

## REVENUE BUDGET REPORT

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

### Summary

This report sets out estimates for income and expenditure on services in 2023/24

### Recommendation (s)

#### The Committee is asked to:

- (1) Recommend the 2023/24 service estimates for approval at the budget meeting of full Council in February 2023.**

## 1 Reason for Recommendation

- 1.1 The recommendations will enable the Council to meet its statutory duty to set a balanced budget for 2023/24.

## 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.
- 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 in July 2022 when the Council's budgets were re-based to reflect post-Covid activity levels.
- 2.3 The re-basing report identified a post-Covid funding gap of c.£2.6m by 2025/26. To mitigate the projected funding gap, Strategy & Resources agreed the following budget targets for 2023/24:

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- 2.3.1 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.
- 2.3.2 That estimates be prepared including the delivery of savings already identified in the Financial Plan for 2023/24 totalling £215,000.
- 2.3.3 That at least £396,000 additional revenue be generated from an increase of 6% on discretionary fees and charges in 2023/24.
- 2.3.4 That a pay award provision is made that would allow for a 3% cost of living increase.
- 2.3.5 That the homelessness service be set a target to reduce net costs by £243,000 per annum.
- 2.3.6 That any additional new growth items supported by Policy Committees will need to be fully funded from existing budgets.
- 2.4 The figures in this report reflect the provisional local government finance settlement for 2023/24.
- 2.5 The service estimates for this Committee are included in the draft Budget Book 2023/24 that will be made available to all Councillors.
- 2.6 Estimates have been prepared on the basis that all existing services to residents are maintained.

### **3 Forecast Outturn 2022/23**

- 3.1 Before considering the revenue estimates for 2023/24, this section provides a summary of the forecast outturn for the current financial year.
- 3.2 The probable outturn specifically for Community and Wellbeing Committee is an adverse variance of £9,000 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>Original Budget £'000</b>	<b>Re-Based (Current Approved) Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Forecast Variance £'000</b>
Housing	1,815	2,080	2,080	0
Community Services (RouteCall, Meals from Home, Community Alarm)	442	469	504	35
Support for Voluntary Orgs.	239	239	239	0
Community Centre	441	455	451	(4)
Health & Wellbeing	223	210	194	(16)
Sports, Leisure & Cultural	1,092	1,124	1,119	(5)
Precepting & Levying Bodies (NJMC & EWDC)	366	366	366	0
<b>Community &amp; Wellbeing Committee</b>	<b>4,617</b>	<b>4,944</b>	<b>4,953</b>	<b>9</b>

3.3 Transport from home fare income is currently under budget as client numbers remain below pre-pandemic levels. Meals at home income has also fallen since hitting a peak during the pandemic.

3.4 Offset against this are underspends on PRS licences, sports and leisure development activities and miscellaneous items.

3.5 The Committee's probable outturn (estimated net expenditure) for 2022/23 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 2023/24 budget

4.1 The service estimates for 2023/24 are included in the draft Budget Book, circulated to councillors in January.

4.2 A summary of the Committee's service estimates for 2023/24 is shown in the following table:

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<b>Community &amp; Wellbeing Committee</b>	<b>Published Budget 2022/23</b>	<b>Base Position 2023/24</b>
<b>Service Group</b>	<b>£'000</b>	<b>£'000</b>
Housing	1,815	1,817
Community Services (Route Call, Meals at Home, Community Alarm)	440	443
Support for Voluntary Orgs.	239	239
Community Centre	441	422
Health & Wellbeing	223	209
Sports, Leisure & Cultural	1,093	1,090
Precepting & Levying Bodies (NJMC & EWDC)	366	388
<b>Community &amp; Wellbeing Committee</b>	<b>4,617</b>	<b>4,608</b>

- 4.3 Budgets for the internal accounting recharges of corporate services are still being finalised and will be reflected in the final budget book. Internal accounting recharges have no impact on the Committee's discretionary expenditure budgets, and a net nil impact on the General Fund overall.
- 4.4 The following table comprises a summary of the main changes to the Committee's proposed budget for 2023/24 compared with the published budget for 2022/23.

