

Environment and Safe Communities Committee
26 January 2021

REVENUE BUDGET 2021/22

Head of Service:	Lee Duffy, Chief Finance Officer
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	N/A

Summary

This report sets out budget estimates for income and expenditure for Environment & Safe Communities services in 2021/22.

Recommendation (s)

The Committee is asked to:

- (1) recommend the 2021/22 service estimates for approval at the budget meeting of full Council in February 2021;
- (2) confirm the savings options set out in section 6 for inclusion in the 2021/22 and 2022/23 budget estimates, to mitigate the Council's projected budget gap.

1 Reason for Recommendation

- 1.1 The recommendations will enable the Council to meet its statutory duty to set a balanced budget for 2021/22.

2 Background

- 2.1 In February 2020, Full Council agreed the four year Medium Term Financial Strategy to 2023/24 (MTFS). The MTFS aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan.

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- 2.2 Since the MTFs was produced, Covid-19 has had a major impact on the Council's services and finances. The financial impact has been reported to Strategy & Resources Committee, most recently on 22 September in the Budget Targets report, which identified a funding gap of £1.29m for 2021/22. To address the projected funding gap, Strategy & Resources agreed the following budget targets for 2021/22:
 - 2.2.1 That estimates be prepared including the delivery of savings already identified in the Financial Plan for 2021/22 totalling £336,000.
 - 2.2.2 That estimates include options to reduce organisational costs by £1,290,000 subject to government grant announcement, in order to minimise the use of working balances and maintain a minimum working balance of £2.5 million in accordance with the medium term financial strategy.
 - 2.2.3 That at least £210,000 additional revenue is generated from an increase in discretionary fees and charges;
 - 2.2.4 That a provision for pay award is made of £408,000 that would allow for a 2% cost of living increase;
 - 2.2.5 That a £950,000 contingency is provided for within the 2021/22 budget to mitigate the potential impact of Covid-19 on the Council's finances in 2021/22.
 - 2.2.6 That officers are tasked in delivering a list of costed options that can be implemented to address any budget shortfall for 2021/22.
- 2.3 The figures in this report reflect the local government finance settlement for 2021/22.
- 2.4 The service estimates for this Committee are to be included in the draft Budget Book 2021/22 that will be made available to all Councillors.
- 2.5 Estimates have been prepared on the basis that all existing services to residents are maintained.
- 2.6 No general allowance for price inflation has been utilised for the revenue estimates 2020/21. However, where the Council incurs contractual inflationary uplifts, budgets have been adjusted accordingly.
- 2.7 For pay inflation, the budget includes a provision of £240,000, which represents a reduction of £160,000 from the original budget of £400,000. Of this provision, £190,000 is for pay progression as officers move through their pay grade with experience, and £50,000 is for a 0.5% cost of living increase, in accordance with the Council's agreed four year pay policy to adjust pay by the preceding September CPI figure.

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- 2.8 The Council agreed a target to increase overall income from locally set fees and charges by a minimum of 3% annually, after making allowance for any further changes in service. Certain charges for Committees are being proposed at above inflation levels, either to reduce service subsidy levels or to enable the Council to achieve a balanced budget.
- 2.9 To allow the Council to determine the budget and Council Tax in February, the Committee estimates have been presented as follows:-
- 2.9.1 The Budget Book contains the service estimates for 2021/22.
- 2.9.2 All unavoidable cost increases and income reductions are reflected in the estimates.
- 2.9.3 Recommended increases to fees and charges have been included within the Budget Book and the income estimates.
- 2.9.4 All increases in charges are subject to approval by the Council.

3 Covid-19

- 3.1 Covid-19 has had a significant impact on the Council's income and expenditure. The impact will continue into next year and the Council's projected budget gap for 2021/22 remains at £631,000. To mitigate this budget gap, each Policy Committee is being presented with a number of savings options this month. Those options that are agreed will be incorporated into the budget submitted to Council in February.
- 3.2 The saving option for this Committee is presented in section 6.

