Government Act 2003 to keep the authority's finances under review during the year and take action if there is evidence that financial pressures will result in a budget overspend or if there is a shortfall in income.
4. Council Tax Reduction Scheme: Section 13A(2) of the Local Government Finance Act 1992 (as amended) requires billing authorities to make a reduction scheme for persons in financial need or classes of persons that the authority considers – in general – to be in financial need. Section 13A(1)(c) of this Act gives billing authorities the power to reduce a liability to an extent that is seen fit.
5. Local Council Tax Support Scheme allowances and premiums will be increased on 1 April in line with other national increases contained within the Housing Benefit Regulations 2006 and the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012; the Local Scheme is also scheduled for review during 2023/24.

## FINANCIAL CONTEXT

6. The purpose of this report is to:
  - Set out the recommended Revenue Budget and Council Tax for 2023/24 following scrutiny of the draft budget proposals and the provisional Local Government Funding Settlement announcement on 19 December 2022;
  - Set out the proposed Capital Programme for 2023/24 to 2027/28; and
  - Receive a commentary on the budget and adequacy of reserves from the Chief Finance Officer, in accordance with the Local Government Act 2003.

### Government Funding

7. The 2023/24 Provisional Local Government Finance Settlement was published on 19 December 2022. As expected, it was for one year only and is based on rolling-over the core elements of Spending Review 2021 (SR21) funding levels.
8. Once again, the emphasis was on providing stability by rolling forward key elements of 2022/23 funding alongside extra cash for priority areas, such as social care, and a commitment to increase district and borough authorities' Core Spending Power (the Government's measure of the resources available to local authorities to fund service delivery) by at least 5%, after taking account of the increased council tax referendum limit that was announced in the November Autumn Statement. While welcome this was still below the forecast rate of CPI at 5.5% and the 9.2% increase for upper tier councils.
9. This was another one-year settlement; however the announcement did set out some core principles for 2024/25 including maintaining funding and council tax increases at 2023/24 levels. The current expectation is that local government funding reform will now take place after the next general election, no earlier than 2025/26.

The main points are set out below:

- **Council Tax** – the council tax referendum limit will be 3% for lower tier authorities.
- **Business Rates (NNDR) Retention** – the business rates multiplier has once again been frozen instead of increasing in line with inflation. Therefore, the three elements of the NNDR Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remain at 2022/23 levels. However, the Under-Indexing Multiplier Grant has been increased to ensure that local authorities' shares of NNDR income is not impacted (although the indexing basis is now RPI instead of CPI). The NNDR Revaluation in April 2023 is not anticipated to have significant impacts on this Council's funding position (or its own NNDR costs) due to the associated transitional support arrangements.
- **Top Up/Tariff Adjustments ('Negative RSG')** – as in previous years, the Government has eliminated the negative RSG impacts for another year.
- **Lower Tier Services Grant** – this grant has been deleted.
- **Services Grant** – this grant has been retained but reduced.
- **Minimum Funding Guarantee Grant** – new for 2023/24 onwards – funding to ensure an increase in all authorities' Core Spending Power
- **New Homes Bonus** - 2023/24 allocations were announced. The 'deadweight' of 0.4% has been maintained but there are no longer any 'legacy' payments in respect of previous years' allocations.
- **Council Tax Support** – £100 million additional funding was announced.
- **Rough Sleepers and Troubled Families Programmes** – as in previous years no announcements were made as part of the Settlement.
- **Homelessness Prevention** – £310 million Homelessness Prevention Grant for 2023/24 was announced on 23 December; along with consultation on a proposed new distribution approach.

## MEDIUM TERM FINANCIAL PLANNING

10. The Council has been planning for the loss of Government funding, with the objective to become financially self-sufficient going forward. In order to achieve self-sufficiency the Council needs to continue to find budget efficiencies whilst also generating new sustainable sources of additional income.
11. An updated Medium Term Financial Plan (MTFP) was approved in July 2022 and forecasts were refreshed in November 2022. The MTFP sets out the financial direction of the Council over the medium term to ensure that the Council plans and manages its resources effectively. It also sets out the priorities that have been taken into account when preparing the budget for 2023/24:
  - To ensure resources are aligned with the Corporate Plan **priorities**
  - To maintain a **balanced budget** such that expenditure matches income from council tax, fees & charges, and government and other grants and to maintain that position
  - To set a rate for **council tax** which maximises income necessary to deliver our strategic objectives while ensuring that Government referendum limits are not exceeded. The percentage increase will be reviewed annually and be approved by Full Council
  - To maximise other income by setting **fees & charges**, where we have the discretion and need to do so, at a level to ensure at least full cost recovery, promptly raising all monies due and minimising the levels of arrears and debt write offs

- To ensure a long-term sustainable view is taken of our **investments** and that appropriate risk analyses are used when considering new investments
  - To consider and take advantage of **commercial opportunities** as they arise to deliver new income streams
  - To maintain an adequate and prudent level of **reserves** and regularly review their planned use and allocation to support delivery of our priorities.
12. The latest MTFP forecasts are set out at Annex 1 and indicate a budget gap of £3.042 million for service budgets in 2024/25, reducing to £2.373 million by 2027/28. Further work will commence to update MTFP forecasts to support service & financial planning for 2024/25 onwards. The outcome will be reported to Executive in summer 2023.

#### Financial Sustainability Programme

13. Reliance on one-off measures such as the use of Reserves is not without risks and will not be sustainable over the long-term. Going forward, solutions that reduce costs or increase income on a permanent basis will have to be identified for 2024/25 onwards.

14. A Financial Sustainability Programme has been implemented, focussing on four key areas:

Income Generation

- Pursuing opportunities to generate new income streams;
- Optimising Fees & Charges; and
- Implementation of the Commercial Strategy.

Use of Assets

- Making effective use of existing assets, including the repurposing and sale of surplus properties.

Prioritisation of Resources

- Reviewing in-year budget monitoring forecasts to identify new opportunities for savings and efficiencies;
- Reviewing the level of service provided and focussing resources on priority services; and
- Managing pay costs and making effective use of staff resources.

Achieving Value for Money

- Actively pursuing options to share with other councils to realise efficiency savings; and
- Identification of invest to save opportunities – including investment in technology and assets to reduce operational costs.

15. The Corporate Governance Group (comprising statutory officers and Directors) oversees progress in the identification and delivery of initiatives in the Plan while delivery of individual projects is managed through officer management Boards.

16. Progress is reported to Executive, Overview & Scrutiny and individual Portfolioholders as part of quarterly performance reporting.

#### Commercial Strategy

17. While service efficiencies and council tax increases are important, their contribution to addressing the financial challenges faced by the Council is limited. It is therefore important that the Council also becomes an increasingly commercial organisation. This means maximising existing net income streams and generating new ones to support service delivery. This requires investment – and will have an element of commercial

risk – but it will also enable the Council to develop and grow into a self-sustaining organisation. To guide its work in this area, the Council agreed its Commercial Strategy Part 2 in December 2021.

18. The Commercial Ventures Executive Sub-Committee (now the Partnership, Shareholder and Trustee Executive Sub-Committee), supported by other Executive Members, has been working to develop and implement the Council's commercial agenda. This has included (and will continue to include) consideration of the scale and appropriate type of investments and income generation opportunities - including opportunities for partnership working - all in the context of the wider economic and policy framework within which the Council needs to operate.
19. The current MTFP financial model includes indicative forecasts for income from newly-constructed commercial units at the Cromwell Road and Marketfield Way (The Rise) developments. These are based on an early assessment of the level of rental income net of landlord overheads and handover expenses; they will be updated in future MTFS reports as these developments are handed over and tenancies are signed. Forecasts for other commercial projects will be included when individual business cases have been approved and delivery timescales are confirmed. An annual report on progress against the Council's Commercial Strategy was provided in December 2022.

## REVENUE BUDGET

20. The Revenue Budget comprises five 'building blocks' as follows:

- **Net Cost of Services:** These are the direct costs incurred in delivering services, net of specific income generated by them;
- **Central Budgets:** These are costs incurred and income received that are not service-specific, eg. Pension Fund deficit contributions and treasury management costs and income;
- **Sources of Funding:** These income budgets are general, non-service specific income sources. They include other grant funding from Central Government and our share of Non-Domestic Rate income;

For 2023/24 it includes the continued impact (benefit) of the one-off elimination of 'Negative Revenue Support Grant'. Over the medium term this is expected to cease (now no sooner than 2025/26) resulting in a significant budget pressure;

- **Council Tax:** After the budget requirement has been established for the other blocks then the amount required by this Council from council tax can be calculated; known as the 'Demand on the Collection Fund'; and
- **Contributions (to)/from Reserves:** This relates to use of Earmarked Revenue Reserves, which have been allocated to fund specific purposes. The impact of the use of Reserves is a reduction in the total income demand on council taxpayers. It also refers to the use of funds from the General Fund Balance to support the annual revenue budget

21. The table below summarises the final Revenue Budget for 2023/24

<b>Table 1: BUDGET SUMMARY</b>	Budget 2022/23 £m	Budget 2023/24 £m
1. Net Cost of Services	17.544	17.814
2. Central Budgets	2.437	5.380
<b>NET EXPENDITURE 2023/24</b>	<b>19.980</b>	<b>23.194</b>
3. Council Tax	15.222	16.293
4. Business Rates (NNDR)	1.710	3.994
5. Other Un-ringfenced Grants		
• Lower Tier Services Grant	0.107	-
• Services Grant	0.164	0.093
• New Homes Bonus Grant	1.000	1.034
• Minimum Funding Guarantee Grant	-	0.803
6. Grants Transferred to Reserves:		
• Homelessness Prevention	0.668	0.686
• Transfer to Reserves	(0.668)	(0.686)
7. Call on Earmarked Reserves:		
• Government Funding Risks Reserve	0.115	0.484
• Pension Reserve	0.350	-
• COVID-19 Risks Reserve	1.100	-
• IT Strategy Reserve	-	0.493
Use of funds from the General Fund Balance to support the Revenue Budget <sup>1</sup>	0.212	-
<b>NET SOURCES OF INCOME</b>	<b>19.980</b>	<b>23.194</b>

NOTE

1. The actual sum to be drawn from Reserves to support the budget will depend on the budget outturn position for 2022/23. Over recent years the budget outturn has been an underspend position with no requirement to call on Reserves.

