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| <b>REPORT TO:</b>              | <b>HOUSING AND COMMUNITY SERVICES COMMITTEE (SPECIAL)</b>  | <b>AGENDA ITEM: 5</b>                           |
| <b>DATE OF MEETING:</b>        | <b>08 JANUARY 2024</b>   | <b>CATEGORY: RECOMMENDED</b>                    |
| <b>REPORT FROM:</b>            | <b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>  | <b>OPEN</b>                                     |
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| <b>SUBJECT:</b>                | <b>SERVICE BASE BUDGETS 2024/25</b>  |   |
| <b>WARD(S) AFFECTED:</b>       | <b>ALL</b>   | <b>TERMS OF REFERENCE: HCS</b>                  |

## **1.0 Recommendations**

- 1.1 That the proposed revenue budget for this Committee's services for 2024/25 as detailed in **Appendix 1** is considered and recommended to the Finance and Management Committee for recommendation to Council for approval.
- 1.1 That the proposed fees and charges for 2024/25 as detailed in **Appendix 2** are considered and recommended to the Finance and Management Committee for recommendation to Council for approval.
- 1.2 That the proposed Capital budget for this Committee's services, for 2024/25 as detailed in **Appendix 3**, is considered and recommended to the Finance and Management Committee for recommendation to Council for approval.
- 1.4 That consideration is given to the level of increase in 2024/25 for Grants to Voluntary Bodies as detailed in paragraph 4.11.

## **2.0 Purpose of the Report**

- 2.1 As part of the annual financial planning cycle, the report details the Committee's proposed base budget for 2024/25. This includes service delivery proposals, cost pressure and savings of the Committee's main spending areas.
- 2.2 It is proposed that the estimated income and expenditure is included in the consolidated budget of the Council for 2024/25 within the Council's overall medium-term financial position. This will be considered by the Finance and Management Committee on 15th February 2024.
- 2.3 The report also sets out proposals for the level of fees and charges under the responsibility of this Committee for 2024/25.
- 2.4 The details contained within this report are subject to public consultation with the Council's relevant Committees, ratepayers and the public, as part of the Council's own budget process and statutory and wider consultation.

2.5 This report is divided into several sections with corresponding appendices, which are summarised below for ease:

### **3.0 Introduction**

3.1 At the inception of the budget setting process, the following three key principles were agreed with Members and set out to Heads of Service to guide the preparation of budget proposals contained within this report:

- **Budgets should support Service Plan and the Council Plan** –That the budget aligns with Service Plans and the Council Plan to ensure that appropriate funding is in place. The intention is to reduce the need for further reports to Committee for additional funding requests throughout the forthcoming year, unless there are specific requests from Members, or other requirements around procurement or approval considerations.
- **Revenue investment should be based on demonstrable need or be self-funding** - That any cost-pressures (such as inflation pressures on supplies, services, and contracts), additional staff or reductions in income due to lower demand or reduced fees, should, insofar as is possible, be “self-funding”. Services were asked to try as far as is reasonably practical to off-set increases in financial resources by making savings in other areas or alternatively, additional revenue investments should be fully demonstrated. Overall, the budget process sought for proposals that demonstrated an evidence-based business case which set out the service need, how additional revenue funding will seek to meet that need, and where possible, reduce ongoing expenditure or increase income in other areas.
- **Capital growth will be considered based on need and innovation meaning it is essential for the maintenance of service delivery or will improve service delivery by way of revenue improvement** –That when we are investing to create or enhance an asset, it is because it will improve the Council’s financial position through reducing spend or generating income, or because we must maintain services.

3.2 As part of the Council’s commitment to continuous improvement and good financial governance, the process for budget setting undertaken this year has been adapted. These changes were set out in the “Budget Setting Approach 2024/25” report delivered to the Council’s policy Committees and Overview and Scrutiny at their meetings in September and October 2023.

3.3 In line with the principles set out at 3.1, the Council’s Heads of Service and their service managers have been heavily involved in developing proposals relating to the Housing and Community Services, such as Community Development support, Leisure and Recreation Facilities and Private Sector Housing. All proposals have undergone assessment and refinement by the Council’s Leadership Team, who have challenged, scrutinised and refined proposals in light of the principles and the overall financial position of the Council.

