

REVENUE BUDGET 2024/25

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 estimates for income and expenditure on services in 2024/25

Recommendation (s)

The Committee is asked to:

- (1) Recommend the 2024/25 service estimates for approval at the budget meeting of Full Council in February 2024;
- (2) Support in principle the future savings as set out in section 5 for inclusion in the Medium Term Financial Strategy.

1 Reason for Recommendation

- 1.1 The recommendations will enable the Council to meet its statutory duty to set a balanced budget for 2024/25 and agree a Medium Term Financial Strategy 2024-28.

2 Background

- 2.1 For the period 2024/25 to 2027/28, Full Council will be asked in February to agree a four year Medium Term Financial Strategy (MTFS) to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan. The recommendation in this report is consistent with the proposed MTFS.

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- 2.2 Local authorities face a great deal of financial planning uncertainty over the medium term. This is mainly because central government funding settlements have tended, since the pandemic, to be limited to one-year only. In addition, the economic environment remains highly challenging and difficult to forecast, with elevated inflation impacting demand for services and the cost of delivering those services.
- 2.3 At its meeting on 13 July 2023, Strategy and Resources Committee agreed the budget targets and workstreams to enable the Council to work towards setting a balanced budget for 2024/25 and over the next Medium Term Financial Strategy four year-period.
- 2.4 The committee noted that excluding any new growth in expenditure, additional annual income/savings of £1.1 million are projected to be needed to achieve a balance budget for 2024/25, increasing to £2.5m by 2027/28.
- 2.5 To address this deficit, Strategy & Resources Committee agreed that the following workstreams should be progressed by Directors and Heads of Service:
 - 2.5.1 Officers to be tasked with identifying further efficiencies, although these are becoming harder to achieve after over a decade of austerity.
 - 2.5.2 A base review, which entails reviewing the year end position for 2022/23, identifying any potential savings, additional cost pressures and areas where savings can be developed.
 - 2.5.3 Service Reviews focusing primarily on discretionary services to be undertaken over the next four years with the aim of increasing efficiencies and effectiveness whilst reducing cost.
 - 2.5.4 Review of existing asset utilisation, to realise cost reductions in Council operational buildings and increased income from investment properties.
 - 2.5.5 Investigate income streams to maximise revenue from new and existing services, such as invest to save opportunities. Ensure any new powers are considered to generate additional income for the Council, such as the pending new charging policy for waste.
 - 2.5.6 Undertake a review of reserves, providing a justification for the level of reserves retained.
 - 2.5.7 A target to increase fees and charges income by 6% in both 2024/25 and 2025/26 (as previously agreed by S&R in July 2022), then by CPI+1% for both 2026/27 and 2027/28. Heads of Service review fees and charges annually to ensure increases are achievable and report fees and charges to policy committees for approval.

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- 2.5.8 To maximise external funding and partnership opportunities.
- 2.6 The figures in this report reflect the latest outcome of the above workstreams, a number of which will continue into future years, and the provisional local government finance settlement for 2024/25.
- 2.7 Service estimates for this Committee are included in the draft Budget Book 2024/25 that will be made available to all Councillors.
- 2.8 Estimates have been prepared on the basis that existing services to residents are maintained, unless specified otherwise in section 5.
- 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 2024/25.
 - 2.9.2 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 Committee/Council.

3 Forecast Outturn 2023/24

- 3.1 Before considering the revenue estimates for 2024/25, 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 £200k 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	Original Budget £'000	Re-Based (Current Approved) Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Housing	1,853	1,874	2,074	200
Community Services (RouteCall, Meals from Home, Community Alarm)	490	482	482	0
Support for Voluntary Orgs.	246	246	246	0
Community Centre	447	470	470	0
Health & Wellbeing	217	233	233	0
Sports, Leisure & Cultural (includes Venues)	1,188	1,256	1,256	0
Precepting & Levying Bodies (NJMC & EWDC)	388	388	388	0
Community & Wellbeing Committee	4,829	4,948	5,149	200

- 3.3 The Council budgeted to accommodate an average of 58 households in nightly paid accommodation. Due to ongoing elevated demand, the Council is currently supporting an average of 72 households to date in nightly paid accommodation.
- 3.4 Although government has awarded EEBC an additional £165,000 of Homelessness Prevention Grant to assist with the demand pressures, based on the current run-rate of households requiring support, an adverse variance of £200,000 is still forecast for the year.
- 3.5 The Council holds a Homelessness Grant Reserve which may be applied to mitigate the budget pressure in the short term, however it is recommended that a report be prepared for Community & Wellbeing Committee to consider progress against the Homelessness Action Plan and options for how elevated demand can be managed.