2023/24 Service Budget Proposals

22. Service budget proposals are summarised below:

<b>Table 2: SERVICE BUDGET PROPOSALS</b>	Approved Budget 2022/23 £m	Proposed Budget 2023/24 £m	Net Budget Increase / (Decrease) £m
<b>ORGANISATION</b>			
Communications / Customer Service	1.151	1.104	(0.047)

<b>Table 2: SERVICE BUDGET PROPOSALS</b>	Approved Budget 2022/23 £m	Proposed Budget 2023/24 £m	Net Budget Increase / (Decrease) £m
Finance	1.260	1.235	(0.025)
ICT	1.810	1.851	0.041
ICT - Reserve-funded growth for Strategy implementation	-	0.493	0.493
Legal & Governance	2.294	2.406	0.112
Organisational Development & HR	0.816	0.716	(0.100)
Corporate Policy, Projects & Performance (including Environmental Sustainability)	0.449	0.429	(0.020)
Property & Commercial	(1.203)	(1.222)	(0.019)
Property & Commercial – growth for Reserve-funded issues & risks	-	1.350	1.350
<b>PLACE</b>			
Economic Prosperity	0.282	0.277	(0.005)
Neighbourhood Operations	5.239	4.336	(0.903)
Place Delivery	0.371	0.326	(0.045)
Planning	0.718	0.593	(0.125)
<b>PEOPLE</b>			
Community Partnerships	1.312	1.184	(0.128)
Housing	1.026	0.926	(0.100)
Revenues, Benefits & Fraud	0.537	0.487	(0.050)
Leisure & Culture	0.538	0.335	(0.203)
SENIOR MANAGEMENT TEAM	0.943	0.988	0.045
<b>TOTAL</b>	<b>17.544</b>	<b>17.815</b>	<b>0.271</b>

23. For 2023/24 onwards the cost of housing benefit payments and associated government funding will be reported in budget monitoring as Central Budget item instead of within Service budgets (Revenues, Benefits & Fraud) on the basis that these are costs that are generally outside Council's direct control.
24. An area for future consideration as part of budget-setting relates to posts that are currently funded through calling on the Homelessness Prevention grant that is held in an Earmarked Reserve. They comprise:
- Housing 6.9 FTE £0.247m
  - Revenues, Benefits & Fraud 1.0 FTE £0.033m
25. The 2023/24 Homelessness Prevention grant allocation of £0.686 million was confirmed in December 2022. This has been transferred to an earmarked Reserve until called upon to fund related expenditure. While there is currently sufficient grant funding available for these posts to continue in 2023/24 there always remains a risk that the grant may cease and a decision would be required whether to continue to fund these posts through the Revenue budget as part the service & financial planning process.
26. Other posts that are funded fully or in part from fixed term resources include:



- Community Partnerships 1.0 FTE £0.044m East Surrey Heartlands NHS
- Community Partnerships 0.4 FTE £0.018m Surrey County Council
- Economic Prosperity 1.0 FTE £0.034m DWP
- Leisure & Culture 4.3 FTE £0.157m Refugee Support Grant
- Leisure & Culture 3.0 FTE £0.131m East Surrey Partnership
- Place Delivery 1.0 FTE £0.071m Section 106 funding
- Planning & Development 2.0 FTE £0.087m CIL

27. As reported to Executive in October 2022, work on preparing the Local Plan will require the allocation of funding from the Corporate Plan Delivery Fund in 2022/23 onwards as the details and timings are confirmed. It is also anticipated that work on the Council's response to the Development Consent Order relating to Gatwick airport expansion will also require the allocation of funding from the Corporate Plan Delivery Fund in 2022/23 onwards as the details and timings are confirmed.
28. The 2023/24 budget does not include any specific funding implications arising from implementation of the Leisure & Culture and Organisation Development strategies that are currently in development. Any significant implications will be considered as part of service and financial planning for 2024/25.
29. Net Service savings, additional income and growth proposals of £1.572 million were approved in the Service & Financial Planning 2023/24 report to Executive on 17 November 2022. This included deletion of 3.6 FTE vacant funded posts and £1.186 additional income from Fees & Charges.
30. There are no additional Service savings, income or growth proposals in this report.

#### Service Budget Issues, Risks and Opportunities – 2023/24 Onwards

31. In addition to the service budget growth proposals in this report there are other potential service budget pressures and opportunities that will have to be addressed in 2023/24 onwards:

#### Issues:

##### (i) Energy Prices

- Electricity and gas costs are currently forecast to be up to £0.700 million higher in 2023/24 compared to 2022/23 budgets;
- The current 12 month contracts are due to be renewed again in March 2023 (gas) and October 2023 (electricity) and it is challenging to forecast what prices will be at that time due to the volatility of the supply market;
- There is also uncertainty regarding the extent to which the Government's planned financial support mechanism for businesses and the public sector will reduce these pressures. Recent announcements indicate that the support provided will be lower than during 2022/23;
- It is therefore proposed to include budget growth for these costs in 2023/24. Action will also be taken to reduce consumption wherever possible.

#### Risks

Service Budget risks are detailed in the MTFP Summary at Annex 1 – the most significant include:

##### (i) Property Rental Income

- Excellent progress has been made over the past year to fill several of the Council's longstanding void commercial properties. This has the dual

benefit of maintaining rental income levels and also avoiding having to fund the costs of managing empty buildings (energy, rates, insurance, etc). However there will always be periods of time when some units are vacant.

- It is now necessary to realign property budgets to ensure that there is sufficient funding to cover the costs of premises that are forecast to be void in 2023/24.
- It is proposed to include £0.650 million budget growth for these costs in 2023/24.

(i) Government Waste & Resources Strategy

- Proposals set out in the Waste & Resources Strategy, are still anticipated to be introduced via secondary legislation following enactment of the Environment Bill and this was confirmed in the Settlement announcement in December 2022. The Strategy sets out how the Government intends for the country to preserve material resources by minimising waste, promoting resource efficiency, and moving towards a circular economy.
- Three key measures from the Strategy are proposed:
  - Invoke the 'polluter pays' principle and extend producer responsibility (EPR) for packaging;
  - Introduce a deposit return scheme (DRS) for drinks containers, to reward people for bringing back bottles and encourage them not to litter their empties; and
  - Improve recycling rates by ensuring consistency in household and business recycling.
- These measures will have a considerable impact on local authorities, particularly consistency in recycling, which will affect how kerbside recycling services are delivered in the near future.
- Timescales are subject to confirmation when the outcome of consultation is known.
- Recycling budgets are also currently experiencing significant volatility due to rapid pricing changes. There are times when the Council generates an income from recyclates while at others it has to pay to dispose of the same waste. This makes future budget planning challenging.
- There are no specific proposals at this time to adjust Service budgets for these risks in 2023/24 however the position will have to be kept under review as the details are confirmed.

Opportunities

(i) IT Strategy Implementation

- Following approval of the IT Strategy in March 2022, service budgets have been increased by £0.224 million (one-off costs) and £0.269 million (ongoing expenditure) for planned investment in disaster recovery, cyber defences and replacement telephony infrastructure.
- The costs will be funded in 2023/24 from the earmarked IT Strategy Reserve that was established as part of budget-setting in 2022/23 for this purpose.

32. In total the Service budget proposals result in a net decrease:

<b>TABLE 3.0: SERVICE BUDGET PROPOSALS</b>		2023/24	
		FTE	£m
<b>Budget Movements:</b>			
November Report Annex			
3.1	Services – Pay	(3.6)	(0.296)
3.2	Services – Non-Pay	-	(1.276)
<b>NET BUDGET GROWTH / (SAVINGS)</b>		<b>(3.6)</b>	<b>(1.572)</b>

NOTE 1: provision for the annual staff pay award and other contractual pay increases are reported as part of Central budgets.

33. Growth to address Service budget issues, risks and opportunities comprises:

<b>TABLE 3.2: FORECAST SERVICE BUDGET ISSUES, RISKS &amp; OPPORTUNITIES</b>		2023/24	
		FTE	£m
November Report Annex			
3.4	Budget Risks – Property & Commercial	-	1.350
3.5	Budget Opportunities – IT Strategy Implementation	-	0.493
<b>BUDGET GROWTH FOR FORECAST ISSUES, RISKS &amp; OPPORTUNITIES</b>		<b>-</b>	<b>1.843</b>

#### Central Budget Proposals 2023/24

34. Central budgets are summarised in the table below. They comprise those budget items that are corporate in nature and are not associated with delivery of specific services.