3.4 The revenue budget approach has been ‘incremental’ meaning that the focus is on budget changes compared to the current year (2023/24) position. As such, revenue proposals are categorised to easily explain the changes and also where proposals can be rejected. The categories as set out in the report in **Appendix 1**. The are set out as individual changes.

- **Savings** – savings identified through either a reduction in budgeted expenditure or income that is additional to that budgeted in the current year because of increase in charges and/or a forecast increase in demand.

- **Cost Pressures** – where additional budget provision is required to cover unavoidable cost increases. One-off items will be funded through earmarked reserves (see 3.5 below).
- **Service Developments** – proposals to enhance service provision and which require a decision around investment. One-off items will be funded through earmarked reserves (see 3.5 below).

3.5 Where increases in spending, either as a cost pressure or a service development are one-off, they will be funded by earmarked reserves. This is following the Section 151 Officer’s phase 1 review. This repurposing of earmarked reserves represents an effective way of managing one-off expenditure, given its very nature, and in the context of the Council wishing to close its budget gap and it having a high level of reserves and earmarked reserves that have been identified as no longer required for the original purpose for which they were set aside.

3.6 The proposed level of fees and charges are presented in **Appendix 2** along with the rationale for the proposed variation on the 2023/24 level.

3.7 Proposals for capital investment are set out in the report on **Appendix 3** along with the existing capital programme commitments.

### **Budget Development Timetable**

3.8 As detailed below this Committee will review standalone proposal decisions, where proposals are of material nature policy decisions are required. This report is tabled alongside any standalone reports. This is specifically the case where there are proposals to add posts to the establishment, and where this is the case, **Appendix 1** makes this clear.

**Table 1 – Committee Timetable**

|   | Consideration of the draft 2024/25 budget | Consideration of stand-alone policy decisions |
|---|---|---|
| <b>Housing and Community Services Committee</b> | 8 January 2024                            | 1 February 2024                               |

3.9 The final budget will be presented to the Finance and Management Committee in February 2024 who will recommend it to Council for final approval in the same month.

### **Consultation**

3.10 In line with the Council’s statutory requirement to consult with ratepayers, it is proposed that relevant stakeholders in the business community are written to and views on the budget proposals are sought.

3.11 Between (circa) the early-December 2023 and mid-February 2024 wider public consultation will take place via the Council’s website and at Area Forums.

3.12 Feedback received will be collated and reported as part of the final budget report in February 2024.

### **4.0 Detail**

4.1 The draft net revenue expenditure position for the 2024/25 year is anticipated to be £670k as reported in the draft consolidated budget at Finance & Management Committee on 23<sup>rd</sup>

November. This is made up of net revenue expenditure (spend) of £18.3m and funding of £17.64m.

- 4.2 The Finance and Management Committee will consider the detail of the overall financial position on 15<sup>th</sup> February 2024, including proposals from this Committee.
- 4.3 Since the Council budgets on an incremental basis, the individual changes compared to the 2023/24 position are set out in Appendix 1 as follows:
- Service developments – proposed to increase spend by £260,763.
  - Cost pressures – increasing spend by £542,660.
  - Income/Savings (inc. Recharges) - £260,146.

### **Service Developments – Appendix 1**

- 4.4 Across the range of proposals service developments have been developed by service areas for review and whilst being tabled as required for the effective delivery of services, they are additional to what the Council currently provide and could be classified as voluntary additional expenditure.
- 4.5 As detailed above at paragraph 3.5, one-off items will be funded through earmarked reserves.
- 4.6 All service developments are detailed in Appendix 1. The most significant are:
- Tree Services £85,000 – Dedicated tree maintenance budget to manage the councils tree stock effectively.
  - Green Space Strategy £25,000 – To cover the development of a Green Space Strategy to identify shortfalls in the provision of the different typologies of green space within the district to inform planning policy and ensure current and further communities have equal access to quality green spaces.
  - Cemeteries Feasibility Study £22,449 – This service development proposal is to identify both possible future burial land and in addition explore the need /opportunities for future cremation provision.