4 Revenue Estimates 2020/21

- 4.1 Before considering the revenue estimates for 2020/21, this section provides a summary of the forecast outturn for the current financial year. Variations identified with on-going effects have been taken into account in preparing next year's budget.
- 4.2 Variations identified with on-going effects have been taken into account in preparing next year's budget. Excluding Central Government support, the Council's probable revenue outturn at Q2 monitoring for all Committees in 2020/21 anticipates an adverse variance of £4.569m, as set out in the Q2 monitoring report and summarised by the following table:

Committee	2020/21 Probable Outturn		
	Current Approved Budget	Q2 Forecast	Variance
	£'000	£'000	£'000
Strategy & Resources	3,304	3,639	335

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Environment & Safe Communities	2,503	4,433	1,930
Community & Wellbeing	6,605	8,449	1,844
BECC & Community Hub	0	460	460
Capital charges	(2,669)	(2,669)	0
Total budget requirement	9,743	14,312	4,569

- 4.3 To date, the Council has been allocated government grants totalling £1.018m, new burdens funding of £130k, and the Council expects to benefit from the government's income compensation scheme by £2.637m. The government support is projected to reduce the budget deficit to £0.78m.
- 4.4 The probable outturn specifically for Environment & Safe Communities Committee for 2020/21 is an adverse variance of £1,930,000, which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

Forecast Outturn	Current Approved Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
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Parking	(2,035)	(348)	1,687
Environmental Services	3,499	3,626	127
Planning & Building Control	760	779	19
Community Safety	97	86	(11)
Environmental Health	182	290	108
Subtotal Environment & Safe Communities	2,503	4,433	1,930

- 4.5 The current approved budget in the table above represents the published budget updated with authorised transfers of funds since approval of the budget at Council in February 2020.

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- 4.6 Within parking the Covid pandemic has had a impact on income due to a drastic decline in car park usage as a result of shops being closed, with fewer people pursuing leisure activities and commuting to work. There has also been a corresponding reduction in the income from penalty notices. Whilst car park usage had recovered to 66% of previous years as at September 2020, further restrictions have reduced this substantially in later months.
- 4.7 Domestic Waste staffing costs have been severely impacted due to both long term sickness (£53k) and Covid (£43k). During lockdown vulnerable staff were unable to undertake their usual duties due to the inability to socially distance within waste trucks.
- 4.8 Trade Waste is forecasting a £9k adverse variance. Income has been adversely impacted by Covid as businesses shut during lockdown have sought reimbursement for the period they did not receive the service, or may even have ceased trading. This has partially been offset by a reduction in the tipping fees as a result of a reduction in tonnage of waste being disposed.
- 4.9 Market income is forecasting a £29k adverse variance as there are fewer stalls as a result of social distancing. If and when the requirement to socially distance ends, this income stream should recover.
- 4.10 Cemetery income is forecasting a £53k adverse variance impacted by government limits on numbers that can attend funerals, which has made burials less attractive. The planting service was also temporarily halted, reducing income generation.
- 4.11 Licensing is forecasting a £53k adverse variance. There has been reduced premises licence fee income from venues that have been closed. Reduced taxi licence fees due to reduction in firms and individuals renewing licences as a result of reduced taxi usage due to Covid-19.
- 4.12 Building Control is forecasting a £24k adverse variance. Building inspections have decreased as officers were unable to attend premises during lockdown. The loss of income is currently forecast at £88k but this is largely offset by a salary saving from a vacant post.
- 4.13 Development Control is forecasting a £52k adverse variance. Pre-application and Planning Performance Agreement income has suffered as a result of Developers being unable to meet officers during lockdown and the impact of uncertainty on development in the Borough. This is likely to continue throughout the financial year. Planning applications have also been impacted.
- 4.14 The Planning Policy Team is forecasting a favourable variance of £57k as a result of a vacant post.

5 Proposals for 2021/2 Budget

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- 5.1 The Committee's revenue estimates for 2021/22 are included in the draft Budget Book 2021/22, circulated in January, and a summary of these is set out below:

Service Group	Published Budget 2020/21 £'000	Base Position 2021/22 £'000
Parking	(2,066)	(2,120)
Environmental Services	3,360	3,468
Planning & Building Control	598	735
Community Safety	97	91
Environmental Health	165	158
Total	2,154	2,332

- 5.2 The following table comprises a summary of the main changes to the Committee's proposed budget for 2021/22 compared with the published budget for 2020/21:

Environment & Safe Communities Committee	Budget £'000
Published Budget 2020/21	2,154
Creation of Planning & Building Control Business Admin Hub	117
Grant-funded 12-month Environmental Health Covid response post	57
Variation in pay, pension (IAS19) & support service recharges	154
Increased business rates	40
Increased income from fees and charges	(246)
Expenditure on Princess Balustrades for cremated remains burial	19
Increased gate fees for trade waste	39
Savings on fuel and transport contract	(44)

