

## REVENUE BUDGET REPORT 2021/22

<b>Head of Service:</b>	Lee Duffy, Chief Finance Officer
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Appendices (attached):</b>	None

### Summary

This report sets out budget estimates for income and expenditure for Community & Wellbeing 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. £190,000 of the provision is for pay progression, as eligible officers progress along their pay scale 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 (with the exception of car parking charges, which increase by 6% every two years), after making allowance for any further changes in service. Proposals to achieve this have been included in a separate report on this agenda.
- 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 is £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 savings options for this Committee are presented in Section 6.

### **4 Revenue Estimates 2020/21**

- 4.1 Before considering the revenue estimates for 2021/22, 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 Excluding Central Government support, the Council's probable revenue outturn at Q2 monitoring for all Committees in 2020/21 anticipates an overspend of £4.569m, as set out in the Q2 monitoring report and summarised by the following table:

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4.3

Committee	2020/21 Probable Outturn		
	Current Approved Budget £'000	Q2 Forecast £'000	Variance £'000
Strategy & Resources	3,304	3,639	335
Environment & Safe Communities	2,503	4,433	1,930
Community & Wellbeing	6,605	8,449	1,844
Central Covid Expenditure	0	460	460
Capital Charges	(2,669)	(2,669)	0
<b>Total budget requirement</b>	<b>9,743</b>	<b>14,312</b>	<b>4,569</b>

4.4 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. This government support is projected to reduce the budget deficit to £0.78m.

4.5 The probable outturn specifically for Community and Wellbeing Committee is an overspend of £1,844,000 which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

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<b>Service Group</b>	<b>Published Budget</b>	<b>Current Approved Budget</b>	<b>Forecast Outturn</b>	<b>Forecast Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing	1,636	1,672	2,189	517
Community Services	371	374	515	142
Support for Voluntary Orgs.	260	262	262	0
Social Centres	514	510	593	82
Health & Wellbeing	37	42	42	0
Countryside, Parks and Open Spaces	2,009	2,102	2,283	182
Sports, Leisure & Cultural	1,260	1,286	2,207	921
Precepting & Levying Bodies (NJMC & EWDC)	352	357	357	0
<b>Community &amp; Wellbeing Committee</b>	<b>6,439</b>	<b>6,605</b>	<b>8,449</b>	<b>1,844</b>

- 4.6 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.
- 4.7 There has been a sustained increase in households in nightly paid accommodation since the beginning of the pandemic. Government funding has been made available to offset costs resulting from Rough Sleepers and Outreach initiatives.
- 4.8 Income from community services, such as Higher Needs Service and Routecall, has been significantly reduced due to service restrictions and reduced client numbers.

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- 4.9 On re-opening following lockdown, income from lettings and day care services continues to be affected at the Community & Wellbeing Centre, due to ongoing social distancing measures.
- 4.10 Covid restrictions have resulted in income losses from sports activities, pavilion hire, barbeques and car boot sales.
- 4.11 Closure of the Playhouse and social distancing at other venues has directly reduced net income and closure of the Rainbow Centre has reduced management fee income.
- 4.12 The Committee's probable outturn (estimated net expenditure) for 2020/21 is included in the draft Budget Book on each service group page, with a detailed analysis of variations to budget. The outturn forecasts are all based on quarter two budget monitoring reports used by all managers.

### 5 Proposals for 2021/22 Budget

- 5.1 The revenue estimates are included in the draft Budget Book 2021/22, circulated to Councillors in January, and a summary of these is set out below.

<b>Service Group</b>	<b>Published Budget 2020/21</b>	<b>Base position 2021/22</b>
<b>Net Expenditure</b>	<b>£'000</b>	<b>£'000</b>
Housing	1,636	1,785
Community Services	371	391
Support for Voluntary Orgs.	260	262
Social Centres	514	512
Health & Wellbeing	37	42
Countryside, Parks and Open Spaces	2,009	2,126
Sports, Leisure & Cultural	1,260	1,272
Precepting & Levying Bodies (NJMC & EWDC)	352	365

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<b>Community &amp; Wellbeing Committee</b>	<b>6,439</b>	<b>6,753</b>
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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.

