

REVENUE BUDGET REPORT

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None

Summary

This report sets out budget estimates for income and expenditure for Community & Wellbeing services in 2022/23.

Recommendation (s)

The Committee is asked to:

- (1) Recommend the 2022/23 service estimates for approval at the budget meeting of Full Council in February 2022**
- (2) Confirm whether the three new initiatives in section 6 are supported;**
- (3) Note that any supported initiatives from section 6 will only be progressed if a funding option can be identified during the year, in accordance with the Council's Financial Regulations and budget virement policy.**

1 Reason for Recommendation

- 1.1 The recommendations will enable the Council to meet its statutory duty to set a balanced budget for 2022/23.

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 21 September in the Budget Targets report, which identified a funding gap of £1.6m by 2025/26. To mitigate the projected funding gap, Strategy & Resources agreed the following budget targets for 2022/23:
 - 2.2.1 That estimates be prepared including the delivery of savings already identified in the Financial Plan for 2022/23 totalling £342,000.
 - 2.2.2 That at least £210,000 additional revenue is generated from an increase in discretionary fees and charges;
 - 2.2.3 That a provision for pay award is made of £416,000 that would allow for a 2% cost of living increase;
 - 2.2.4 That a £600,000 contingency is provided for within the 2022/23 budget to mitigate the potential impact of Covid-19 on the Council's finances in 2022/23.
 - 2.2.5 That any new growth items (i.e. cost pressures) supported by Policy Committees will need to be fully funded from existing budgets.
- 2.3 The figures in this report reflect the provisional local government finance settlement for 2022/23.
- 2.4 The service estimates for this Committee are included in the draft Budget Book 2022/23 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 Where the Council incurs contractual inflationary uplifts, budgets have been adjusted accordingly. The budget also includes a central provision of £200,000 to mitigate any increased price inflation in excess of 2% next year.
- 2.7 For pay inflation, the budget includes a provision of £516,000, which represents an increase of £100,000 compared to the original £416,000 budget. £190,000 of the provision is for pay progression, as eligible officers progress along their pay scale with experience, and £326,000 is for a 3.0% cost of living increase, in accordance with the Council's agreed four year pay policy to adjust pay by the preceding September CPI figure (which was 3.1%), capped at 3.0%.
- 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.

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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 2022/23.

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 as a mitigation, the Council's budget includes a central £600,000 contingency for 2022/23.

3.2 Notwithstanding, the Council does have a projected budget deficit for 2022/23 – the quantum of which will be confirmed following the central government funding settlement in December. The deficit is due to be funded by reserves in the short term. However, ahead of 2023/24, the Council should plan to review and rebase its budgets to reflect post-Covid underlying expenditure and income streams, with the aim of removing the unsustainable reliance on reserves to fund the day-to-day revenue budget.

4 Revenue Estimates 2021/22

4.1 Before considering the revenue estimates for 2022/23, 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 2021/22 anticipates an overspend of £2.668m, as set out in the Q2 monitoring report and summarised by the following table:

	2020/21 Probable Outturn		
Committee	Current Approved Budget £'000	Q2 Forecast £'000	Variance £'000

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Strategy & Resources	2,285	2,077	(207)
Environment & Safe Communities	2,574	4,034	1,460
Community & Wellbeing	6,423	7,838	1,415
Capital Charges	(2,669)	(2,669)	0
Total budget requirement	8,612	11,280	2,668

- 4.3 The Council expects to fund the deficit through a mixture of government funding, and its own budgeted contingency and reserves, as set-out in the following table:

2021/22	£'000
Projected Deficit, Pre-Government Support	2,668
Less Government Income Protection Scheme	(506)
Projected Deficit, Post-Government Support	2,162
<u>Provisional Funding</u>	
Corporate Contingency for Covid-19	(950)
Corporate Projects Reserve	(329)
General Fund Balance	(883)
Subtotal Funding	(2,162)
Total	0

