

## 2022/23 REVENUE BUDGET AND FEES & CHARGES

<b>Head of Service:</b>	Brendan Bradley, Head of Finance
<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>	1 – Fees and Charges

### Summary

This report sets out estimates for income and expenditure on 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) Recommend the 2022/23 fees and charges, as set-out in Appendix 1, for approval at the budget meeting of Full Council in February 2022;
- (3) Confirm whether the two new initiatives in section 5 are supported;
- (4) Note that any supported initiatives from section 5 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.
- (5) Agree the Council Tax Discount bands for 2022/23, as set-out in section 8.

## 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 Aside from income and rents, there are a limited number of services provided by the Committee for which fees and charges are levied. The impact of changes to Town Hall Room Hire charges and Land Charge tariffs have been estimated and incorporated in the estimates for 2022/23.

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- 2.9 The proposed tariffs are set out in Appendix 1 to this report.
- 2.10 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.
- 2.11 To allow the Council to determine the budget and Council Tax in February, the Committee estimates have been presented as follows:-
- 2.11.1 The Budget Book contains the service estimates for 2022/23.
- 2.11.2 All unavoidable cost increases and income reductions are reflected in the estimates.
- 2.11.3 Recommended increases to fees and charges have been included within the Budget Book and the income estimates.
- 2.11.4 All increases in charges are subject to approval by the Council.

### 3 Revenue Estimates 2021/22

- 3.1 Before considering the revenue estimates for 2022/23, this section provides a summary of the forecast outturn for the current financial year.
- 3.2 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 2021/22 anticipates an overspend of £2.67m, as set out in the Q2 monitoring report and summarised by the following table:

Committee	2021/22		
	Current Approved Budget £'000	Q2 Forecast £'000	Variance £'000
Strategy & Resources	2,285	2,077	(208)
Environment & Safe Communities	2,574	4,034	1,460
Community & Wellbeing	6,423	7,838	1,415
Capital charges	(2,669)	(2,669)	0
<b>Total budget requirement</b>	<b>8,612</b>	<b>11,280</b>	<b>2,668</b>

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- 3.3 The Council expects to benefit from the government's income compensation scheme by £0.506m. The following table shows how this government support is projected to reduce the budget deficit to £2.162m, and how EEBC currently expects to fund this £2.162m:

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

- 3.4 The probable outturn specifically for Strategy & Resources Committee for 2021/22 is an underspend of £207,000, which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

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Forecast Outturn by Service	Current Approved Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
<u>Strategy &amp; Resources Committee</u>			
Democratic & Civic	688	688	0
Corporate Functions	579	579	0
Corp Financial Management	1,817	1,821	4
Tax Collection & Benefits	970	970	0
Land Charges	(1)	(6)	(5)
Land & Property	(2,333)	(2,333)	0
Economic Dev. & Prosperity	92	92	0
Employee and Support Services	472	266	(206)
<b>Total Strategy &amp; Resources</b>	<b>2,285</b>	<b>2,077</b>	<b>(207)</b>

3.5 Employee costs are forecast to be £273k under budget, however, this favourable variance is partially offset by additional legal support costs to manage unauthorised encampments, combined with additional HR costs such as recruitment advertising fees associated with the restructure, totalling £52k. The favourable variance is also partially offset by increased cleaning costs at Town Hall, which are expected to exceed the budget by £15k in 2021/22.

3.6 Within Land and Property, a number of rent reviews have been successfully completed, resulting in additional income of £836k for back rent at industrial estate sites. This one-off income is expected to be transferred to the Property Income Equalisation Reserve, subject to Committee approval at year-end. The reserve currently holds a balance of £5.496m and is held to mitigate the potential impact of any tenants choosing to exercise break clauses and end their tenancies, as reported to Strategy & Resources Committee on 21 September 2021.

3.7 The Committee's probable outturn (estimated net expenditure) for 2021/22 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.