35. Overall there is a net budget increase compared to 2022/23.

<b>Table 4: CENTRAL BUDGETS</b>	Approved Budget 2022/23 £m	Proposed Budget 2023/24 £m	Net Budget Increase / (Decrease) £m
Insurance	0.465	0.467	<b>0.002</b>
Treasury Management	0.813	(0.087)	<b>(0.900)</b>
Housing Benefits – net cost <sup>2</sup>	0.269	0.833	<b>0.564</b>
Budget for Pay Increases <sup>1</sup>	-	1.500	<b>1.500</b>
Employer Pension Costs	0.350	2.240	<b>1.890</b>
Central Vacancy Turnover Provision	-	(0.150)	<b>(0.150)</b>
Central Pay Cost Provision	0.099	-	<b>(0.099)</b>

<b>Table 4: CENTRAL BUDGETS</b>	Approved Budget 2022/23 £m	Proposed Budget 2023/24 £m	Net Budget Increase / (Decrease) £m
Apprenticeship Levy	0.078	0.080	<b>0.002</b>
Central Recruitment & Visa Expenses	0.045	0.045	-
Central Training Budget	0.082	0.082	-
External Audit Fees	0.053	0.150	<b>0.097</b>
Internal Audit Fees	0.059	0.065	<b>0.006</b>
Preceptor Grants – Horley Town Council Double Taxation	0.038	0.044	<b>0.006</b>
Funding Contribution – Banstead Commons Conservators <sup>2</sup>	0.086	0.111	<b>0.025</b>
<b>TOTAL</b>	<b>2.437</b>	<b>5.380</b>	<b>2.943</b>

NOTES:

1. To be transferred from Central to Service budgets in April 2021 to reflect allocation of the pay increase across services  
To be confirmed when final salary costs are confirmed
2. Previously reported within Service Budgets

Risks

36. Central Budget risks are detailed in the MTFP Summary at Annex 1 – the most significant include:

(ii) Housing Benefit subsidy and funding

- £0.564 million budget growth is required to fund the reduction in housing benefit subsidy and grants from Government (DWP). There are several reasons why this funding is forecast to reduce including the continued transition of claims to Universal Credit, increased costs of supported housing claims, increased cost of discretionary housing payments.
- Following confirmation of the Provisional Settlement it is proposed to fund them through calling on the Government Funding Risks Reserve, where necessary, that has been established for this purpose.

37. Other proposed changes in Central Budgets in 2023/24 were set out in the November budget report; the final updates are detailed below:

<b>Table 5: CENTRAL BUDGETS</b>	<b>Outcome of Review</b>
Insurance	The final budget forecast is expected to be confirmed in February 2023; no significant increases are expected
Treasury Management	This Budget has been reviewed in detail to ensure that it reflects: <ul style="list-style-type: none"> <li>• Forecast interest on balances. Interest rates have started to rise following the recent Bank of England decision to increase the base rate however the range of institutions that are available to place investments remains limited (in line with the Treasury Management Strategy) to ensure security of funds. The forecast also reflects the continued use of cash balances wherever possible for short-term funding of the capital programme instead of taking out external loans.</li> </ul>

Table 5: CENTRAL BUDGETS	Outcome of Review
	<ul style="list-style-type: none"> <li>• Forecast borrowing costs (interest and Minimum Revenue Provision for loan repayment) in line with the proposed Capital Programme and Treasury Management Strategy. The forecast reflects planned spend profiles and the continued use of cash balances for short-term funding of the capital programme instead of taking out external loans. It also reflects application of the MRP Policy in the Treasury Management Strategy. The impacts of the Government's proposed changes to MRP regulations (announced in December 2021) have not yet been assessed but will have to be considered for budget-setting in 2024/25 (assuming they go ahead).</li> <li>• Forecast interest receipts relating to loans to the Council's companies. These sums are subject to a credit risk assessment when preparing the Council's annual accounts and provision is made for impairment (where appropriate) to reflect the outcome.</li> <li>• Current capital expenditure and borrowing plans at January 2023; the budget implications of any new loans will be considered when the decision is made to advance them.</li> <li>• No provision has been made for the costs of borrowing for investment in projects to support delivery of the Commercial Strategy and Housing Delivery Strategy; these costs will be assessed when individual business cases are submitted for approval.</li> <li>• Resulting in a reduction in forecast treasury management costs, compared to 2022/23, of (£0.900) million;</li> </ul>
Housing Benefits	<p>These sums were previously reported in Service budgets (Revenues, Benefits &amp; Fraud) and comprise:</p> <ul style="list-style-type: none"> <li>• £31.823 million forecast expenditure on benefit claims</li> <li>• £31.554 million forecast Government funding</li> </ul>
Budget for Pay Increases	<p>Capacity of £1.500 million has been included in the budget for forecast contractual pay increases and the annual cost of living offer for 2023/24 This budget is held centrally and, when the pay award has been confirmed, will be allocated to services ready for the start of the new financial year.</p> <p>Provision has also been made for reversal of the 1.25 percentage point (£0.250 million) increase in employer national insurance contributions that was introduced from April to November 2022. This was part-funded by the Services Grant (£0.164 million) during 2022/23.</p>
Pensions	<p>The budget includes funding for the employer secondary contribution of £1.890 million that is due in April 2023 following the 2022 Fund revaluation.</p> <p>This Council's element of the Pension Fund was 94% funded at the revaluation in 2022 and has sufficient assets to meet fund accrued benefits over the medium term.</p>
Central Vacancy Turnover Provision	<p>Establishment of a central vacancy turnover provision in recognition that (based on previous experience) there is likely to be a number of vacant posts during the year – (£0.150) million along with deletion of a</p>

<b>Table 5: CENTRAL BUDGETS</b>	<b>Outcome of Review</b>
	historic central pay cost provision of £0.099 million that is no longer required;
Apprenticeship Levy, Central Recruitment and Visa Costs, Central Training Costs	No changes are proposed.
Audit Fees	Forecast increase in external audit fees following the recent award of the new contracts by Public Sector Audit Appointments (PSAA) - £0.097 million. The budget also reflects the contracted increase for internal audit fees.
Horley Town Council Double Taxation	Central budgets include £0.038 million funding for a preceptor grant to Horley Town Council. This is the latest instalment under a 10-year agreement (2014/15 to 2023/24) to eliminate 'double taxation' whereby Horley residents pay direct to the Town Council for the local services that it provides. A decision will be required during budget setting for 2024/25 whether to continue this arrangement.
Banstead Commons Conservators	Central budgets include an increase of £0.025 million (in 2023/24 only) in the Council's contribution to the work of the Banstead Commons Conservators. This is in addition to the £0.086 million allocation that was previously reported as a service budget item.  This additional funding will assist the Conservators in delivery of current operations while they seek additional external sources of income and funding for 2024/25 onwards.

#### Revenue Budget Funding 2023/24

38. The sources of funding for the revenue budget are set out in the table below.

<b>Table 6: REVENUE BUDGET FUNDING</b>	Approved Budget 2022/23 £m	Proposed Budget 2023/24 £m	Net Budget Increase / (Decrease) £m
Council Tax	15.222	16.293	1.071
National Non-Domestic Rates	1.710	3.994	2.284
Other Un-ringfenced Grants:			
• Lower Tier Services Grant	0.107	-	(0.107)
• Services Grant	0.164	0.093	(0.071)
• New Homes Bonus Grant	1.000	1.034	0.034
• Minimum Funding Guarantee Grant	-	0.803	0.803
Call on Earmarked Reserves:			
• Government Funding Risks Reserve	0.115	0.484	0.369
• Commercial Risk Reserve	-	-	-

<b>Table 6: REVENUE BUDGET FUNDING</b>	<b>Approved Budget 2022/23 £m</b>	<b>Proposed Budget 2023/24 £m</b>	<b>Net Budget Increase / (Decrease) £m</b>
• Pension Reserve	0.350	-	(0.350)
• COVID-19 Risks Reserve	1.100	-	(1.100)
• IT Strategy Reserve	-	0.493	0.493
Use of funds from the General Fund Balance to support the 2023/24 Revenue Budget	0.212	-	(0.212)
<b>TOTAL</b>	<b>19.980</b>	<b>23.194</b>	<b>3.214</b>

39. Work is now complete to update the Funding forecasts that have been taken into account when arriving at the final budget proposals for 2022/23. Factors taken into account include:

Council Tax

- The 2023/24 increase is based on a 2.99% Band D equivalent increase and the forecast tax base (as detailed below). This is in line with the referendum limit announced that was by the Government in November 2022. Includes the council's share of the historic Collection Fund surplus.

Business Rates (NNDR)

- Includes continued funding for 'negative RSG', as confirmed in the December Provisional Settlement. Also includes the council's share of the historic Collection Fund surplus.

New Homes Bonus Grant

- Includes updated allocations for New Homes Bonus based on the December 2022 Provisional Settlement announcement.