### **Cost Pressures – Appendix 1**

- 4.7 Across the range of proposals cost pressures generally relate to areas where additional budgetary provision is required to continue critical services. There are no proposals that represent developments of service areas or that could be classified as voluntary additional expenditure, except for spend already incurred in relation to non-statutory services.
- 4.8 All cost pressures are detailed in Appendix 1.
- 4.9 Staffing costs represent a significant amount of expenditure on the General Fund, with broadly three quarters of all spending related to staffing. The table below sets out the budgetary pressures in relation to staffing.
- 4.10 The additional salary for Service Development Proposals is the total from all the submitted bids requesting additional staffing resources. These have been included but are subject to separate reporting requirements.
- 4.11 In relation to recommendation 1.4 this Committee gives consideration to increasing the base contribution in grants to voluntary bodies in recognition of inflationary pressures. These grant payments exclude the Sharpes Pottery Heritage and Arts Trust contribution which was agreed separately at Finance & Management Committee on the 5<sup>th</sup> October 2023.

4.12 This amount was previously provided for in contingent sums and has now been added to the base budget. In the past 5 years a 2% increase has been agreed, therefore the assumption provided for within contingent sums is 2%. The 2% increase is illustrated below with alternative options for consideration:

**Table 2 – Voluntary Bodies Base Contributions**

| Percentage Increase | Annual Increase in contribution |
|---------------------|---------------------------------|
| 0.00%               | £0.00                           |
| 0.50%               | £1,380.81                       |
| 1.00%               | £2,761.62                       |
| 1.50%               | £4,142.43                       |
| 2.00%               | £5,523.24                       |

**Table 3 – Staffing cost pressure and service developments.**

| Area   | Amount   | Detail  |
|--|----------|---|
| <b>Pay Award 2024/25</b>                               | £153,274 | Assumed Pay Award @ 4%, inclusive of salary rises of £153,274 (Included in costs pressures)   |
| <b>Service Development Proposals relating to staff</b> | £42,440  | There are a number of additional posts requested to be added to the establishment. The post related to this committee is listed in Appendices 1 and is subject to consideration by this committee on the 1 <sup>st</sup> February 2024. |

4.12 The most remaining other significant areas of cost pressure are:

- Utilities £200,000 – Based on predictions as per the energy benchmarking which forms part of the Leisure Services contract.
- Grants £45,644 – Additional costs to support the growth plan for 2023/28 to Sharpes Pottery Heritage and Arts Trust.
- Inflationary £30,087 – This covers inflationary increases the Council is exposed to through it's day-to-day spend with suppliers.

### **Savings – Appendix1**

4.13 Total savings related to this Committee is £260,146. Savings are a result of increased income in some areas and a reduction in costs compared to last year's budget the some of the larger saving are detailed below:

- Grant Income £77,918 – Additional Homelessness prevention funding confirmed for 2024/25.
- Removal of Computer System £15,786 – this has been replaced with a cheaper system.
- Increase in income £18,576 – Increase in income generated from Rosliston Forestry Centre, pitch hire and cemeteries.
- Reserve funded Changes £77,987 – Increase in funding from reserves.

## **5.0 Fees and Charges**

5.1 The Council charges for a number of its services that are provided to the public. All fees and charges are reviewed on an annual basis as part of the budget process. Charges set by the Council are increased in line with inflation or other factors taken in to consideration, in line with the Corporate Charging Policy:

- Statutory obligations
- Policies objectives of the Council;
- Local market research and competition (where relevant);
- The impact of price changes on activity level of demand;
- Changes in taxation;
- Budget position and any associated gap;
- The cost of providing the service.
- 

5.2 Included at **Appendix 2** is the proposed charge position, together with of explanation of changes to individual charges.

## **6.0 Capital Programmes**

6.1 The proposed draft Capital Programme for 2024/25 – 2028/29 is set out in **Appendix 3**.

### **Housing and Community Services Capital Schemes**

6.2 Proposals funded through ‘unsupported borrowing’ on the General Fund impact the ‘Minimum Revenue Provision’ (MRP) estimate for future years, which effectively is a method of calculating the estimated repayment of that internal borrowing. MRP is funded through revenue, and so an increase in capital expenditure plans funded through unsupported borrowing, increases expenditure on the General Fund in respect of MRP.

6.3 The total General Fund programme for 2024/25 is £7,532,201, consisting of currently budgeted and new schemes, projects relating to this Committee is £1,300,218

6.4 The proposals below constitute new capital schemes only, whilst the programme at **Appendix 3** also includes capital programme items approved as part of previous the year’s budget process.