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Reduction in CIL admin receipts used	40
Temporary adjustment to land drainage recharge	55
SCC grant for Environmental Health Covid response post	(57)
Sundry variances	4
Base position 2021/22	2,332

6 Savings Options for 2021/22

- 6.1 As set-out in paragraph 2.2, the Strategy & Resources Committee had agreed a Council-wide savings target of £1.29m to achieve a balanced budget for 2021/22.
- 6.2 Following the budgeting process and the announcement of the Local Government Finance Settlement for next year, the Council's budget gap has been reduced to £631,000 for 2021/22. However, mainly due to the one-off nature of some government funding within the finance settlement, the Council's projected budget gap still increases to £1.186m by 2023/24.
- 6.3 To address the remaining Council-wide budget deficit of £631,000 for 2021/22 and £1.186m by 2023/24, the Committee is asked to confirm whether the following savings options, set-out in the following table (and summarised in the subsequent paragraphs), are supported for inclusion in the budget to be submitted to Full Council in February:

Saving Option	Reference	Saving Amount (£000)		
		2021/22	2022/23	Total
Review of Parking	A	24	-	24
Review of Grounds Maintenance	B	-	67	67
Review of Waste Collection	C	-	100	100
Total		24	167	191

A. Review of Parking

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- 6.4 The above saving option proposes the removal of barriers from Town Hall and Hope Lodge car parks and a return to Pay and Display with the introduction of RingGo. The rationale behind the proposal is that Pay and Display has much lower maintenance costs and does not require CCTV. In addition, there would be savings from the avoided cost of replacing tokens, a reduction in tailgating and a reduction in barrier issues leading to free exits, such as heavy winds or anti-social behaviour.
- 6.5 Penalty Charge Notice (PCN) income is greater for Pay and Display, though the data used for this analysis is from 5 years ago and therefore may not be exactly replicated now, but the proportions of change could be similar.
- 6.6 When comparing cost and income across the two systems for the two car parks, the Pay and Display net income was £24,000 higher. This figure takes into account a one off cost of £12,000 for new machines, so the additional net income in future years is expected to be higher.
- 6.7 The drawbacks of Pay and Display are the negative reputational impact if the Council is seen to be profiteering from PCNs, as PCNs are never welcomed by the recipients. Generally, people have preferred barriers in the past, as they can shop without concern and pay for their stay at the end, rather than estimate the length of stay on arrival and fear a PCN if late. However, RingGo does help to alleviate this fear in the modern age.

B. Review of Grounds Maintenance

- 6.8 Maintenance of highway verges, hedges and weed spraying is the statutory responsibility of the highways authority, Surrey County Council (SCC). As SCC would provide only a minimum standard, EEBC provides the service to a higher standard and receives a partial financial contribution from SCC to cover the notional cost of undertaking the work to a minimum standard.
- 6.9 Currently, EEBC undertakes an average of 11 urban and 6 rural cuts per annum, and three rounds of weed spraying per year. The current level of service could be reduced by disbanding one team and reducing the number of cuts to 6 urban, 2 rural, 2 weed-spraying and general hedge maintenance per annum. Disbanding the one team will realise a net saving in the region of £67,000 for EEBC and the number of cuts undertaken will still meet the minimum standard required to receive the financial contribution from SCC.

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- 6.10 To mitigate the impact of reduced cuts, the Seasonal Environmental Action Team (SEAT) will continue to provide back up to the remaining verges' team and help respond to customer complaints. The SEAT team was originally introduced in April 2019 to provide additional resources to the Streetcare Team especially during periods of rapid growth. Its primary function is to deal with residents' complaints and provide a systematic approach to clearing dead weeds and unwanted vegetation using a powerful weed ripping machine.

C. Review of Waste Collection

- 6.11 The 2020-24 MTFS includes a £100k saving in 2022/23 from a review of Waste Collection. Consideration had been given to bringing this saving forward, however, it is now considered prudent to await the outcome of the Government's National Waste Strategy before making alterations to the service, as the strategy has been delayed.
- 6.12 In the meantime, a saving could potentially be achieved by negotiating with Surrey County Council to share the financial benefits from recycling materials, as currently the financial benefits are fully retained by SCC. It is therefore proposed that officers commence negotiations with SCC for these benefits to be shared with EEBC.
- 6.13 If the negotiations with Surrey County Council are unsuccessful then this Council will need to consider other options to reduce the overall cost of waste collection once the National Waste Strategy is published.
- 6.14 The Committee is asked to confirm that the savings options A, B and C above, are supported for inclusion in the 2021/22 and 2022/23 budget estimates, to mitigate the Council's projected budget gap.