#### 4 Proposals for 2022/23 Budget

4.1 The service estimates for 2022/23 are included in the draft Budget Book, circulated to Councillors in January.

4.2 A summary of the Committee's service estimates for 2022/23 is set out in the following table:

4.3

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Strategy & Resources Committee	Published Budget 2021/22	Base Position 2022/23
	£000	£000
Democratic & Civic	692	688
Corporate Functions	579	571
Corporate Financial Management	1,904	2,130
Tax Collection & Benefits	1,066	997
Land Charges	-1	2
Land and Property	-2,373	-2,930
Local Economy & Community Consultation	92	92
Employee & Support Services	421	1,054
<b>Total Strategy &amp; Resources</b>	<b>2,380</b>	<b>2,604</b>

- 4.4 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.

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STRATEGY AND RESOURCES COMMITTEE		BUDGET £'000
Published Budget 2021/22		2,380
Service Group	Change	
Land & Property	Increase in statutory provision to repay debt acquired for commercial property	41
Land & Property	Reduction in net income from Parkside House	755
Land & Property	Contribution from the Property Income Equalisation Reserve	-755
Land & Property	Net income from Emerald House	-326
Land & Property	Other net changes in contributions from the PIE Reserve	-286
Corp Financial Management	Reduced contingency for Covid-19 impact	-350
Corp Financial Management	Movement in contribution from corporate projects reserve to fund revenue budget deficit	45
Corp Financial Management	Reduction in New Homes Bonus income	75
Corp Financial Management	New Homes Bonus transferred to corporate projects reserve	-75
Corp Financial Management	Provision for price inflation in excess of 2%	204
Corp Financial Management	Increased revenue contribution to capital schemes	100
Corp Financial Management	Pensions back-funding following triennial valuation and compensatory added years	129
Tax Collection & Benefits	Provisional reduction in contribution from business rates equalisation reserve*	108
Employee & Support Services	Net increase in corporate pay progression and inflation provision	346
Employee & Support Services	Increase in National Insurance contributions	150
Employee & Support Services	2022/23 Services Grant	-98
Employee & Support Services	Inflation on software licences	67
Employee & Support Services	Reduction in contribution from corporate projects reserve	90
All	Other net changes	4
Base Position 2022/23		2,604

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\*The transfer from the Business Rates Equalisation reserve is currently provisional and is expected to increase substantially to fund the prior year collection fund deficit from 2020/21, which arose due to statutory government business rate reliefs for businesses in sectors such as retail, leisure and hospitality. The quantum of the transfer from the Business Rates Equalisation reserve will only be confirmed in late January 2022 when business rates projections are submitted to central government.

### **5 New Initiatives**

5.1 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:

5.1.1 A £25,000 budget for one year only to fund a feasibility study into installing wi-fi capability at key identified sites in the Borough;

5.1.2 A £20,000 budget to for one year only to develop an ICT Strategy.

### **6 2022-23 Budget Gap**

6.1 The impact of Covid-19 will continue into next year and the Council's provisional, projected budget gap for 2022/23 is currently £1.017m. To mitigate this budget gap, it is proposed that temporary funding should be allocated from the Corporate Projects Reserve (£262k) and Property Income Equalisation Reserve (£755k), to produce a balanced budget for 2022/23.

6.2 This approach will enable the Council to produce a balanced budget in the short term, while options including Strategic Asset Reviews are assessed to produce a sustainable, balanced budget in the medium term.

6.3 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.

### **7 Fees and Charges 2022/23**

7.1 Fees and Charges within the remit of this Committee are set out in Appendix 1.

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- 7.2 In February 2018, the Committee confirmed that the Chief Finance Officer should have delegated authority to vary fees and charges for items generating income under £1,000 per annum and/or for one-off items not included in the fees and charges schedule.
- 7.3 Charges at the Town Hall for room hire and associated officer time fees have been raised between 3.0% and 4.8%. The budgeted income is £2,603.
- 7.4 Increases to land charge tariffs are between 2.6% and 4.8%, with the only exception being personal search fees. Personal search fees have increased by 8.3% from £0.60 to £0.65 to reflect increase that they had previously remained at the same level since 2020/21 and the fee remains rounded to the nearest 5p. The annual budget for land charges is £102,000.