6.4.2 **Cemetery Infrastructure Replacement - £300,000 over 3 years.** The proposal is to introduce a programme of planned infrastructure refurbishment and replacement to ensure our cemeteries are accessible to all Members of our communities. Currently access is poor with footpaths uneven and breaking up causing problems for funeral directors. Works will include resurfacing footpaths, entrance / access improvements and fencing. The programme will be funded through unsupported borrowing and therefore increase the minimum revenue provision charge to revenue in future years.

6.4.3 **Parks and Green Spaces Infrastructure - £360,000 over 4 years.** The proposal is to introduce a programme of planned infrastructure refurbishment and replacement to ensure our parks and green spaces are accessible to all members of our communities. Currently access is poor with footpaths uneven and facilities such as tennis courts in need of improvements. Items will include resurfacing footpaths, entrance / access improvements to ensure DDA compliance, refurbishment of tennis courts, replacement fencing, replacement bins and benches. The programme will be funded through unsupported borrowing and therefore increase the minimum revenue provision charge to revenue in future years.

6.4.4 **Play Area Refurbishment - £1,083, 000 over 5 years.** The plan is for a rolling programme of play area refurbishments to SDDC owned play areas provides an opportunity to engage with young people and ensure their views are encompassed

into the designs. This process helps to create ownership of new facilities which experience show reduces vandalism and ASB. Currently the funding for this project is based on utilisation of unsupported borrowing, however opportunities to allocate Section 106 funds and other external funding sources will be progressed to minimise the Council contribution.

6.4.5 **Stenson Community Centre Air Conditioning - £15,000 on off investment.** Stenson Community Centre is a popular venue which we hire out on a daily basis. Given its location and possible disruption to local residents it is not possible to have windows and doors open. Therefore, it is there proposed to install air conditioning to improve the service user experience with the building. This will be funded by internal borrowing.

6.4.6 **Town Hall Heating, Lighting and AV - £20,000 on one off investment** - The Swadlincote Town Hall in the centre of town can be hired out for various events. The heating and lighting is poor and requires upgrading. A new AV system will enable more talks and meetings to be held in the venue. This will be funded by internal borrowing.

## **7.0 Corporate Implications**

### **Employment Implications**

7.1 There are no direct employment implications arising from this report. However, a number of the indicative proposals will likely have employment implications through the creation of new posts to be added to the council's staffing establishment. These requests will be considered by this committee on 1<sup>st</sup> February 2024 and associated employment implications clearly set out.

### **Legal Implications**

7.2 There are no direct legal implications arising from this report. The draft budget has been developed on a series of requirements of the Council in line with legal and regulatory requirements around service provision. Should indicative proposals have specific legal implications, these will be clearly set out in the forthcoming reports to the relevant committee on 1<sup>st</sup> February 2024.

### **Corporate Plan Implications**

7.3 This draft budget has been prepared to support the delivery of the Council's new Council Plan.

### **Risk Impact**

7.4 This draft budget has been prepared to support the effective management of service risk. A full risk register will be presented as part of the Council Plan for 2024/25.

## **8.0 Community Impact**

### **Consultation**

- 8.1 As detailed in the report, relevant stakeholders in the business community have been written to and views on the budget proposals are sought, in line with the council's statutory duty to consult ratepayers.
- 8.2 In addition, between (circa) the early-December 2023 and mid-February 2024 wider public consultation will take place via the Council's website and at Area Forums.
- 8.3.1 All consultation feedback received will be collated and reported as part of the final budget report in February 2024.

### **Equality and Diversity Impact**

- 8.4 A full Equalities Impact Assessment (EIA) will be undertaken on the budget and presented to the Finance and Management Committee and Full Council as part of the final budget approval process.

### **Social Value Impact**

- 8.5 Where relevant, the social value impact of proposals will be set out in any forthcoming papers to relevant committees in January/February 2024.

### **Environmental Sustainability**

- 8.6 Where relevant, the environmental impact of proposals will be set out in any forthcoming papers to relevant committees in January/February 2024.

## **9.0 Background Papers**

- 9.1 Consolidated Draft Budget Report 2024/25 and Medium-term Financial Plan to 2028/29.
- 9.2 Report to Finance and Management Committee, 5 October 2023, "Budget Setting Approach 2024/25".