7 Risk Assessment

Legal or other duties

7.1 Impact Assessment

- 7.1.1 In preparing the revenue budget estimates officers have identified the following main risks facing the Committee in delivering services within the budget. These budgets will require careful management during the year.

Service	Risk	Budget Estimate 2021/22 £'000	Risk Management
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Off Street Car Parking	High: Income from off street car parks has been heavily impacted by the pandemic.	Total Budgeted Income £4,378k 5% change affects income by £219k 25% change affects income by £1.1m.	The income compensation scheme has been extended to end of June 21 which should offer some support. Provision has been made in the 21/22 revenue budget for unachieved income due to Covid. Also monthly monitoring and work analysing individual car park performance against target will continue.
Operational Services	Low: The service is reliant on fuel and therefore susceptible to price rises.	Fuel budget across Op Services is £225k 10% rise would increase costs by £23k.	Continuously monitor fuel. Costs and reduce fuel consumption where possible.
Trade Waste	Medium: Income has been impacted by Covid which could be further disrupted in 21/22. Gate fees for trade waste are outside EEBC control and are liable to increase.	Total budgeted income £575k 10% change affects income by £58k. Budgeted gate fees are £311k 10% rise would increase costs by £31k.	Central government income compensation scheme has been extended to end of June 21 which may offer some support. Gate fees rates will be closely monitored to understand any impact on forecast costs.
Cemetery	Medium:	Total Budgeted	Central government income compensation

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	Income has been impacted by Covid, due to restrictions on funerals, which could be further disrupted in 21/22.	Income £513k 5% change affects income by £26k.	scheme has been extended to end of June 21 which may offer some support. New services are being progressed, such as Princess Balustrades for burial of cremated remains.
Building Control	High: Income has been impacted by Covid, which could be further disrupted in 21/22. The difficulty in recruiting qualified staff is impacting the capacity of the service.	Total Budgeted Income £327k 10% change affects income by £33k.	Central government income compensation scheme has been extended to end of June 21 which may offer some support. Solutions to the recruitment difficulty are being investigated.
Development Control	Medium: The uncertainty of single, large applications can impact significantly on income. Planning Performance Agreements and pre-applications are dependent upon demand for development in the borough.	Total Budgeted Income £614k 10% change affects income by £61k.	The service is working to improve its capacity for pre-application and Planning Performance Agreements. Also monthly monitoring including analysing income against target continues.

7.2 Crime & Disorder

7.2.1 None for the purposes of this report.

7.3 Safeguarding

7.3.1 None for the purposes of this report.

7.4 Dependencies

7.4.1 Other Policy Committees are also being presented with savings options to mitigate the Council's projected budget gap for 2021/22.

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7.5 Other

7.5.1 None for the purposes of this report.

8 Financial Implications

8.1 The draft Budget Book 2021/22 is highly detailed and therefore please can any questions or queries be sent to relevant officers in advance of this Committee meeting wherever possible.

8.2 **Section 151 Officer's comments:** Financial implications are contained within the body of this report.

9 Legal Implications

9.1 The Council will fulfil its statutory obligations to produce a balanced budget and to comply with its policy on equalities.

9.2 There are no direct legal implications arising from this report. However, decisions taken about the budget will impact the services which can be delivered. It is important that statutory services are appropriately funded, which the recommended budget seeks to achieve.

9.3 **Monitoring Officer's comments:** none for the purposes of this report.

10 Policies, Plans & Partnerships

10.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.

10.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

10.3 **Climate & Environmental Impact of recommendations:** None for the purposes of this report.

10.4 **Sustainability Policy & Community Safety Implications:** None for the purposes of this report.

10.5 **Partnerships:** Many services are provided by the Council without the direct involvement of other agencies. There is, however, an increasing role for partnership working with others to achieve mutually agreed objectives. The benefits and risks need to be assessed in each specific case to ensure that value for money is secured and the Council's priorities are delivered in the most efficient and effective manner.

11 Background papers

11.1 The documents referred to in compiling this report are as follows:

Previous reports:

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- Budget Target Report to E&SC Committee on 20 October 2020.

Other papers:

- Draft 2021/22 Budget Book.