

2023/24 REVENUE BUDGET AND FEES & CHARGES

Head of Service:	Brendan Bradley, Head of Finance
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	1 – Fees and Charges

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;**
- (2) Recommend the 2023/24 fees and charges, as set-out in Appendix 1, for approval at the budget meeting of Full Council in February 2023;**
- (3) Agree the Council Tax Discount bands for 2023/24, as set-out in section 7.**

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.

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- 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:
 - 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 has been made available to all Councillors via email.
- 2.6 Estimates have been prepared on the basis that all existing services to residents are maintained.
- 2.7 Where the Council incurs contractual inflationary uplifts, budgets have been adjusted accordingly. The budget also includes a central provision of £892,000 to mitigate any increased energy cost and price inflation in excess of 2% next year.
- 2.8 For pay inflation, the budget includes a provision of £446,000, £190,000 of the provision is for pay progression, as eligible officers progress along their pay scale with experience, and £256,000 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 10.1%), capped at 3.0%.
- 2.9 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 2023/24.
- 2.10 The proposed tariffs are set out in Appendix 1 to this report.

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- 2.11 The Council agreed a target to increase overall income from locally set fees and charges by a minimum of 6% 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.
- 2.12 To allow the Council to determine the budget and Council Tax in February, the Committee estimates have been presented as follows:-
- 2.12.1 The Budget Book contains the service estimates for 2023/24.
- 2.12.2 Unavoidable cost increases and income reductions are reflected in the estimates.
- 2.12.3 Recommended increases to fees and charges have been included within the Budget Book and the income estimates.
- 2.12.4 All increases in charges are subject to approval by the Council.

3 Revenue Estimates 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 Variations identified with on-going effects have been taken into account in preparing next year's budget. The Council's probable revenue outturn at Q2 monitoring for all Committees in 2022/23 anticipates an underspend of £243k, as set out in the Q2 monitoring report and summarised by the following table:

Committee	2022/23		
	Current Approved Budget	Q2 Forecast	Variance
	£'000	£'000	£'000
Strategy & Resources	600	(144)	(745)
Environment & Safe Communities	4,894	5,294	400
Community & Wellbeing	4,944	4,953	9
Licensing & Planning Policy	857	950	93
Capital charges	(2,669)	(2,669)	0
Total budget requirement	8,626	8,384	(243)

- 3.3 The probable outturn specifically for Strategy & Resources Committee for 2022/23 is an underspend of £745,000, 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	Original Budget	Re-Based (Current Approved) Budget*	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000	£'000
<u>Strategy & Resources Committee</u>				
Democratic & Civic	688	692	699	6
Corporate Functions	571	597	597	0
Corp Financial Management	2,130	989	626	(364)
Tax Collection & Benefits	737	734	732	(2)
Land Charges	2	2	2	0
Land & Property	(2,955)	(3,044)	(3,144)	(100)
Economic Dev. & Prosperity	92	92	93	0
Employee and Support Services	1,054	539	253	(286)
Subtotal Strategy & Resources	2,319	600	(144)	(745)

* includes budget changes following the re-basing exercise agreed at S&R in July and other agreed changes in accordance with the Council's virement policies.

- 3.4 Within Corporate Financial Management, treasury management income is forecast to overachieve the budget by £275,000, and property contingencies are expected to underspend by £89,000, helped by the government's cap on utility costs to 31 March 2023.
- 3.5 Within Land and Property, a number of rent reviews have been successfully completed, resulting in additional back-rent income and the favourable £100k variance.
- 3.6 Within Employee & Support Services, the Council has been carrying a significant number of vacancies, resulting in a forecast underspend of £286k.
- 3.7 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 show in the following table:

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Strategy & Resources Committee	Published Budget 2022/23	Base Position 2023/24
	£000	£000
Democratic & Civic	688	785
Corporate Functions	571	572
Corporate Financial Management	2,130	2,048
Tax Collection & Benefits	737	(24)
Land Charges	2	2
Land and Property	(2,955)	(3,342)
Local Economy & Community Consultation	92	72
Contracts - Building Control	0	90
Employee & Support Services	1,054	1,372
Total Strategy & Resources	2,319	1,575