Other Grants

- The December Settlement included a number of grant changes that have been reflected in the updated budget proposals
  - Deletion of the Lower Tier Services Grant
  - Reduction of the Services Grant
  - Introduction of a new Minimum Funding Guarantee Grant to ensure that all lower tier councils see a 5% increase in their Core Spending Power

Contributions (To)/From Reserves

- There is no requirement for a contribution from the General Fund Balance as there is no forecast Revenue Budget gap in 2023/24.
- As reported in November – the Council faces budget risks some which were originally anticipated to have to be funded from Reserves relating to:
  - Energy costs
  - Property voids

The December Provisional Settlement announcement has provided confirmation that it will be possible to fund these costs without calling on Reserves as they can be accommodated within available funding.
- There remains a call on:
  - the IT Strategy Reserve to fund delivery of the approved Strategy; and

- the Government Funding Risks Reserve, where necessary, to fund the forecast reduction in Housing Benefit subsidy.

## **COUNCIL TAX 2023/24**

40. In setting the Council Tax Requirement for 2023/24 the Council must give consideration to the three elements that make up the overall requirement:
- the precept amount;
  - the Taxbase; and
  - the outcome of the previous year's cash collection.

41. The Government sets a cap each year which has the effect of limiting the annual increase to the tax base before a referendum is required. This was confirmed with the Chancellor's Autumn Statement in November 2022 as being the higher of 2.99% or £5.00 for lower tier councils.

### Taxbase

42. When considering the taxbase the Council has no authority over the banding of new builds, that is decided by the Valuation Office Agency, but as the planning authority it is responsible for ensuring an adequate supply of housing to meet the needs of the local population and is therefore in a position to approve and promote applications to build new homes.
43. The Taxbase increase reported to Council in December 2022 is unchanged and the recommendation is to adopt an increase in the council tax base from 62,274 to 63,495 properties representing a taxbase increase of 1,220.61 (1.96%) compared to 2022/23.

### Council Precept

44. The recommendation is to set an annual precept increase for Reigate & Banstead Borough Council for 2023/24 of 2.99% taking the Council precept to £249.71 for a Band D property. This represents an increase of £7.25 compared to 2022/23.
45. This increase will yield an additional £0.756 million in income, comprising an increase of £0.305 million from the increase in the tax base and £0.451 million from the 2.99% Band D increase.

### Collection Fund Outturn

46. Another factor that has to be taken into account when forecasting council tax income for 2023/24 is the cash surplus or deficit that is brought forward on the Collection Fund from previous years. This is the difference between the actual amount of cash collected compared to the target collection rate that was forecast for that year during budget setting.
47. In 2021/22 there was an overall surplus on the Collection Fund carried forward of £1.589 million and it is anticipated that there will be an overall projected surplus (cash surplus) of £2.214 million for 2022/23. Therefore at the end of 2022/23 the collection fund is anticipated to have a net surplus of £3.803 million. This will be shared by the preceptors in line with their share of the precept, which means that Reigate and Banstead will have a surplus of an estimated £0.438 million.
48. Historically the authority has had a very strong performance record, consistently recovering 99.7% (0.3% shortfall) of income due. Recovery performance was impacted for a period due to the COVID-19 pandemic but the forecast for 2023/24 has been restored to pre-pandemic levels to reflect the forecast recovery position. Failure to



achieve this level of recovery would however give rise to a Collection Fund deficit for 2023/24 and would have to be taken into account when setting the budget for 2024/25.

Council Tax Requirement 2023/24

49. Based on the above recommendations the Council Tax Requirement for 2023/24, (compared with 2022/23) is set out below.

<b>Table 7: COUNCIL TAX REQUIREMENT</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Movement</b>	<b>Impact On Yield</b>
<b>Taxbase Band D Equivalents Forecast at October</b>	65,955.00	67,019.80	1,064.80	Positive : Increase
Forecast Growth in New Homes	519.00	205.67	(313.33)	Adverse : Decrease
	0.79%	0.31%	(0.48%)	
Allowance for Non-Collection in 2023/24	(187.00)	(188.23)	(1.23)	Adverse : Increase
	(0.28%)	(0.28%)	0	
Reduction in Band D equivalents due to increased demand for the Local Concessionary Support Scheme	(4,012.3)	(3,541.92)	470.38	Positive : Decrease
	(6.08%)	(5.28%)	0.80%	
<b>Forecast Average Band D Taxbase</b>	62,274.70	63,495.32	1,220.62	Positive : Increase
Council Tax Band D	£242.46	£249.71	£7.25	
<b>Council Tax Requirement</b>	<b>£15,099,124</b>	<b>£15,855,416</b>	<b>£756,292</b>	
Forecast share of Collection Surplus/ (deficit) brought forward	£122,800	£437,838	£315,038	
<b>Net Council Tax Income for this Council</b>	<b>£15,221,924</b>	<b>£16,293,254</b>	<b>£1,071,330</b>	

Council Tax Policy

50. No policy changes are recommended for 2023/24.
51. Local Council Tax Support Scheme allowances and premiums will be increased on 1 April in line with other national increases contained within the Housing Benefit Regulations 2006 and the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2022; the Scheme is also scheduled for review during 2023/24.
52. The December Settlement Announcement included funding for additional Council Tax Support in 2023/24, representing an extra £25 in support for working age and pensioner households for cost of living pressures.

Precepting Authorities

53. Details of the proposed council tax precepts for Surrey are set out in a separate report on this agenda. In summary the proposals are as follows:

<b>Table 8.1: ANALYSIS OF DRAFT COUNCIL TAX BY PRECEPTOR</b>		
	<b>£000</b>	<b>% share</b>
	<b>£</b>	<b>%</b>
Surrey County Council <sup>1</sup>	108,620,800	75.20%
Surrey Police & Crime Commissioner <sup>1</sup>	19,402,265	13.43%

<b>Table 8.1: ANALYSIS OF DRAFT COUNCIL TAX BY PRECEPTOR</b>		
Reigate & Banstead Borough Council	15,855,416	10.98%
Horley Town Council	524,965	0.36%
Salfords & Sidlow Parish Council	42,915	0.03%
	<b>144,446,361</b>	<b>100.00%</b>

<b>Table 8.2: ANALYSIS OF DRAFT COUNCIL TAX CHANGES BY PRECEPTOR</b>				
Authority	2022/23	2023/24	Increase <sup>1</sup>	
			£	%
Surrey County Council <sup>1</sup>	1,629.39	1,710.69	81.30	4.99
Surrey Police & Crime Commissioner <sup>1</sup>	295.57	305.57	10.00	3.38
Reigate & Banstead Borough Council	242.46	249.71	7.25	2.99
Horley Town Council	43.17	47.76	4.59	10.63
Salfords & Sidlow Parish Council	29.72	29.72	0.00	0.00
	<b>2,240.31</b>	<b>2,343.45</b>	<b>103.14</b>	<b>4.6%</b>

NOTE:

1. Subject to confirmation by Surrey County Council on 7 February and the PCC on 3 February 2023.

### Council Tax Forecasts

54. Each 1% increase in Council Tax generates £0.153 million additional income for this borough. A 2.99% increase in 2023/24 will yield £0.451 million additional income.
55. For MTFP modelling purposes, based on a 2.99% increase and a 1.00% increase in the taxbase, the Council Tax income forecast at January 2022 is set out below:

<b>Table 9: COUNCIL TAX FORECAST</b>	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Forecast Resources	15.222	15.855	16.565	17.231	17.924	18.644
Annual Increase in Income		0.756	0.709	0.666	0.693	0.721
Cumulative Increase in Income		0.756	1.466	2.132	2.824	3.545
Band D	£242.46	£249.71	£257.18	£264.87	272.79	£280.95
Band D Increase	-	£7.25	£7.47	£7.69	£7.92	£8.16
Taxbase Increase	1.62%	1.96%	1.44%	1.00%	1.00%	1.00%
Annual Band D % Increase		2.99%	2.99%	2.99%	2.99%	2.99%

56. Although council tax is a significant source of funding for local government, it remains subject to restrictions by Government. The Localism Act included a requirement to hold a local referendum if any council tax increase is deemed 'excessive'; a limit for increases is set each year by the Government.
57. The forecast amount of council tax to be collected takes into account local decisions on discounts, exemptions and reliefs and Local Council Tax Support scheme claim numbers.

### **RETAINED BUSINESS RATES (NNDR)**

58. The Council collects Business Rates ('National Non-Domestic Rates' or 'NNDR') on an agency basis for Government. Of the total NNDR collectable, this Council retains 40% of the benefits with 10% paid to the County and 50% to the Government.

