

PROGRAMME OF SERVICE REVIEWS

Head of Service:	Jackie King, Chief Executive
Report Authors:	Brendan Bradley, Chief Finance Officer
Wards affected:	(All Wards);
Urgent Decision?	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1 – Programme of Service Reviews.

Summary

This report proposes a programme of service reviews over the next three years, with the aim of delivering at least £720,000 of annualised savings for the Council.

Recommendation (s)

The Committee is asked to:

- (1) Approve the programme of service reviews, as set out in Appendix 1, to be progressed by relevant Heads of Service in consultation with the relevant Service Director and Policy Committee Chairs;**
- (2) Agree that the outcome of individual service reviews should be reported back to the relevant Policy Committee;**
- (3) Agree that a report will be brought back at least annually to Strategy & Resources Committee to update members on progress against the overall programme of service reviews;**
- (4) Approve funding of £35,000 from the Corporate Projects Reserve to enable the review of Community Services and Facilities to be progressed.**

1 Reason for Recommendations

- 1.1 Approving the recommendations will provide the Council with a structured programme for reviewing its services, with the aim of identifying the level of savings needed to continue to meet the statutory duty of setting balanced budgets in future years.

2 Background

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- 2.1 Agreed at Full Council in February 2024, the Medium-Term Financial Strategy (MTFS) 2024-28 aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan.
- 2.2 The MTFS identified that the Council faces a projected annual revenue budget gap of £0.5m (around 5% of core spending power) to £0.7m each year to 2028/29, as summarised in the following table:

Table 1 - MTFS Projections	2024/25	2025/26	2026/27	2027/28	2028/29
	Budget	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000
Net Cost of Services	11,107	11,041	11,243	11,502	11,872
One-off Budgeted Use of Reserves	(1,674)	0	0	0	(250)
Subtotal - Net Budget Requirement	9,433	11,041	11,243	11,502	11,622
External Funding					
Council Tax (3% annual increase)	7,636	7,904	8,182	8,470	8,767
Retained Business Rates	1,749	1,784	1,820	1,856	1,392
Prior Year Collection Fund Deficit	(979)	0	0	0	0
Revenue Support/Other Gov Grants	499	780	721	736	743
Subtotal - External Funding	8,905	10,468	10,723	11,061	10,902
Less use of Strategic Reserves	(528)	0	0	0	0
Forecast Budget Deficit	0	573	520	440	720

- 2.3 There are numerous complex factors contributing to why Epsom and Ewell faces an annual budget gap. Post-pandemic, these include elevated inflation (for example utility costs) combined with reduced income streams (such as from car parks and venues), together with increased public demand for housing/homelessness support.
- 2.4 Another major factor is that local government has borne the brunt of public sector austerity measures implemented by central government since 2010. As summarised by the Office for Budget Responsibility in November 2023, *“Since 2010-11, local authority spending has fallen from 7.4 to 5.0 per cent of GDP, and it falls further in our forecast to 4.6 per cent of GDP in 2028-29. Given local authorities’ statutory duty to provide a range of services where demand is likely to continue to grow, for example adult and child social care, pressure on local authority finances and services will continue”*.
- 2.5 Against this backdrop, the Council’s budget has been subject to real terms cuts over a sustained period since 2010/11, to the point that further reductions (such as salami slicing of budgets) of up to £0.7m are no longer considered feasible while maintaining the same levels of service delivery.

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- 2.6 It is for these reasons that in February 2024, Full Council agreed that to address the projected annual budget gap, a programme of service reviews should be presented to Strategy & Resources for approval and subsequent delivery.
- 2.7 As identified in the Review of Reserves report to Financial Strategy Advisory Group in June, the Council has just £1.0m of headroom remaining within available revenue reserves, before minimum balances are reached. If unaddressed, a £0.5m annual deficit will see this headroom substantially eliminated by the end of 2026/27.