### **8 Council Tax Discount Scheme 2022/23**

- 8.1 In November 2020, Strategy & Resources Committee agreed to replace the previous means-tested Local Council Tax Support with a simpler, income-banded Council Tax Discount scheme.
- 8.2 Income bands and discounts are subject to member approval each year. For 2022/23, bands have been updated in line with the Council's scheme rules;
  - 8.2.1 Income bands have generally been updated by 3.1%, which was the CPI figure for September 2021.
  - 8.2.2 In addition, some bands have been widened to accommodate DWPs' Universal Credit changes. This has resulted in some bands increasing by more than 3.1%, but maintains the original intention of the scheme, that no-one moving from Council Tax Support would be disadvantaged by the change.
- 8.3 The proposed income bands for 2022/23 are shown in the following table, which members are asked to agree. 2021/22 comparatives are shown in the subsequent table.

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2022/23	Household Type & Monthly Income				
Council Tax reduction percentage	Passported	Single, no children	Couple, no children	Lone parent/Couple with one child	Lone parent/couple with two or more children
Band A – 80%	Relevant Benefit	£0.00 - £335.00	£0.00 - £625.00	£0.00 – £817.00	£0.00 - £1,061.00
Band B – 65%	N/A	£335.01 - £513.00	£625.01 - £823.00	£817.01 - £994.00	£1,061.01 - £1,275.00
Band C – 50%	N/A	£513.01 - £604.00	£823.01 - £980.00	£994.01 - £1,102.00	£1,275.01 - £1,565.00
Band D – 40%	N/A	£604.01 - £1,229.00	£980.01 - £1,551.00	£1,102.01 - £1,884.00	£1,565.01 - £3,057.00

2021/22	Household Type & Monthly Income				
Council Tax reduction percentage	Passported	Single, no children	Couple, no children	Lone parent/Couple with one child	Lone parent/couple with two or more children
Band A – 80%	Relevant Benefit	£0.00 - £409.86	£0.00 - £692.01	£0.00 – £665.18	£0.00 - £927.00
Band B – 65%	N/A	£409.87 - £409.99	£692.02 - £885.01	£665.19 - £937.01	£927.01 - £1,323.03
Band C – 50%	N/A	£410.00 - £671.99	£885.02 - £1,037.03	£937.02 - £1,155.85	£1,323.04 - £1,604.82
Band D – 40%	N/A	£672.00 - £1,278.00	£1,037.04 - £1,591.00	£1,155.86 - £1,913.49	£1,604.83 - £3,050.99

## 9 Risk Assessment

Legal or other duties

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- 9.1 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.

<b>Service</b>	<b>Risk</b>	<b>Budget Estimate 2022/23 £'000</b>	<b>Risk Management</b>
Employee costs	<b>Medium:</b> Not achieving budgeted staff savings to meet the vacancy provision	Approx. 12,000	Recruitment management Salaries monitoring
Covid-19	<b>High:</b> Covid-19 is expected to continue to impact the Council's services into next year, as the economy and society take time to recover.	600	Inclusion of a £600k corporate contingency to mitigate impact of Covid-19 on income streams.  Regular budget monitoring of impact  Use of reserves if necessary.
Land and property rental income	<b>Medium:</b> Loss of tenants and commercial rentals	2,879 EEBC 600 EEPIC dividend income	Asset Management Plan – property and rent reviews  Use of Property Income Equalisation Reserve

### 9.2 Crime & Disorder

9.2.1 None arising from the contents of this report.

### 9.3 Safeguarding

9.3.1 None arising from the contents of this report.

### 9.4 Dependencies

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9.4.1 Other Policy Committees are also being presented with their budgets for approval in the January committee cycle.

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

9.5 Other

9.5.1 None arising from the contents of this report.

### 10 Financial Implications

10.1 The draft Budget Book 2022/23 is highly detailed, therefore please can any questions or queries be sent to relevant officers in advance of the Committee meeting wherever possible.

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

### 11 Legal Implications

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

11.2 Although there are no direct legal implications arising from this report, decisions taken about the budget will impact the services which can be delivered. In the event of any impact, there will need to be a equalities impact assessment in relevant cases.

11.3 **Legal Officer's comments:** None arising from the contents of this report.

### 12 Policies, Plans & Partnerships

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

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

12.3 **Climate & Environmental Impact of recommendations:** None arising directly from the contents of this report.

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

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- 12.5 **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.

### 13 Background papers

- 13.1 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.