- 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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STRATEGY AND RESOURCES COMMITTEE		BUDGET £'000
Published Budget 2022/23		2,319
Service Group	Change	
All	Variation in pay provisions & support service recharges	78
Democratic & Civic	Budgeted cost of 2023 local election	80
Land & Property	Reduced rental income at 64-74 East St	383
Land & Property	Additional building/facilities maintenance and utility costs, primarily at 64-74 East Street	242
Land & Property	Increased contribution from the Property Income Equalisation Reserve, primarily to mitigate reduced net income from 64-74 East Street	-561
Land & Property	Other net increases to budgeted rental income from properties following rent reviews	-252
Land & Property	Additional net income from EEIPC as discounted rental period ends at Arlington Sq, Bracknell	-190
Corp Financial Management	Apportionment of Covid-19 contingency as part of re-basing agreed at S&R, July 2022	-600
Corp Financial Management	Increase in central contingency for price/energy inflation	638
Corp Financial Management	Reduction in contribution from corporate projects reserve to balance the budget	96
Corp Financial Management	Increased revenue contribution to capital schemes	100
Corp Financial Management	Contingency for loss of on-street parking income	250
Corp Financial Management	Net increase in treasury management income	-610
Corp Financial Management	Forecast increase in statutory external audit fees	115
Corp Financial Management	Reduction in pension deficit funding following triennial valuation	-53
Tax Collection & Benefits	Increased cont. from collection fund equalisation reserve to fund prior year business rates deficit*	-612
Tax Collection & Benefits	Business rates income from 2023/24 Surrey business rates pool	-150
Contracts - Building Control	Transfer of building control contract from E&SC Committee	90
Employee & Support Services	Loss of government services grant	98
Employee & Support Services - Town Hall	Reduced rent and service charge income from SCC at Town Hall	103
All	Other net changes	11
Base Position 2023/24		1,575

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*The transfer from the Collection Fund Equalisation Reserve is currently provisional and is required to fund the prior year collection fund deficit from 2022/23, which arose due to statutory government business rate reliefs for businesses in certain sectors such as retail, leisure and hospitality. The final quantum of the transfer from the Collection Fund Equalisation Reserve will only be confirmed in late January 2023 when business rates projections are submitted to central government.

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
Income from Commercial Property	S&R	96
Reduce Benefits Administration Costs	S&R	33
Other Operational Efficiencies	All	36
Savings built into MTFs		165

- 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
Treasury Management Income (assumes 4% return)	S&R	450	530	480
Review of Commercial Estate	S&R	321	321	321
Net income from Emerald House	S&R	100	100	100
Other operational efficiencies	All	46	73	73
Total Savings/Additional Income		1,481	1,618	1,606

- 5.4 Progress on delivery of savings will be closely monitored and reported to members through the budget monitoring process.

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6 2023-24 Budget Gap

- 6.1 The impacts of elevated inflation and reduced commercial property income will continue into next year and following the budget setting process, the Council's provisional, projected budget gap for 2023/24 is £166k. To mitigate this budget gap, it is proposed that temporary funding of £166k should again be allocated from the Corporate Projects Reserve (in 2022/23, £262k was required from this reserve). The budget is also supported by a forecast appropriation of £1.127m from the Property Income Equalisation Reserve, to mitigate anticipated reduced rental income from 64-74 East Street and Parkside House in the year ahead.
- 6.2 This approach will enable the Council to continue to produce a balanced budget in the short term, while options including Strategic Asset Reviews continue to be assessed during 2023/24 to produce a sustainable, balanced budget in the medium term, with the aim of removing the reliance on reserves to fund the day-to-day revenue budget.