3 Proposals

- 3.1 Since February's Full Council, budget policy committee chairs (and/or vice chair) have engaged with senior officers and an independent Finance Improvement and Sustainability Advisor, provided by the Local Government Association. This engagement has identified a number of areas of discretionary service expenditure that are recommended to be reviewed to identify savings options to address the budget gap.
- 3.2 The proposed programme of service reviews is set-out at Appendix 1.
- 3.3 The programme recognises that a number of major strategic projects are already underway in 2024/25 (including the Town Hall relocation project, Local Plan, Homelessness Action Plan, IT Strategy and Workforce Transformation), all in addition to business-as-usual delivery of services. As such, there is limited capacity within the organisation to undertake additional multiple service reviews – for this reason reviews are scheduled to take place over a three-year period and in some cases may require external resource.
- 3.4 Strategy & Resources Committee is asked to consider and approve the proposed programme at Appendix 1.
- 3.5 If agreed, the outcome of each individual service review will be reported back to the relevant Policy Committee.
- 3.6 In addition, a report will be brought back at least annually to Strategy & Resources Committee to update members on progress against the overall programme of service reviews (i.e. next update due no later than July 2025).

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

- 4.1.1 Any implications will be assessed and reported within the individual service reviews.

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4.2 Crime & Disorder

4.2.1 Any implications will be assessed and reported within the individual service reviews.

4.3 Safeguarding

4.3.1 Any implications will be assessed and reported within the individual service reviews.

4.4 Dependencies

4.4.1 If the Council is unable to identify savings, there is a clear risk that in future years it may not be able to meet its statutory duty to set balanced budgets.

4.5 Other

4.5.1 Any service implications will be assessed and reported within the individual service reviews.

5 Financial Implications

5.1 Reviews are generally expected to be undertaken by the relevant Head of Service and Service Manager within existing budgets.

5.2 However, to undertake the review of community services and facilities in Year 1, it is expected that external legal and property support will be required at an estimated cost of £35,000, to enable officers to explore property options and negotiate lease options with tenants.

5.3 It is proposed that this one-off external resource could be funded from the Corporate Projects Reserve on an invest-to-save basis, which provisionally holds an uncommitted balance of £1.56m at 31 March 2024. Members have previously agreed that this reserve should always hold a minimum balance of £1m to ensure funds are retained for future, unforeseen projects.

5.4 Allocating £35,000 from this reserve would reduce the remaining balance available for other corporate projects from £560,000 to £525,000, before the minimum threshold is reached.

5.5 In addition, there would be an estimated £1,575 per annum reduction in treasury management income, assuming investment returns of 4.5%.

5.6 Beyond Year 1, should external resource become necessary for other reviews to progress, this will be reported to Strategy & Resources Committee with a funding option identified, ahead of the review taking place.

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- 5.7 In addition, where a completed review proposes service changes/savings that require upfront costs to implement, a funding option for these costs will need to be identified and reported for members to consider alongside the review.
- 5.8 The 2024/25 capital programme includes two projects at the Community & Wellbeing Centre – installation of solar panels and replacement of windows – with a combined budget of £120,000. As the review of community services/facilities is scheduled for year 1, members are asked to note that these two capital projects will be deferred until the review is completed.
- 5.9 **Section 151 Officer's comments:** The proposals in this report represent an important step for Epsom & Ewell Borough Council to continue to meet its statutory duty to set balanced budgets in future years. The service reviews will run alongside other workstreams set-out in the separate 2025/26 Strategic Financial Planning Report on this committee's agenda. Policy chairs and members will be updated through the budget setting process.

6 Legal Implications

- 6.1 Any legal implications that arise from specific service reviews will be considered and reported within the individual reviews.
- 6.2 **Legal Officer's comments:** None arising from the contents of this report, save that the external legal support required to support the review of community services and facilities shall be selected further to consultation with the Head of Legal and Monitoring Officer.

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:** Any implications will be assessed and reported within the individual service reviews.
- 7.4 **Sustainability Policy & Community Safety Implications:** Any implications will be assessed and reported within the individual service reviews.

Partnerships: Any implications will be assessed and reported within the individual service reviews.

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8 Background papers

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

Previous reports:

- 2024/25 Budget and Medium-Term Financial Strategy report to Full Council – 13 February 2024

Other papers:

- 2025/26 Strategic Financial Planning report to S&R Committee – 23 July 2024
- Review of Reserves report to Financial Strategy Advisory Group – 28 June 2024.