

Briefing Note: Overview & Scrutiny Committee

19 January 2023

Budget 2023/24 and Capital Programme 2023 to 2018

Summary of Significant Budget Changes Since the November 2022 Budget Report

1. Service Budgets

- 1.1 No additional budget savings, income or growth proposals identified since November

2. Central Budgets

- 2.1 Treasury Management budget forecasts have been reviewed:

- Reduced compared to the November forecast – (£139k)

- 2.2 Budgets for Housing Benefit payments/subsidy and the grant to Banstead Commons Conservators are now reported as Central budgets (previously within Service Budgets)

- The £564k pressure for reduced benefit subsidy is therefore reported as a Central budget risk
- Additional growth of £25k to support Banstead Commons Conservators in 2023/24 (one year only)

- 2.3 Budget growth for the employer's secondary pension fund contribution following the 2022 Pension Fund revaluation - £1.890m. The equivalent sum had been pre-paid for 2020/21 to 2022/23.

3. Council Tax & Business Rates (NNDR)

- 3.1 2.99% increase (+£7.25 per annum for a Band D property) in line with the Government's referendum limit.
- 3.2 Updated Council Tax forecast to reflect the annual increase, growth in the taxbase, updated recovery forecasts and this Council's share of the Collection Fund surplus - £703k.
- 3.3 Updated NNDR forecast to reflect the Provisional Settlement, updated recovery forecasts and this Council's share of the Collection Fund surplus - £1.694m

4. Call on Reserves & Grants

- 4.1 No call on the General Fund Reserve to support the budget in 2023/24
- 4.2 Calls on Earmarked Reserves:

- £484k from the Government Funding Risks Reserve – to address forecast Housing Benefit subsidy reduction.
- £493k for IT Strategy implementation
- No longer any requirement to call on other Reserves to fund risks and issues relating to property voids and energy costs; they can now be funded within available resources.

4.3 Provisional Settlement - Grants

- Additional New Homes Bonus grant - £34k
- Reduced Lower Tier Services Grant and Services Grant – (£178k)
- New grant: Minimum Funding Guarantee Grant - £803k

Comparison of 2023/24 to 2022/23

5. Final Revenue Budget Summary

Table 1	2022/23 £m	2023/24 £m	Budget Movement
Service Budgets	17.544	17.814	0.271
Central Budgets	2.437	5.380	2.943
Net Budget Requirement	19.980	23.194	3.214
Council Tax	15.222	16.293	1.071
NNDR	1.710	3.994	2.284
Grants	1.271	1.930	0.659
Earmarked Reserves	1.565	0.977	(0.588)
General Fund Contribution	0.212	-	(0.212)
Net Funding	19.980	23.194	3.214

6. Service & Central Budget Growth 2022/23 to 2023/24 – Summary

Table 2	2023/24 £m	New / (Deleted) Posts FTE
Net Reduction in Staff Costs	(0.296)	(3.6)
Net Reduction in Other Operating Costs – savings and additional income	(1.276)	
Budget risks and issues – Property voids and energy costs	1.350	
Budget Opportunities – IT Strategy Implementation	0.493	
Net Service Budget Growth	0.271	(3.6)
Central Budget Growth / (Savings) <ul style="list-style-type: none"> • Treasury Management – (£900k) • Employer Pension Contributions - £1.890m • Staff Salary Increases – £1.500m • Central Vacancy Provision – (£150k) • Budget risks – Housing Benefit subsidy cuts - £564k • Other net budget changes - £39k 	2.943	
Total Budget Growth	3.214	(3.6)

7. Funding Changes 2022/23 to 2023/24 – Summary

Table 3	2023/24 £m
Council Tax – net income increase	1.071
Business Rates & Government Grants – net income increase	2.284
Increase in Grants <ul style="list-style-type: none"> • Lower Tier Services Grant • Services Grant (new) • New Homes Bonus • Minimum Funding Guarantee 	0.659
Reduced call on Earmarked Reserves compared to 2022/23	(0.588)
Cease General Fund Contribution	(0.212)
Net Funding Increase	3.214

8. Forecast Reserves Balances at 1 April 2023

Table 4	Forecast Balance ¹ at 31 March 2023 £m
General Fund Balance	3.500 ²
Other Earmarked Reserves	33.706 ³
TOTAL	37.206

NOTE

- Final balance depends on draw down of funds from Earmarked Reserves during the remainder of 2022/23
- Increased from £3.000m in line with the increase in the Net Revenue Budget
- Includes a new Economic Pressures Reserve - £150k (equivalent to the income from a 1% council tax increase) – to provide additional discretionary relief.

9. Capital Programme – Growth Proposals

- 9.1 As reported in November - £7.672m net growth over the five years from 2023 to 2028; primarily continuation of existing ‘rolling’ programmes for asset maintenance and management and reprofiling/reduction of previously-approved allocations.

Table 5: TOTAL CAPITAL PROGRAMME GROWTH 2023/24 to 2027/28	2023/24 Projected £M	2024/25 Projected £M	2025/26 Projected £M	2026/27 Projected £M	2027/28 Projected £M	TOTAL £M
Organisation	0.046	0.040	0.860	0.003	0.589	1.538
People	0.108	0.115	0.115	0.115	1.519	1.972
Place	0.034	0.016	0.259	-	3.653	4.162
TOTAL	0.188	0.171	1.234	0.118	5.961	7.672

10. 2023/24 Budget Consultation and Assessment of Equality Implications

10.1 Consultation – details at Annex 5

- 8 weeks consultation on budget proposals
- 198 responses received and a variety of views expressed, as would be expected. Headlines include:
 - The proposal to increase Council Tax by the referendum limit was supported by a majority of respondents, 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.

10.2 Assessment of Equality Implications - Details at Annex 6

End.