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4 Proposals for 2024/25 budget

- 4.1 The service estimates for 2024/25 are included in the draft Budget Book, circulated to councillors in January.
- 4.2 A summary of the Committee's service estimates for 2024/25 is shown in the following table:

Community & Wellbeing Committee	Published Budget 2023/24	Base Position 2024/25
Service Group	£'000	£'000
Housing	1,853	2,577
Community Services (Route Call, Meals at Home, Community Alarm)	490	457
Support for Voluntary Orgs.	246	243
Community Centre	447	447
Health & Wellbeing	217	265
Sports, Leisure & Cultural (includes Venues)	1,188	1,108
Precepting & Levying Bodies (NJMC & EWDC)	388	412
Community & Wellbeing Committee	4,829	5,509

- 4.3 The following table comprises a summary of the main changes to the Committee's proposed budget for 2024/25 compared with the published budget for 2023/24.

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Community & Wellbeing Committee		Budget £'000
Published Budget 2023/24		4,829
Service Group	Change	
All	Variations in pay, pension (IAS19) & support service recharges	194
All	Changes to Capital charges	-163
Housing	Budget increase to cover additional costs to support 70 households in nightly paid accommodation	517
Precepting & Levying Bodies	6% increase in contributions to Epsom Walton Downs Conservators & Nonsuch Joint Management Committee	23
Various	Increased budget to cover energy costs	136
All	Other net changes including increased fees & charges income targets detailed in Fees & Charges report.	-26
Base Position 2024/25		5,509

5 Financial Sustainability Proposals for Medium Term Financial Strategy 2024/25 to 2027/28

- 5.1 As set-out in paragraph 2.4, Strategy & Resources Committee has agreed a Council-wide savings target of £2.5m to achieve a balanced budget by 2027/28.
- 5.2 The estimates for this committee include the following savings agreed in previous years:

Summary of Previously Agreed Savings/Income	Committee	2024/25	2025/26
		£000	£000
Review of Community & Wellbeing Centre	C&W	30	30
Total Savings/Additional Income		30	30

- 5.3 In addition, members are asked to support the following new savings, identified for this committee as part of the 2024/25 budget setting process, to reduce the Council's projected budget deficit:

5.4

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Summary of New Savings/Income	Committee	2024/25	2025/26	2026/27	2027/28
		£000	£000	£000	£000
Homelessness cost reduction target	C&W	-	-	300	-
Total Savings/Additional Income		-	-	300	-

5.5 For 2024/25, the homelessness budget has increased to accommodate an average of 70 households in nightly-paid accommodation at any one time, compared to an average of 58 households budgeted for 2023/24. -- The MTFs includes a target for the service to identify initiatives to return to an average of 58 supported households by 2026/27. Progress will be closely monitored through regular reports to this Committee, and reported to all members through the budget monitoring process.

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 2024/25	Risk Management
Homelessness	<p>High: Increase in numbers of presentations.</p> <p>Should the number of household presentations not reduce by 2026/27, there is a risk that the savings target may not be achieved.</p>	c.£1.5m	<p>Continuing with preventative initiatives and alternative temporary accommodation options, as set out in the Homelessness Reduction Plan</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	Medium: Customer numbers only gradually return to using these services following the pandemic.	£1m	Monitoring service delivery options within government guidelines
Community Services	Medium: Vulnerable client group only gradually to returning to using these services following the pandemic.	£0.4m	Monitoring service delivery options within government guidelines.
Community & Wellbeing Centre	Medium: Vulnerable client group only gradually to returning to using these services following the pandemic. The £30k additional net income target in each of 2024/25 and 2025/26 is dependent on customers choosing to utilise C&W Centre services.	£0.4m	Monitoring service delivery options within government guidelines. Monitoring budgets and savings through quarterly budget monitoring.

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.

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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

6.6.1 None arising from the contents of this report.

7 Financial Implications

7.1 The draft Budget Book 2024/25 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.

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- 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 2023
- 2024/25 Budget Targets report to C&W Committee in October 2023

Other papers:

- Draft 2024/25 Budget Book.