59. For 2023/24 the Council's NNDR Baseline income (before adjustments) will be £2.478 million out of a total estimated income of £54.175 million.
60. The key factors that determine this income stream are outside this Council's control:
- The NNDR 'multiplier' (pence in the pound of rateable value) which is set by Government; and
  - The rateable value of a property which is set by the Valuation Office Agency.
61. Therefore the only decision to be taken by this Council each year is in terms of determining a forecast for income during the year, being:
- The estimate of projected growth / decline in the NNDR Baseline as a result of business failure, property conversions or new builds.
62. The local government funding regime then requires a number of adjustments to arrive at the actual sum to be retained. The Provisional Settlement in December confirmed that this Council's Tariff (the additional sum retained by Government) means that of the £21.670 million Baseline sum this Council must return an additional £20.255 million to the Government and retain just £1.415 million.
63. There are then three further adjustments for section 31 grants, multiplier gap adjustments and levy payments which collectively add a further £1.000 million to the NNDR contribution to the Council funds in the year 2023/24. The section 31 grants help offset the loss of income due to the continuation of reliefs announced by Government.
64. The next adjustment relates to 'Negative Revenue Support Grant (RSG)' whereby the Government has previously announced its intention to recoup a notional 'over-funding' of authorities like Reigate & Banstead. In the December 2022 Settlement Announcement the Government indicated once more that Negative RSG has 'been addressed' through its inclusion in the overall local government funding baseline. If correct this authority will avoid the previously-predicted reduction in NNDR in future years. For now the MTFP assumption is that Negative RSG may yet have an impact but not until at least 2025/26.
65. The final adjustment relates to this Council's share of historic Collection Fund surpluses or deficits; representing £1.516 million additional funding for 2023/24

#### Summary Forecast

66. In summary this means that the total contribution from NNDR to this Council in 2023/24 will be £3.995 million

<b>Table 10: NNDR ANALYSIS</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£m</b>	<b>£m</b>
<b>Gross NNDR Income</b>	51.923	52.162
<u>Plus</u> Forecast Growth	0.239	2.013
<b>Gross NNDR Income</b>	<b>52.162</b>	<b>54.175</b>
<u>Plus</u> Forecast Growth	0	0
<b>Gross NNDR Income</b>	<b>52.162</b>	<b>54.175</b>
<u>Less</u> Government share (50%)	(26.081)	(27.088)
<u>Less</u> Surrey County Council share (10%)	(5.216)	(5.418)

Table 10: NNDR ANALYSIS	2022/23	2023/24
	£m	£m
<b>Forecast Gross NNDR Income - Reigate &amp; Banstead share (40%)</b>	<b>20.865</b>	<b>21.669</b>
<u>Less</u> Tariff due to Government	(19.494)	(20.255)
<b>Forecast Net NNDR Income - Reigate &amp; Banstead after Tariff</b>	<b>1.371</b>	<b>1.414</b>
<u>Plus</u> Section 31 Grant for Reliefs	1.154	1.000
<u>Plus</u> Multiplier gap/Inflation adjustment	0.258	-
<u>Plus</u> Levy Payment/Receipts from Government	(0.070)	0.064
<b>Forecast NNDR Income - Reigate &amp; Banstead</b>	<b>2.713</b>	<b>2.478</b>
Forecast Net Share of previous years' Surplus / (Deficit)	(1.003)	(1.516)
<b>Forecast NNDR Income - Reigate &amp; Banstead</b>	<b>1.710</b>	<b>3.994</b>

67. The 2023/24 budget is therefore based on a total of £3.994 million income from NNDR, an increase of £2.284 million as compared to 2022/23. These forecasts will be subject to in-year monitoring as more up to date information is received.

## USE OF RESERVES

68. As set out above, there is no requirement to draw on the General Fund Balance to support Revenue Budget in 2023/24.

69. Forecast balances on Revenue Reserves at 1 April 2023 are summarised below and detailed at Annex 3.

Table 11: RESERVES SUMMARY	Forecast Balance <sup>1</sup> at 1 April 2023 £m
General Fund Balance	3.500
Other Earmarked Reserves	33.706
<b>TOTAL</b>	<b>37.206</b>

### NOTE

1. Final balance depends on draw down of funds from Earmarked Reserves during the remainder of 2022/23

70. The Policy on the use of Reserves was approved by Executive in November 2022.

71. The Council holds Reserves to provide protection against financial risks. The current level of reserves provides a relatively secure financial base compared to many authorities; it is important to ensure an appropriate balance between securing the financial position of the Council and investing in delivery of services.

72. Reserves can be held for four reasons:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- A contingency to cushion the impact of unexpected events or emergencies.
- A means of building up funds to meet known or predicted liabilities.
- A means of setting aside sums for future identified uses and / or investments.

73. There is an opportunity cost of holding reserves in terms of restricting capacity to invest in current service delivery but this is offset by the additional flexibility that reserves provide when manage budget risks and adverse variations.
74. The legal requirement for the Council to agree a balanced budget means that Council may be required to draw on its reserves to address any shortfall between forecast expenditure and forecast income.
75. The Council has set a minimum level of unallocated General Fund reserves of 15% of the net revenue budget (£23.194 million), which equates to £3.500 million (for 2023/24). The forecast unallocated balance on the General Fund at 31 March 2022 is consistent with this limit.

New Reserve: Economic Pressures Reserve

76. As part of budget setting for 2023/24 the Executive has considered the implications of the increase in the council tax referendum limit by 1% for 2023/24 and 2024/25.
77. In acknowledgement that the additional income from a 1% increase was not anticipated when the November report was drafted and, recognising that there are likely to be increasing pressures on local residents, as a consequence of current economic challenges, a new earmarked revenue Reserve has been created as part of budget-setting for 2023/24 based on the equivalent of a 1% council tax increase - £0.150 million. The funds will be available to provide additional discretionary support.
78. Other areas that have been considered as part of the review of Reserves include:

<b>Table 12: RESERVES REVIEW OUTCOME</b>	
<b>Reserve</b>	<b>Recommendations</b>
General Fund Balance	<ul style="list-style-type: none"> <li>Balance increased to ensure the balance remains in line with 15% of net revenue budget</li> </ul>
Government Funding Reduction Risks Reserve	<ul style="list-style-type: none"> <li>Balance increased to help mitigate future reductions in Government funding pending delivery of new sustainable income streams.</li> </ul>
Commercial Risks & Volatility Reserve	<ul style="list-style-type: none"> <li>Balance increased to help address risks of failure to meet income targets from commercial ventures while remedial action is taken.</li> </ul>
COVID-19 Risks Reserve	<ul style="list-style-type: none"> <li>These funds were set aside to help fund ongoing funding risks in 2022/23, in particular in relating to income losses following the pandemic, until alternative sources of funding were identified or budget efficiencies achieved.</li> <li>These risks related primarily to car park income reductions that have been addressed as part of budget setting for 2023/24.</li> <li>The Reserve has therefore been deleted and the remaining balance used to maintain the General Fund Balance and other earmarked Reserves.</li> </ul>
Corporate Plan Delivery Fund (CPDF) Reserve	<ul style="list-style-type: none"> <li>Balance increased in order to continue to provide time-limited funding to deliver key priorities, Corporate Plan objectives and invest-to-save initiatives.</li> </ul>
New Posts Reserve	<ul style="list-style-type: none"> <li>This Reserve was established in previous years to help manage the impact of service changes that are now complete. It has therefore been deleted as part of budget-setting for 2023/24 and the remaining balance</li> </ul>

Table 12: RESERVES REVIEW OUTCOME	
Reserve	Recommendations
	used to maintain the General Fund Balance and other earmarked Reserves.
Brexit Funding Reserve	<ul style="list-style-type: none"> <li>This Reserve was established in previous years to account separately for grant funding received. It has been deleted as part of budget-setting for 2023/24 and the remaining balance used to maintain the General Fund Balance and other earmarked Reserves.</li> </ul>
Flood Prevention Works Reserve	<ul style="list-style-type: none"> <li>Established as part of budget-setting for 2023/24 to fund costs that were previously capitalised where capitalisation is no longer an option</li> </ul>

### FORECAST BUDGET GAP AT JANUARY 2023

79. The forecast budget gap over the next five years is set out below. Further details are provided in the MTFP at Annex 1 (Appendix 2).

Table 13: MEDIUM TERM REVENUE BUDGET FORECAST	Forecast Budget 2022/23	Forecast Budget 2023/24	Forecast Budget 2024/25	Forecast Budget 2025/26	Forecast Budget 2026/27	Forecast Budget 2027/28
	£m	£m	£m	£m	£m	£m
<b>FORECAST GAP</b>	Balanced	Balanced	3.042	2.586	2.294	2.373
Annual Increase in Gap	-	Balanced	3.042	(0.456)	(0.292)	0.079
Gap as % of 2023/24 budget requirement	-	n/a	15.23%	12.94%	11.48%	11.88%

80. MTFP forecasts are based on a cautious estimate of future costs and income streams. They will be updated and reported to Executive in July 2023 in preparation for 2024/25 services & financial planning.

### CAPITAL PROGRAMME

#### Capital Investment Strategy and Capital Programme

81. The latest Capital Investment Strategy was approved by Executive in July 2022 and sets out how the Council plans to invest in assets to generate income.

#### 2022/23 to 2026/27 Approved Capital Programme

82. The Capital Programme that was approved in January 2022 and the unspent balance on previously-approved schemes is summarised below:

Table 14: CAPITAL PROGRAMME 2022/23 to 2027/28 by SERVICE	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	TOTAL £m
	BFWD £m	Projected £m	Projected £m	Projected £m	Projected £m	Projected £m	
<b>ORGANISATION SERVICES:</b>							
Property Services	5.223	1.657	1.373	1.267	0.049	1.594	<b>11.163</b>
IT Services	0.224	0.200	0.260	0.250	0.200	0.200	<b>1.334</b>
Organisational Development	0.452	0.250	0.250	0.250	-	-	<b>1.202</b>

<b>Table 14: CAPITAL PROGRAMME 2022/23 to 2027/28 by SERVICE</b>	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	<b>TOTAL £m</b>
	BFWD £m	Projected £m	Projected £m	Projected £m	Projected £m	Projected £m	
Environmental Strategy	0.250	-	-	-	-	-	<b>0.250</b>
<b>PEOPLE SERVICES:</b>							
Housing	0.519	1.304	1.304	1.304	1.304	1.304	<b>7.039</b>
Leisure & Culture	0.172	0.100	0.100	0.100	0.100	0.100	<b>0.672</b>
Community Partnerships	0.075	0.030	-	-	-	-	<b>0.105</b>
<b>PLACE SERVICES:</b>							
Neighbourhood Operations	0.659	1.531	0.763	0.880	0.918	0.902	<b>5.653</b>
Place Delivery	9.410	15.100	-	-	-	-	<b>24.510</b>
Economic Prosperity	-	0.100	0.100	0.100	-	-	<b>0.300</b>
<b>TOTAL APPROVED CAPITAL PROGRAMME</b>	<b>16.984</b>	<b>20.272</b>	<b>4.150</b>	<b>4.151</b>	<b>2.571</b>	<b>4.100</b>	<b>52.228</b>

83. In addition to the sums included in the approved Capital Programme the Council has previously committed to invest.

- £64.0 million for investment in Commercial income-generating assets; and
- £30.0 million for investment in Housing projects.

