

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 budget estimates for income and expenditure for Environment Committee 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.
- (3) Note that potential Chalk Pit investigation works are being considered, in full, by this Committee at separate Agenda Item 10.

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. (New powers may typically arise if central government places new statutory responsibilities on a local authority, for example through any new National Waste Strategy)
 - 2.5.6 Undertake a review of reserves, providing a justification for the level of reserves retained.

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- 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.
- 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.
- 2.10 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 Environment Committee is an adverse variance of £78,000 which is shown in the following table. The key reasons for the major variances are explained in the subsequent paragraphs.

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Service Group	Original Budget	Current Approved Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000	£'000
Car Parking	(1,731)	(1,544)	(1,466)	78
Environmental Services	3,531	3,635	3,635	0
Community Safety	91	93	93	0
Contract Management	87	197	197	0
Environmental Health	392	333	333	0
Countryside, Parks & Open Spaces	2,202	2,206	2,206	0
Environment Committee	4,572	4,920	4,998	78

3.3 The Ashley Centre and Hook Road car parks have seen a slower than anticipated recovery in visitor numbers and has forecast an adverse variance of £78,000 for the year, although it is important to note this is a relatively early forecast ahead of the key festive trading period.

3.4 All other areas of Environment are forecast to budget.

3.5 The Committee's probable outturn (estimated net expenditure) for 2023/24 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 one budget monitoring reports used by all managers.

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:

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Service Group	Published Budget 2023/24	Base Position 2024/25
	£'000	£'000
Contract Management	87	(109)
Car Parking	(1,732)	(2,453)
Countryside, Parks & Open Spaces	2,202	2,405
Environmental Services	3,277	3,749
Environmental Health	648	626
Environment Committee	4,482	4,218

- 4.3 Crime and Disorder Committee has now been established as a Policy Committee and is responsible for overseeing the Community Safety budget. The budget for Community Safety which was published as £91k in the 2023/24 budget book, has transferred to Strategy & Resources Committee for 2024/25 as it no longer falls under the remit of this committee.
- 4.4 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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Environment Committee		Budget £'000
Published Budget 2023/24		4,482
Service Group	Change	
Various	Variation in pay, pension (IAS19) & support service recharges	178
Various	Increase in fees and charges income	(393)
Various	Reallocation of capital charges	(475)
Various	Inflationary increases of contracts	93
Various	Increased costs of grounds maintenance	324
Contract Management	Increased recharge of grounds maintenance	(390)
Contract management	Allocation of verge cutting saving	63
Car Parks	Allocation of savings from reduced costs due to end of contract with Surrey CC	290
Countryside	Reduction of rural grants funding	32
Countryside	Increased contribution from reserves to offset reduced grant	(27)
Highways	Loss of income from Surrey CC for ended verge cutting contract	63
Waste Collection	Reduced gate fees for trade waste	(22)
Base Position 2024/25		4,218

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 had agreed a Council-wide savings target of £2.5m to achieve a balanced budget by 2027/28.

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- 5.2 The following savings, identified as part of the 2024/25 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	2024/25	2025/26	2026/27	2027/28
		£000	£000	£000	£000
Income from Parks (Pet Crem)	Env	-	-	-	30
Review of Borough Beautification	Env	-	30	-	-
Total Savings/Additional Income		-	30	-	30

- 5.3 The Committee is targeted to generate an additional £30k annual income from 2027/28 from the Borough's parks and open spaces. Officers are currently investigating whether this could be delivered through a new pet crematorium, although the business case is still being developed and will be reported back as appropriate.
- 5.4 A review of the beautification of hanging baskets, troughs and roundabouts could save c.£30k per annum from 2025/26 on staffing and the purchase of plants. This could mean the cessation of Epsom and Ewell in-Bloom initiatives, although officers will investigate whether alternative options are available such as the use of volunteers, or planting that requires less maintenance.
- 5.5 Progress on delivery of savings will be closely monitored and reported to members through the budget monitoring process.

6 Additional Budget Request

- 6.1 On 17 October 2023, Environment Committee noted that owing to the Council's projected budget deficit, the budget setting framework (agreed at S&R in July) required that any additional new revenue growth items (i.e. service enhancements resulting in increased net expenditure) supported by Policy Committees will need to be fully funded from existing budgets.
- 6.2 Environment Committee also agreed at the same meeting that an additional cost item be added into the Committee's budget plans for 2024/25 for £40k to cover possible additional independent noise assessment works or other activities that may be required at the Chalk Pit site in Epsom. However, no funding option was identified by the Committee.
- 6.3 Officers have since sought to identify a funding option, however, with all Environment Committee budgets already committed to funding frontline services and due to the challenging financial environment faced by local authorities, it has not been yet been possible to identify a spare £40,000 expenditure budget within the committee, without adversely impacting the delivery of frontline services.

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- 6.4 Officers can continue to seek savings throughout 2024/25, although as Agenda Item 10 (Chalk Pit) identifies that the full cost of further investigation work could ultimately reach up to £140,000, it is being recommended that the Chalk Pit matter should be separately managed through the bespoke report at Agenda Item 10 on this committee agenda.

7 Risk Assessment

Legal or other duties

- 7.1 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
Off Street Car Parking	High: The current cost of living crisis may impact adversely on car park visitor numbers.	Total Budgeted Income £4,254k 5% change affects income by £213k; 25% change affects income by £1.06m.	Monthly monitoring and work analysing individual car park performance against target will be undertaken. Additional income streams and a long-term strategy for the future of Council car parks to be progressed.
Operational Services	Medium: The service is reliant on fuel and therefore susceptible to price rises.	Fuel budget across Op Services is £268k; 10% rise would increase costs by £27k.	Officers will continuously monitor fuel costs and reduce consumption where possible.
Waste Collection and Trade Waste	Medium: Elevated energy costs, inflation and likelihood of recession may cause businesses to close resulting in reduced customer base. Gate fees for trade waste are outside EEBC control and are liable to increase.	Total budgeted income £1,758k; 10% change affects income by £176k. Budgeted gate fees are £250k; 10% rise would increase costs by £25k.	Officers will monitor income and costs throughout the year.

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	Income from SCC may be cut.	£100k income from SCC for recyclables	
Savings / Additional Income Delivery	<p>Medium:</p> <p>There is a risk that if savings are not deliverable following the Review of Borough Beautification (main risk may be political) or Income from Parks (main risk may be business case viability or local opposition), the committee may face a budget shortfall in future years.</p>	<p>£0k in 2024/25 £30k in 2025/26 £30k in 2027/28</p>	<p>Officers will monitor income and costs throughout the year.</p> <p>Business cases and proposals will be reported to members.</p>

7.2 Equality Impact Assessment

7.2.1 None arising from the contents of this report.

7.3 Crime & Disorder

7.3.1 None arising from the contents of this report.

7.4 Safeguarding

7.4.1 None arising from the contents of this report.

7.5 Dependencies

7.5.1 None arising from the contents of this report.

7.6 Other

7.6.1 None arising from the contents of this report.

8 Financial Implications

8.1 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.

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

9 Legal Implications

9.1 The Council is under a statutory obligation to produce a balanced budget and to comply with its policy on equalities.

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9.2 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 an equalities impact assessment in relevant cases.

9.3 **Legal Officer's comments:** No further legal comments.

10 Policies, Plans & Partnerships

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

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

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

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

10.5 **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.

11 Background papers

11.1 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 Environment Committee in October 2023

Other papers:

- Draft 2024/25 Budget Book.