<b>Community &amp; Wellbeing Committee</b>	<b>Published Budget 2021/22</b>
	<b>£'000</b>
<b>Published budget 2020/21</b>	<b>6,439</b>
Increase to pay, pension and support costs	250
Increased tariffs on fees and charges	(32)
Reduced demand for Routecall service	26
Uplifts to cost of utilities, rents and service charges	20
Surrender of lease at Harrier Centre	17
No increase to Community Alarm charges	17
Increased contributions to precepting bodies	13
Reduced contribution from reserves	11
Sundry items	(8)
<b>Base position 2021/22</b>	<b>6,753</b>

## 6 Savings Options for 2021/22 and 2022/23

6.1 As set-out in paragraph 2.2, this Committee had agreed a Council-wide savings target of £1.29m to achieve a balanced budget for 2021/22.

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- 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 which of the following savings options, set-out in the following table (and summarised in the subsequent paragraphs), it will support 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 Ewell Court House	A	-	10	<b>10</b>
Review of Community & Wellbeing Centre	B	23	-	<b>23</b>
Review of Parks/Ranger Service	C	17	4	<b>21</b>
<b>Total Community &amp; Wellbeing</b>		<b>40</b>	<b>14</b>	<b>54</b>

### A. Review of Ewell Court House

- 6.4 The commercial tenant income at Ewell Court House includes two separate leases for the Tea Rooms and for the Garden Nursery including a two bed flat.
- 6.5 The leases are expected to become available for re-letting in the coming year. The Council's external commercial letting agent believes there is an opportunity to generate approximately £10,000 additional income from the leases, which could be realised in full from 2022/23.

### B. Review of Community & Wellbeing Centre

- 6.6 Operational efficiencies can deliver annual savings of £10,000 from 2021/22, while maintaining the level of service delivery. A further £13,000 annual saving is achievable in the kitchen by stopping the preparation of fresh meals from scratch, and instead buying in pre-prepared meals where portion size and cost can be measured with more precision.

### C. Review of Parks/Ranger Service

- 6.7 Operational efficiencies can deliver annual savings of £17,000 from 2021/22 and a further £4,000 from 2022/23, while maintaining the level of service delivery.

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**6.8 The Committee is asked to confirm that the savings options, from A,B,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 In preparing the revenue budgets estimates officers have identified the main risks facing the Committee in delivering services within the budget. These services will require careful management during the year.

<b>Service</b>	<b>Risk</b>	<b>Budget Estimate 2021/22</b> <b>£'000</b>	<b>Risk Management</b>
Homelessness	<b>High:</b> Increase in numbers of presentations.	1,052	Continuing with preventative initiatives and alternative temporary accommodation options
Venues	<b>High:</b> Ongoing restrictions preventing re-opening / reducing level of customer numbers.	916	Monitoring service delivery options within government guidelines
Community Services	<b>High:</b> Vulnerable client group will be slow to return to service take up.	141	Monitoring service delivery options within government guidelines.
Community & Wellbeing Centre	<b>High:</b> Vulnerable client group will be slow to return to service take up.	100	Monitoring service delivery options within government guidelines.

7.2 Crime & Disorder

7.2.1 None arising from the contents of this report.

7.3 Safeguarding

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7.3.1 None arising from the contents 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.

### 7.5 Other

7.5.1 None arising from the contents 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 arising from the contents 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 arising directly from the contents of this report.

10.4 **Sustainability Policy & Community Safety Implications:** None arising directly from the contents of this report.

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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:**

- Budget Target Report to S&R Committee on 22 September 2020

**Other papers:**

- Draft 2021/22 Budget Book