Proposals for use of these funds will be subject to approval of reports by Executive or the Commercial Ventures Executive Sub Committee when the business cases are developed.

#### Capital Programme Growth 2023/24 onwards

84. Capital Programme growth proposals totalling £7.672 million for 2023/24 to 2027/28 were set out in the November budget report.

<b>Table 15: CAPITAL PROGRAMME GROWTH 2023/24 to 2027/28</b>	2023/24	2024/25	2025/26	2026/27	2027/28	<b>TOTAL £m</b>
	Projected £m	Projected £m	Projected £m	Projected £m	Projected £m	
Organisation	0.046	0.040	0.860	0.003	0.589	<b>1.538</b>
People	0.108	0.115	0.115	0.115	1.519	<b>1.972</b>
Place	0.034	0.016	0.259	-	3.653	<b>4.162</b>
<b>TOTAL</b>	<b>0.188</b>	<b>0.171</b>	<b>1.234</b>	<b>0.118</b>	<b>5.961</b>	<b>7.672</b>

85. The primary reason for this growth is the addition of 'rolled-forward' allocations for 2027/28 (also 2025/26 for Property Services) and some small-scale rescheduling of previously-approved allocations to match spending plans. No other significant growth proposals are anticipated.

#### Capital Programme 2023/24 onwards

86. The Capital Programme for 2023/24 onwards, including approved growth, is therefore:

<b>Table 16: CAPITAL PROGRAMME 2021/22 to 2027/28 by SERVICE</b>	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	<b>TOTAL</b> £m
	BFWD £m	Projected £m	Projected £m	Projected £m	Projected £m	Projected £m	Projected £m	
<b>ORGANISATION SERVICES:</b>								
Property Services	5.223	1.657	1.419	1.307	0.909	1.597	0.089	<b>12.201</b>
IT Services	0.224	0.200	0.260	0.250	0.200	0.200	0.500	<b>1.834</b>
Organisational Development	0.452	0.250	0.250	0.250	-	-	-	<b>1.202</b>
Environmental Strategy	0.250	-	-	-	-	-	-	<b>0.250</b>
<b>PEOPLE SERVICES:</b>								
Housing	0.519	1.304	1.412	1.419	1.419	1.419	1.419	<b>8.911</b>
Leisure & Culture	0.172	0.100	0.100	0.100	0.100	0.100	0.100	<b>0.772</b>
Community Partnerships	0.075	0.030	-	-	-	-	-	<b>0.105</b>
<b>PLACE SERVICES:</b>								
Neighbourhood Operations	0.659	1.531	0.897	0.996	1.177	0.902	3.853	<b>10.015</b>
Place Delivery	9.410	15.100	-	-	-	-	-	<b>24.510</b>
Economic Prosperity	-	0.100	-	-	-	-	-	<b>0.100</b>
<b>TOTAL APPROVED CAPITAL PROGRAMME</b>	<b>16.984</b>	<b>20.272</b>	<b>4.338</b>	<b>4.322</b>	<b>3.805</b>	<b>4.218</b>	<b>5.961</b>	<b>59.899</b>

### Capital Programme Funding

87. Sources of funding for the 2023/24 Capital Programme are summarised below:

<b>Table 17: CAPITAL PROGRAMME FUNDING 2021/22 to 2027/28</b>	2021/22 BFWD £m	2022/23 Projected £M	2023/24 Projected £M	2024/25 Projected £M	2025/26 Projected £M	2026/27 Projected £M	2027/28 Projected £M	<b>TOTAL</b>
<b>TOTAL CAPITAL EXPENDITURE 2022/23 to 2026/27</b>	<b>16.983</b>	<b>20.272</b>	<b>4.338</b>	<b>4.322</b>	<b>3.805</b>	<b>4.218</b>	<b>5.961</b>	<b>59.899</b>
<b>FUNDED BY:</b>								
Capital Reserves	-	-	-	-	-	-	-	-
Capital Receipts	16.656	18.659	0.505	-	-	-	-	<b>35.820</b>
Capital Grants & Contributions	0.327	1.613	1.431	1.431	1.431	1.431	1.431	<b>9.097</b>
Prudential Borrowing	-	-	2.402	2.891	2.374	2.787	4.530	<b>14.982</b>
<b>TOTAL CAPITAL FUNDING 2021/22 to 2027/28</b>	<b>16.983</b>	<b>20.272</b>	<b>4.338</b>	<b>4.322</b>	<b>3.805</b>	<b>4.218</b>	<b>5.961</b>	<b>59.899</b>

88. The sources of funding for the Capital Programme are explained below:



<b>Table 18: CAPITAL PROGRAMME FUNDING</b>	
Capital Reserves	<ul style="list-style-type: none"> <li>Previously the Council benefitted from access to significant capital Reserves following the sale of its housing stock. Over recent years these Reserves have been utilised to invest in the capital programme. The remaining balance was nil at March 2022.</li> </ul>
Capital Receipts	<ul style="list-style-type: none"> <li>Sale of capital assets results in a capital receipt that can be used to invest in new capital assets or to repay prudential borrowing.</li> <li>The main source of capital receipts over the duration of this Capital programme relate to delivery of major schemes including the Marketfield Way (The Rise) redevelopment. These capital receipts have been factored into forecast funding requirements.</li> <li>Flexible use of capital receipts – there are no current plans for use of this funding option.</li> </ul>
Capital Grants & Contributions	<ul style="list-style-type: none"> <li>Forecasts of the future grant funding allocation for Disabled Facilities works have been updated to reflect forecast allocations.</li> <li>They also include the Council’s share of Section 106 and CIL funding.</li> <li>Revenue funding equivalent to the historic New Homes Bonus grant allocation up to 2020/21 has been allocated to support implementation of the Housing Delivery Strategy.</li> </ul>
Prudential Borrowing	<ul style="list-style-type: none"> <li>The primary source of long-term funding for the Capital Programme is now prudential borrowing, primarily from the Public Works Loans Board (PWLB).</li> <li>Loans are managed through the approved Treasury Management Strategy and policies.</li> <li>Interest on borrowing is paid to the PWLB and charged to the annual revenue budget along with the Minimum Revenue Provision that is necessary to set aside funds for eventual repayment of the loan principal. These costs have to be taken into account when setting a balanced Revenue Budget.</li> <li>There are increasing restrictions on the type of capital expenditure that is eligible for prudential borrowing. Borrowing to fund investment solely for commercial gain is no longer permitted.</li> </ul>
Revenue Budget Contributions	<ul style="list-style-type: none"> <li>There is no expectation that significant capital expenditure will be funded from the revenue budget in 2023/24.</li> </ul>

### Capital Programme – Revenue Budget Implications

89. As explained above, with the exception of earmarked Section 106 funds and some earmarked Housing capital receipts, the Council no longer has significant capital Reserves, therefore, while a small number of schemes will be continued to be funded from capital grants and other contributions, the majority of the approved Capital Programme must be funded through prudential borrowing. The costs of repaying this borrowing fall on the revenue budget as treasury management costs in Central budgets.
90. Treasury management budgets will be updated to reflect the costs of borrowing for the approved Capital Programme for 2023/24 onwards net of interest on forecast balances. Details will be confirmed in the Treasury Management Strategy for 2023/24 that is reported to Audit Committee, Executive and Full Council for approval in March/April each year.

91. The costs of managing and maintaining new capital assets will have to be taken into account in the revenue budget as new assets come into use. Budgets will also have to be established for any new income streams generated.

Capital Programme – Policy on Capitalisation of Salaries.

92. Costs incurred as a result of staff spending time on capital projects can be capitalised, provided that time can be linked to bringing a specific, separately identifiable asset into working condition, or substantially enhancing the working life of an existing asset.

**STATEMENT OF THE CHIEF FINANCE OFFICER (CFO)**

93. The Local Government Act 2003 places a duty on the Chief Finance Officer to advise the Council on the robustness of the proposed budget and the adequacy of balances and reserves supporting its budget. The Council is required to have regard to this advice when making the annual budget decisions.

94. The information set out in this budget report and the supporting Medium-Term Financial Plan Summary and other Annexes sets out how this Council plans to:

- assess and manage financial risks, including the risks relating to delivery of new income streams and commercial activities
- manage increased demand for services
- manage delivery of major capital schemes
- track proposed changes and volatility of Government funding
- deliver a balanced budget beyond 2023/24
- continue to deliver value for money to local taxpayers;
- continue to receive an unqualified audit report on the annual statement of accounts; and
- ensure that effective scrutiny of the Budget process is carried out and responded to.

