

BUDGET TARGETS 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 informs the Committee of the Council's revenue budget targets presented to the Strategy & Resources Committee. The report seeks guidance on the preparation of the Committee's service estimates for 2023/24.

Recommendation (s)

The Committee is asked to:

- (1) Note the implications of the budget targets presented to Strategy & Resources Committee on 26 July 2022.**
- (2) Support the changes to services and savings identified in section 3 of this report and that these are included within the budget presented to this Committee in January 2023.**
- (3) Note that any additional new growth items supported by this Committee will need to be fully funded from existing budgets.**

1 Reason for Recommendation

- 1.1 The recommendations will provide a clear framework for officers to develop a balanced budget for 2023/24, which is a statutory requirement.

2 Background/Executive Summary

Community and Wellbeing Committee

04 October 2022

2.1 Following the end of pandemic-related government restrictions earlier this year, Strategy and Resources Committee agreed in July to re-base the Council's service budgets to reflect post-pandemic activity levels. For Community & Wellbeing Committee, the re-basing resulted in a net £329k increase to service budgets, broken down as follows:

2.2

Table 1 - Post Covid-19 Budget Changes	£'000
Homelessness	+243
Bourne Hall	+60
Community & Wellbeing Centre	+19
Route Call	+7
Total 2022/23 Changes	+329

2.3 The key assumptions and rationale behind the changes are set-out in the full report to [Strategy & Resources Committee in July](#).

2.4 At the same meeting, Strategy & Resources Committee agreed budget targets that would enable the Council to set a balanced budget for 2023/24. The budget targets include:

2.4.1 Excluding any new growth in expenditure, a level of savings of £2.6 million is needed to achieve a balanced budget over the next three year financial planning period to 2025/26.

2.4.2 That estimates be prepared including the delivery of savings already identified in the Financial Plan for 2023/24 totalling £215,000.

2.4.3 That at least £396,000 additional revenue be generated from an increase of 6% on discretionary fees and charges in 2023/24.

2.4.4 That a provision for pay award is made of £524,000 that would allow for a 3% cost of living increase.

2.4.5 That the homelessness service be set a target to reduce net costs by £243,000 per annum.

2.4.6 That any additional new growth items supported by Policy Committees will need to be fully funded from existing budgets.

3 Full Proposals

Community and Wellbeing Committee

04 October 2022

- 3.1 The Council is facing a great deal of uncertainty, with sufficient information unlikely to be available to reliably predict the medium-term impact of elevated inflation and the cost of living crisis on Council services before the end of 2022. As such, the report to Strategy & Resources Committee modelled 3 scenarios – optimistic, neutral and pessimistic – to forecast the Council's future budget position.
- 3.2 In the neutral scenario, adopted for financial planning purposes, the Council faces a projected budget deficit of £2.6m by 2025/26.
- 3.3 To address this deficit, Strategy & Resources Committee agreed that the following workstreams should be progressed by Directors and Heads of Service:
 - 3.3.1 Preparation of options for how services could deliver savings or additional income for the Council.

Property Related Reviews – to realise cost reduction of Council operational buildings, increase income from investment properties and generate new receipts from surplus buildings/land if appropriate. This should include the previously agreed Strategic Asset Reviews as follows;

 - 3.3.1.1 *Bourne Hall including the museum*
 - 3.3.1.2 *Town Hall*
 - 3.3.1.3 *The Playhouse*
 - 3.3.1.4 *Re-letting Parkside House and East Street should continue to be progressed as a key strategic priority.*
 - 3.3.2 Review of Pay Policy from 2024/25.
 - 3.3.3 Encourage and explore investment opportunities that deliver long-term savings or sustainable income.
 - 3.3.4 Production of a Homelessness Action Plan to reduce net cost of service by at least £243,000 per annum.
 - 3.3.5 That additional revenue be generated by increasing discretionary fees and charges by 6% annually from 2023/24 to 2025/26.
- 3.4 Officers will maintain engagement with policy chairs and members throughout the budgeting process, and budget forecasts and assumptions will continue to be reviewed and updated throughout the process.
- 3.5 Delivery of previously agreed savings totalling £215,000 are also required for a balanced budget to be achieved for 2023/24. Of the £215,000 total savings, the table below shows the savings previously agreed by this Committee:

Community and Wellbeing Committee

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Summary of Agreed Savings for 2023/24		2023/24
		£000
Reduce Subsidy of Community & Wellbeing Centre	C&W	50
Savings built into MTFs		50

3.6 Furthermore, with the Council facing a projected budget deficit of £2.6m by 2025/26, Policy Committees must determine how any additional new growth items they may support will need be fully funded from existing budgets.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 None

4.2 Crime & Disorder

4.2.1 None

4.3 Safeguarding

4.3.1 None

4.4 Dependencies

4.4.1 None

4.5 Other

4.5.1 Financial risk assessments will be completed with service estimates for this Committee in January 2023 and for Council in February 2023.

5 Financial Implications

5.1 Financial implications are set out in the financial planning report to Strategy & Resources Committee of 26 July.

5.2 **Section 151 Officer's comments:** It is important that the budgets target recommendations be agreed to maintain the future financial health of the Council.

6 Legal Implications

Community and Wellbeing Committee

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6.1 The Council has a statutory responsibility to set a balanced budget each year.

6.2 **Legal Officer's comments:** None for the purposes of this report.

7 Policies, Plans & Partnerships

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

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

7.3 **Climate & Environmental Impact of recommendations:** None

7.4 **Sustainability Policy & Community Safety Implications:** None

7.5 **Partnerships:** None

8 Background papers

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

Previous reports:

- 2023/24 Strategic Financial Planning report to Strategy & Resources 26 July 2022.

Other papers:

- Budget Book 2022/23
- Medium Term Financial Strategy 2020 to 2024