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Community & Wellbeing Committee		Budget £'000
<b>Published Budget 2022/23</b>		<b>4,617</b>
Service Group	Change	
All	Variations in pay, pension (IAS19) & support service recharges	-7
Sports, Leisure & Cultural	New one-off budget for re-tendering of leisure centre contract from September 2025	50
Housing	Budget increase to support 70 households in nightly paid accommodation agreed through re-basing exercise	243
Housing	Cost reduction target to return budget to 58 households	-243
Housing	Additional government Homelessness Prevention Grant income	-87
Sports, Leisure & Cultural	Additional income target for Epsom Playhouse	-30
Sports Leisure & Cultural	Budget increase reflecting post-Covid activity levels at Bourne Hall agreed through re-basing exercise at S&R in July 2022	60
Precepting & Levying Bodies	6% increase in contributions to Epsom Walton Downs Conservators & Nonsuch Joint Management Committee	21
All	Other net changes including increased fees & charges income targets detailed in Fees & Charges report.	-16
<b>Base Position 2023/24</b>		<b>4,608</b>

## 5 Service Savings

- 5.1 As set-out in paragraph 2.3, Strategy & Resources Committee had agreed a Council-wide savings target of £2.6m to achieve a balanced budget by 2025/26.
- 5.2 The estimates for this committee include the following savings agreed in previous years:

Summary of Previously Agreed Savings for 2023/24		2023/24 £000
Reduce Subsidy of Community & Wellbeing Centre	C&W	50
<b>Savings built into MTFS</b>		<b>50</b>

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- 5.3 In addition, the following new savings, identified as part of the 2023/24 budget setting process, are included in the estimates for this committee to reduce the Council's projected budget deficit:

Summary of New Savings/Income	Committee	2023/24	2024/25	2025/26
		£000	£000	£000
Review of Community & Wellbeing Centre	C&W	3	33	63
Review of Playhouse Opportunities	C&W	30	30	30
Homelessness cost reduction target	C&W	243	243	243
<b>Total Savings/Additional Income</b>		<b>276</b>	<b>306</b>	<b>336</b>

- 5.4 Progress on delivery of savings will be closely monitored and reported to members through the budget monitoring process.
- 5.5 The savings target for homelessness will remain under review through the year, as it is acknowledged that the statutory service faces elevated demand risks due to the ongoing 'cost of living' crisis. The Council holds a Homelessness Prevention Grant reserve and the general fund working balance as contingencies, which can be utilised to manage budget pressures in the short term that cannot be mitigated by preventative or other action.

## 6 Risk Assessment

Legal or other duties

- 6.1 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 2023/24	Risk Management
Homelessness	<p><b>High:</b> Increase in numbers of presentations.</p> <p>Risk of £243,000 savings target not being achieved if the number of presentations eligible for support remains above budgeted levels.</p>	c.£1.5m	<p>Continuing with preventative initiatives and alternative temporary accommodation options.</p> <p>Regular budget monitoring reports to Committee in line with Financial Regulations.</p>

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			Homeless grant reserve and the general fund working balance are held to manage budget pressures in the short term that cannot be mitigated by preventative or other action.
Venues	<b>Medium:</b> Customer numbers only gradually return to using these services following the pandemic.	£1m	Monitoring service delivery options within government guidelines
Community Services	<b>Medium:</b> Vulnerable client group only gradually to return to using these services following the pandemic.	£0.4m	Monitoring service delivery options within government guidelines.
Community & Wellbeing Centre	<b>Medium:</b> Vulnerable client group only gradually to return to using these services following the pandemic.	£0.4m	Monitoring service delivery options within government guidelines.

6.2 Equality Impact Assessment

6.2.1 None arising from the contents of this report.

6.3 Crime & Disorder

6.3.1 None arising from the contents of this report.

6.4 Safeguarding

6.4.1 None arising from the contents of this report.

6.5 Dependencies

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

6.6 Other

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6.6.1 None arising from the contents of this report.

### 7 Financial Implications

- 7.1 The draft Budget Book 2023/24 is highly detailed, therefore please can any questions or queries be sent to relevant officers in advance of the Committee meeting wherever possible.
- 7.2 **Section 151 Officer's comments:** Financial implications are contained within the body of this report.

### 8 Legal Implications

- 8.1 The Council will fulfil its statutory obligations to produce a balanced budget and to comply with its policy on equalities.
- 8.2 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.
- 8.3 **Legal Officer's comments:** None arising from the contents of this report.

### 9 Policies, Plans & Partnerships

- 9.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 9.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 9.3 **Climate & Environmental Impact of recommendations:** None arising directly from the contents of this report.
- 9.4 **Sustainability Policy & Community Safety Implications:** None arising directly from the contents of this report.
- 9.5 **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.

### 10 Background papers

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

**Previous reports:**

- Strategic Financial Planning report to S&R Committee in July 2022



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- 2023/24 Budget Targets report to C&W Committee in October 2022

### **Other papers:**

- Draft 2023/24 Budget Book.