CIPFA Resilience Index

95. The Council’s position against a range of financial measures compared to similar councils is available online through the CIPFA Financial Resilience Index at <https://www.cipfa.org/services/financial-resilience-index-2022>.

<b>Table 19: CIPFA RESILIENCE INDEX INDICATORS at March 2021 and March 2022<sup>1</sup></b>	<b>This Council’s Relative Risk Compared to Similar Councils</b>	<b>This Council’s Prospects over the Medium Term</b>
Reserves Sustainability – increase in reserves over recent years	Low	Planned use of previously un-allocated reserves (for example for investment in Housing) means that this position will be harder to maintain
Level of Reserves – compared to the annual revenue budget	Low	
Changes in reserves over recent years	Low	
Interest payable compared to recent budget	Low	Planned growth in the Capital Programme and associated borrowing means that this position will not be maintained.
Gross external debt	Low	

<b>Table 19: CIPFA RESILIENCE INDEX INDICATORS at March 2021 and March 2022<sup>1</sup></b>	<b>This Council's Relative Risk Compared to Similar Councils</b>	<b>This Council's Prospects over the Medium Term</b>
Fees & Charges - as % of service budgets	Higher than Average	Implementation of the Fees & Charges proposals in the 2023/24 budget should improve the Council's position against this indicator as it results in new and/or increased sources of income.
Ratio of Council tax contribution to revenue budget	Low	Risk not expected to increase following the increase in the council tax referendum limit for 2023/24 and 2024/25.
Funding growth - compared to Government baseline	Increasing	This risk is expected to increase if Government funding reduces.

Note

1. Latest published results

### CIPFA Financial Management Code

96. The Chartered Institute of Public Finance (CIPFA) Financial Management Code ('the FM Code') was published in October 2019. It is intended to support good financial management and stability and applies to all local authorities, including police, fire and other bodies.
97. The detailed requirements were set out in the MTFP that was approved in July 2022. In summary the FM Code is based on a series of principles and standards to provide the foundation for authorities to manage their short, medium and long-term finances, maintain resilience to meet demands and manage unexpected financial shocks. It does this by aiming to:
  - Support self-regulation in the local authority sector, by setting out non-prescriptive framework within which Councils can operate;
  - To promote a move away from short-termism to longer term strategic financial planning;
  - To reinforce the role of the whole leadership team in ensuring financial sustainability and good governance.
98. Authorities have been required to adopt the requirements of the FM Code with effect from April 2021.
99. Compliance with the FM Code will help provide further assurances on the supporting information that is relied on to produce annual budget estimates, MTFP forecasts and in-year monitoring reports.
100. The latest assessment of this Council's compliance with the requirements of the Code was included in the Medium Term Financial Plan report to Executive in July 2022.

### Robustness of Reserves

101. As highlighted in the Service and Financial Planning report to Executive in November 2022 and in this Budget report both general and earmarked reserves remain relatively healthy. The planned use of reserves in 2023/24 year is appropriate as the Council addresses areas of financial risks and moves to a position where its finances rely less on Government grants and as it invests in delivery of its Strategies. The forecast remaining level of reserves will continue to provide sufficient cover to meet

commitments and provide a strong 'safety net' for unplanned events. This report includes the outcome of the latest review of Reserves to ensure that they remain aligned with the most significant areas of risk in the budget and delivery of corporate priorities.

#### Budget Proposals – Issues, Uncertainties & Risks

102. As explained in this report, the budget proposals for 2023/24 are robust. There remain a number of uncertainties and risks which are summarised in the following paragraphs.

103. The Economy:

- The current economic slowdown nationally and globally - could result in lower income (through - for example - reduced discretionary spending or lower than anticipated recycle prices) and increases in demand (benefits and statutory duties such as homelessness).
- A reduction in the number of employers in the Borough could also have an impact on retained NNDR income.
- Cost inflation is now a significant risk, in particular with regard to fuel, energy and building costs.

104. Future Government Funding:

- The future of local government funding and business rates remains uncertain and an area of concern.
- The end of New Homes Bonus payments over the coming years will have an impact on available resources.
- The Homelessness Reduction Act requires Councils to provide more support to homeless people and people at risk of becoming homeless. The Government has continued to commit ring-fenced funding towards this duty but there remains a question mark over the longer term.

105. Revenue Budget Savings:

- Following the significant budget reductions in past years, it has become increasingly difficult to generate additional ongoing savings.
- Identification and implementation of new Financial Sustainability Programme initiatives will have to continue to be a priority over the next couple of years to address the forecast MTFP gap
- If we are to deliver financial sustainability then we will need to continue our efforts to become a more commercial organisation and fully explore income generating opportunities involving, for example, asset investment, partnership working and providing services for other organisations. However the increasing controls on 'borrowing in advance of need' has limited many of the options that might otherwise have been considered to deliver new commercial income streams.
- The ongoing review of Fees & Charges is helping identify new income generation opportunities. An updated Fees & Charges Policy is attached at Annex 7; it reflects the outcome of review work undertaken as part of budget setting.

106. Corporate Plan:

- The Corporate Plan sets out the Council’s vision and objectives over the medium term and will enable it to target its resources in the most efficient and effective way.
- The main challenge, as ever, will be balancing our ambitions as a high performing council with our ability to resource those ambitions.
- Prioritisation of services like Housing Delivery and Environmental Sustainability will place new demands on existing resources.
- A combination of careful stewardship and an innovative approach to service delivery will be required to ensure that we achieve our goals.

107. Budget Risks:

- The latest risk assessment is detailed in the MTFP and current Strategic Financial Risks to the Council’s financial sustainability are reported at Annex 1 (Appendix 2).
- Given the uncertainty over future economic conditions and the business rates regime, it is prudent to maintain our capacity to protect services from unforeseen financial pressures. Once used, however, it may prove difficult to replenish Reserves.
- Despite significant improvements in recent years the Pension Fund remains a risk over the longer term as future economic downturns and recent case law may impact on the value of Fund investments and liabilities.

108. Overall, the Council has made prudent budgetary provision for its commitments for the 2023/24 financial year, within the legislative framework that governs its operations and within other constraints, such as the Council’s policy framework.

## OPTIONS

109. the following options are available to the Executive:

**OPTION 1** - Approve the proposed budget and financial planning changes set out within the report.

This option is recommended for approval, to ensure that the Revenue Budget, Council Tax and Capital Programme are agreed in good time to adopt a balanced budget for 2023/24.

**OPTION 2** - Only approve some of the proposed budget and financial planning changes set out within the report.

This option is not recommended, as it would undermine service plan delivery and would present a risk to setting the budget and council tax for 2023/24.

**OPTION 3** - Reject the proposed budget and request that further work be undertaken to develop new proposals for consultation under the terms of the Constitution.

This option is not recommended as it leave the Council at risk of failing to adopt a budget and council tax for 2023/24.

## LEGAL IMPLICATIONS

110. There are no direct legal implications arising from the recommendations in this report subject to the Council adopting a balanced budget for 2023/24 by 11 March 2023 to meet the requirements of the Local Government Finance Act 1992.

## FINANCIAL IMPLICATIONS

111. These are addressed throughout the report.

## EQUALITIES IMPLICATIONS

112. The Council has a statutory duty to consider equality implications as part of the decision making process and demonstrate this. The Council's Corporate Equality Policy – setting out the Council's legal duties and responsibilities – is available at [https://www.reigate-banstead.gov.uk/download/downloads/id/6490/corporate\\_equality\\_policy\\_2020.pdf](https://www.reigate-banstead.gov.uk/download/downloads/id/6490/corporate_equality_policy_2020.pdf)

113. An initial assessment was undertaken on each of the budget changes proposed in the November Executive report to determine whether it would impact on service delivery or service users in any way. This assessment identified that a number of the proposals may potentially have an impact on residents with protected characteristics. Those proposals were:

- Proposals to increase the Borough Council's element of Council Tax by the referendum limit
- Proposals to increase fees for the issuing of summons and obtaining liability orders for Council Tax and Business Rates non-payment
- Proposals to reduce some funding to some Voluntary and Community Sector Partners
- Proposals to increase car park charges
- Proposals to increase some community centre room hire charges

114. Draft equality impact assessments for these proposals were published to accompany the budget consultation (see below for more detail about the consultation). In all instances, consideration has been given to impact avoidance and mitigation measures and proposals for ongoing monitoring and review to ensure that if any negative impact is identified this can be responded to.

115. Since the draft budget proposals were published, consultation has been undertaken, and the equality impact assessments have been finalised. The final assessments are attached Annex 6 to inform Members' decision making.