- 4.4 The probable outturn specifically for Community and Wellbeing Committee is an overspend of £1,415,000 which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

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Service Group	Published Budget	Current Approved Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000	£'000
Housing	1,668	1,653	2,217	564
Community Services	388	411	464	52
Support for Voluntary Orgs.	262	237	237	0
Social Centres	489	525	583	58
Health & Wellbeing	42	92	92	0
Countryside, Parks and Open Spaces	2,108	1,904	1,973	69
Sports, Leisure & Cultural	1,271	1,236	1,907	672
Precepting & Levying Bodies (NJMC & EWDC)	365	365	365	0
Community & Wellbeing Committee	6,593	6,423	7,838	1,415

- 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 2021.
- 4.6 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.
- 4.7 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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- 4.8 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.
- 4.9 Covid restrictions have resulted in income losses from sports activities, pavilion hire, barbeques and car boot sales.
- 4.10 Closure of the Playhouse for part of the year and social distancing at other venues has directly reduced net income from the venues.
- 4.11 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 2022/23 Budget

- 5.1 The revenue estimates are included in the draft Budget Book 2022/23, circulated to Councillors in January, and a summary of these is set out below.

Service Group	Published Budget 2021/22 £'000	Base position 2022/23 £'000
Housing	1,668	1,815
Community Services	388	440
Support for Voluntary Orgs.	262	239
Social Centres	489	441
Health & Wellbeing	42	223
Countryside, Parks and Open Spaces	2,108	2,061
Sports, Leisure & Cultural	1,271	1,092
Precepting & Levying Bodies (NJMC & EWDC)	365	367
Community & Wellbeing Committee	6,593	6,678

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- 5.2 The following table comprises a summary of the main changes to the Committee's proposed budget for 2022/23 compared with the published budget for 2021/22.

Community & Wellbeing Committee	Budget £'000
Published budget 2021/22	6,593
Increase income from fees and charges	(32)
Increased premises and transport charges	58
Reduced contributions from reserves	88
Bourne Hall Service Review savings to be identified	(30)
Sundry items	1
Base position 2022/23	6,678

6 New Initiatives

6.1 In addition to the proposed budget above, the Committee is asked to advise whether it would support the following new initiatives for 2022/23 (and if so, which ones), which would only be progressed during the year if a funding option can be identified and agreed. If supported, officers will look to fund the initiatives from existing budgets, additional income or savings in the first instance, but in any case, in accordance with the Council's Financial Regulations and budget virement policy:

6.1.1 A new Arts & Culture post (up to one-year appointment only) at an estimated one-off cost of up to £50,000 for one year only;

6.1.2 A £20,000 marketing budget for one year only to promote arts & culture within the Borough;

6.1.3 A £10,000 budget for one year only to digitalise Borough heritage tours.

7 Risk Assessment

Legal or other duties

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- 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.

Service	Risk	Budget Estimate 2022/23 £'000	Risk Management
Homelessness	High: Increase in numbers of presentations.	1,057	Continuing with preventative initiatives and alternative temporary accommodation options
Venues	High: Restrictions affecting operation of venues / reduced level of customer numbers due to lack of confidence.	758	Monitoring service delivery options within government guidelines
Community Services	High: Vulnerable client group reducing Routecall service take up.	44	Monitoring service delivery options within government guidelines.
Community & Wellbeing Centre	High: Vulnerable client group will be slow to return to Higher Needs service. Reduction in numbers using centre.	128	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

7.3.1 None arising from the contents of this report.

7.4 Dependencies

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7.4.1 A Committee Terms of Reference Review is due to be presented to Full Council in February. Should any service areas transfer between Community & Wellbeing and other Policy Committees, the associated budgets will also be transferred accordingly at the appropriate time.

7.5 Other

7.5.1 None arising from the contents of this report.

8 Financial Implications

8.1 The draft Budget Book 2022/23 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 **Legal Officer's comments:** none arising from the content 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 21 September 2021

Other papers:

- Draft 2022/23 Budget Book.