7 Fees and Charges 2023/24

- 7.1 Fees and Charges within the remit of this Committee are set out in Appendix 1.
- 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 5% and 10%, to reflect increased inflationary pressures. The budgeted income is £2,603.
- 7.4 For land charge searches, fees have been updated to ensure the Council recovers the cost of providing the service. For Con29-specific searches, it is proposed that the fee structure be simplified and standardised to a £185 fee, to reflect that the resource required to carry out CON29 searches is very similar across the different search-types. Similarly, LLC1 search fees have been simplified and standardised to a £30.50 fee. The annual income budget for land charges is £102,000 and is not expected to be materially impacted by the changes.

8 Council Tax Income Discount Scheme 2023/24

- 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 2023/24, bands have been increased in line with the Council's scheme rules;

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- 8.2.1 Income bands have been increased by 10.1% (and rounded to whole figures), which was the CPI figure for September 2022. This is in line with the government's increase of social security benefits.
- 8.3 Council tax discounts range from 80% for households in income band A, to 40% for those in income band D.
- 8.4 The Council Tax Income Discount scheme, which commenced in 2021/22, was established following a detailed analysis of the Council's working age caseload requiring financial support and was based on similar discount schemes run by other local authorities.
- 8.5 The income bands are considered appropriate for the current caseload and, having been increased by the September CPI figure, are in line with the increase in national social security benefits.
- 8.6 Since the scheme cost falls on the local council tax payer, it was not designed to change the bands (other than by inflation) or discount percentages on an annual basis, and this assumption has been used when setting council tax.
- 8.7 Pensioners continue to receive support through the Council Tax Reduction scheme set by central government and are not affected by this scheme.
- 8.8 The Council's Local Care Leavers Discount remains in place and is unaffected by the Council Tax Income Discount scheme.
- 8.9 2023/24 income bands are shown in the following table, which members are asked to agree. 2022/23 comparatives are shown below:

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2023/24	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
Income Band A – 80%	Relevant Benefit	£0.00 - £369.00	£0.00 - £688.00	£0.00 – £900.00	£0.00 - £1,168.00
Income Band B – 65%	N/A	£369.01 - £565.00	£688.01 - £906.00	£900.01 - £1,094.00	£1,068.01 - £1,404.00
Income Band C – 50%	N/A	£565.01 - £665.00	£906.01 - £1,079.00	£1,094.01 - £1,213.00	£1,404.01 - £1,723.00
Income Band D – 40%	N/A	£665.01 - £1,353.00	£1079.01 - £1,708.00	£1,213.01 - £2,074.00	£1,723.01 - £3,366.00

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
Income Band A – 80%	Relevant Benefit	£0.00 - £335.00	£0.00 - £625.00	£0.00 – £817.00	£0.00 - £1,061.00
Income Band B – 65%	N/A	£335.01 - £513.00	£625.01 - £823.00	£817.01 - £994.00	£1,061.01 - £1,275.00
Income Band C – 50%	N/A	£513.01 - £604.00	£823.01 - £980.00	£994.01 - £1,102.00	£1,275.01 - £1,565.00
Income 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

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9 Risk Assessment

Legal or other duties

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.

Service	Risk	Budget Estimate 2023/24	Risk Management
Energy Costs & Inflation	<p>High:</p> <p>The energy market is currently volatile and inflation remains well above the recent historical average. Government's energy cost guarantee ends on 31 March 2023, and the Council may be exposed to elevated market rates from 1 April 2023.</p>	£0.6m	<p>Inclusion of corporate contingency budget to mitigate impact of elevated energy costs and inflation.</p> <p>Pursue initiatives to reduce energy usage</p> <p>Regular budget monitoring of impact</p> <p>Utilise any government support schemes that are announced.</p> <p>Use of reserves if necessary.</p>
Land and property rental income	<p>High:</p> <p>Loss of tenants and commercial rental income</p>	<p>£3m EEBC</p> <p>£1.3m EEPIC Dividend Income</p>	<p>Asset Management Plan – property and rent reviews</p> <p>Property/tenant management</p> <p>Use of Property Income Equalisation Reserve</p>

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

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

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9.5 Other

9.5.1 None arising from the contents of this report.

10 Financial Implications

10.1 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.

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.

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:

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

Other papers:

- Draft 2023/24 Budget Book.