116. In summary:

- Proposed Council Tax increase: Any potential negative impact on residents facing financial hardship (including those in protected characteristic groups) will be avoided by continuing to operate the Local Council Tax Support Scheme and the provision of discretionary support as appropriate.
- Proposals to increase fees for the issuing of summons and obtaining liability orders for Council Tax and Business Rates non-payment: Any negative impact on those with protected characteristics will be avoided via the recovery process which provides residents with the opportunity to engage with the Council, bring their payments up to date and assist any residents who are financially vulnerable.
- Proposals to reduce some funding to some Voluntary and Community Sector (VCS) Partners: Service providers have indicated that unless alternative funding can be found this will impact on the extent of services they are able to provide and/or the number of residents they are able to support (including those with protected characteristics). Impact avoidance / mitigation measures

identified include the ability for each organisation to fundraise from other sources, the provision of non-financial 'in kind' support from the Council, the provision of information by the Council to residents about these and also other forms of support that are available locally, and a commitment to undertake more work to explore opportunities to launch other funding schemes. Regular monitoring will be undertaken and meetings will be held with all the organisations to track the securing of replacement funding and any residual impact on service provision and residents. This information will be able to inform future budget setting.

- Proposals to increase car park charges: The increases proposed are consistent with levels of inflation since charges were last reviewed, and car parks remain free to blue badge holders. Monitoring and/or surveys will be undertaken to identify if there is any disproportionate impact of the change in charges, and to inform any future proposals with respect of our car parks.
- Proposals to increase some community centre room hire charges: Charges have been reviewed to ensure that they are applied more equitably overall (improving fairness for all hirers), and the increases generally reflect inflation except where heavy discretionary discounts have been removed. Any potential negative impact on those with protected characteristics can be avoided by the hirer using an alternative venue or amending their own charging. However, monitoring will also be undertaken to assess the impact of the changes on room hirers and usage patterns, and charges will be reviewed regularly, with the option remaining to consider discretionary reductions in the event that a disproportionate negative impact is identified.

## **ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS**

117. The environmental sustainability implications of individual proposals within the draft budget have been considered. For the majority of proposals no environmental sustainability impact has been identified. Where potential impact has been identified this is as follows:

- Positive impact from proposals to move the emergency planning post into base budget, assisting the Council to respond to the increasing risk and impact of extreme weather events resulting from climate change; and
- Potential positive impact from the proposed increase in parking fees, encouraging car users to consider alternative modes of transport.

118. Although some consultation respondents raised concerns about a potential increase in fly-tipping, it is not anticipated that there will be any sustainability implications from the proposed fee increases in relation to allotments, garden waste and bulky waste as it is unlikely that the relatively small increases will adversely affect customer numbers; however impact on levels of service usage will be kept under review and any adverse environmental monitored and as appropriate measures to address this implemented.

## **COMMUNICATION IMPLICATIONS**

119. The Council continues to offer value for money for Council residents – in 2023/24, the average household will pay just £4.78 per week to the Borough Council in Council Tax, which pays for the wide range of services that the Council delivers, including household waste and recycling collections, street cleaning, greenspaces maintenance, leisure and community centres, and statutory and regulatory services such as licencing, environmental health and planning.

120. Central to Council’s communications and engagement strategy is not only to promote the good work that the Council does and the services it provides, but also to ensure residents and businesses are aware of and have the opportunity to input to our annual service and financial planning process. Development of the Corporate Plan was supported by extensive consultation with residents and other partners to inform priorities which remain relevant for the duration of the Plan.

**RISK MANAGEMENT CONSIDERATIONS**

121. Service and financial plans are aimed at minimising risks and ensuring that the Council continues to deliver great services whilst managing budgets and other resources well. The Medium-Term Financial Plan and Capital Investment Strategy include analyses of forecast budget risks and the mitigating action that is planned.

122. The Council has strong risk management arrangements in place to ensure that any risks are identified and managed, with regular reports provided to the Audit Committee and the Executive.

123. The risks relating to the long-term financial sustainability of the Council remain on the strategic risk register, and as such controls and mitigating actions are regularly reviewed. They are set out in the MTFP at Annex 1. Commercial investment (where permitted), which is a key aspect of securing our long-term financial sustainability and can be affected by wider macro-economic circumstances, is also identified as a strategic financial risk for which controls are in place and mitigating actions being implemented.

124. Local Council Tax Support scheme risks: there are ongoing risks associated with not carrying out a review of the Scheme. It needs to reflect current circumstances and the costs of processing claims have to be managed as they all fall on this authority. The window of opportunity for consultation is growing ever smaller and significant changes will require wide consultation to avoid the risks of legal challenge, which again are borne entirely by this authority. This does not however prevent the Council from managing and controlling other areas of the Council Tax base, such as discounts and exemptions.

**HUMAN RESOURCE IMPLICATIONS**

125. The Council will need to maintain workforce capacity and skills to enable the organisation to diversify and deliver again Corporate Plan ambitions.

126. The service & financial planning proposals for 2023/24 result in an overall change in FTE numbers as set out in the table below.

<b>Table 20: STAFF ESTABLISHMENT – FORECAST FTE MOVEMENTS 2022/23 TO 2023/24</b>		
<b>STAFF ESTABLISHMENT 2022/23</b> (including fixed term posts)		<b>533.6</b>
<b>Net Permanent Posts to be created / (deleted) as part of 2023/24 Service &amp; Financial Planning Savings and Growth proposals:</b>		
November Report Annex		
3.1	Organisation	(4.6)
3.1	Management Team – Emergency Planning	1.0
<b>FORECAST STAFF ESTABLISHMENT 2023/24</b>		<b>530.0</b>



<b>Table 20: STAFF ESTABLISHMENT – FORECAST FTE MOVEMENTS 2022/23 TO 2023/24</b>	
<b>STAFF ESTABLISHMENT 2022/23</b> (including fixed term posts)	<b>533.6</b>
<b>NET INCREASE / (DECREASE)</b>	<b>(3.6)</b>

127. The final budget proposals and Medium Term Financial Plan forecasts include provision for an annual cost of living pay award for staff. This award is subject to negotiations with staff representatives and will depend on a variety of factors, including economic conditions, inflation levels and staff recruitment and retention considerations. The budget forecast also includes an allocation for contractual pay increases for some staff (primarily incremental pay rises linked to achieving appraisal targets).

Pay Award

128. An increase of £1,500 for 2023/24 for all staff (with the exception of the most senior grades) has been offered and can be accommodated in the budget; consultation with the recognised trade unions was underway at the time of preparing this report. The budget also includes provision for contractual pay increases, such as incremental progression subject to a satisfactory appraisal outcome.

**CONSULTATION**

129. Public consultation: Consultation has been carried out in line with the Constitution. The 8 week public consultation ran from 21 November 2022 until 16 January 2023. An online survey was provided, with multiple choice options along with ‘free text’ questions, to allow respondents to give their views in their own words. Interested parties were also able to comment by email to a dedicated Council email address or via a ‘Freepost’ option.

130. The consultation was promoted through a press release, social media, Council e-newsletters to residents and businesses and by email to a list of approximately 330 stakeholders. Recognising that some residents may not be able to take part on-line, hard copy paper surveys were made available on request from the Customer Contact Team.

131. The Council received 198 surveys (63 of which were only partially completed), a further 3 representations by other means.

132. The results of the consultation on the draft budget proposals have been taken into account in finalising the proposals within this paper, and the accompanying equality impact assessments (see above). A summary of the consultation findings is included at Annex 5. Headline messages include:

- The proposal to increase Council Tax by the referendum limit was supported by a majority of respondents, receiving 59% of responses in agreement
- The majority of proposals for changes to fees and charges were supported, however only 36% of respondents supported proposed increases to waste & recycling fees (that is, the increase in garden waste fees, bulky waste fees, trade waste fees and container and sack prices). Views were mixed on changes to greenspaces and community centre fees, with opposition primarily related to allotments, community centres and outdoor spaces. (Note that some licensing charges and car park charges are subject to separate statutory consultation)

- The proposed reduction in grant funding for some voluntary sector partners was opposed by 69% of respondents, with concerns particularly about the impact on residents who are supported by the organisations in question.

133. Consultation with the Overview & Scrutiny Committee: The Overview & Scrutiny Committee established a Budget Scrutiny Panel to support this work. The Panel met on 29 November 2022 and their report was considered by the Overview & Scrutiny Committee on 7 December and presented to the Executive on 15 December. The Committee is also due to consider the final Budget proposals on 19 January 2023.
134. Consultation with business representatives: Section 65 of the Local Government Finance Act 1992 requires the Council to consult representatives of those subject to non-domestic rates in the borough about its proposals for expenditure for each financial year. This was done as part of the public consultation exercise described above, including promotion of the consultation at business networking events and using the Council's business e-newsletter

## **POLICY FRAMEWORK**

135. Service & financial planning: the budget proposals within this report form part of the Council's budget and policy framework. The annual budget is developed to ensure that the Council can deliver the Corporate Plan and services to residents and businesses.

### Background Papers:

*Medium Term Financial Plan 2023/24 to 2027/28*, report to Executive on 21 July 2022

*Capital Investment Strategy 2023/24*, report to Executive on 21 July 2022

*Service & Financial Planning 2023/24*, report to Executive on 17 November 2022

*Budget Scrutiny Panel Report, Service & Financial Planning 2023/24*, report to Executive on 15 December 2022

*Equality Impact Assessment: Service & Financial Planning 2023/24*, January 2023.

### List of Annexes:

1. Medium Term Financial Plan Summary
2. Additional Revenue Budget Growth & Savings Proposals
3. Forecast Revenue Budget Reserves at 31 March 2023
4. Capital Programme 2023/24 to 2027/28 – All Schemes
5. Consultation Report – Budget Proposals 2023-24
6. Equality Impact Report - Budget Proposals 2023-24
7. Fees & Charges Policy