

# Community Services Committee – 2024/25 Proposed General Fund Budget and Medium-Term Financial Strategy

## Community Services Committee Tuesday, 16 January 2024

Report of: Taryn Pearson-Rose – Deputy Chief Executive  
Mark Hak-Sanders – Director of Resources (Section 151)

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Purpose: For Decision

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Publication status: Unrestricted

Wards affected: All

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### Executive summary:

The purpose of this report is to present the proposed Budget for 2024/25 and Medium-Term Financial Strategy (MTFS), including the Capital Programme, for this Committee.

Members are asked to agree the recommendations below. These recommendations will be consolidated into the overall position, which will form part of the Council-wide budget setting process (to be ratified by Full Council on 8th February 2024).

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**This report supports the Council's priorities of:** Building a better Council/  
Creating the homes, infrastructure and environment we need / Supporting  
economic recovery in Tandridge / Becoming a greener, more sustainable District.

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## Recommendations to Committee:

The approved Community Services budget will form part of the Council-wide budget setting process (to be ratified by Full Council on 8<sup>th</sup> February 2024). This report focusses on the budgets for this Committee, and recommends that Members:

- A. **Agree the Community Services Committee – Proposed Revenue Budget for 2024/25 of £4.574m**, as shown in **Appendix A**, taking account of pressures and savings allocated to the Committee and note that further allocations will be made to distribute an amount equal to increments and the agreed Council pay award, subject to approval by Strategy & Resources Committee and Full Council.
- B. **Agree the Community Services Committee’s Fees and Charges** for 2024/25 as shown in **Appendix C**.
- C. **Agree the Community Services Committee’s Capital Programme** for 2024/25 being the sum of £1.4m, as shown in **Appendix D**, subject to approval by Strategy & Resources Committee and Full Council.
- D. **Note the Subjective Revenue Budgets in Appendix B**, setting out movements from 2023/24 to 2024/25 and an estimated movement to 2025/26.

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### Reason for recommendation:

Section 151 of the Local Government Act 1972 requires all councils in England and Wales to make arrangements for the proper administration of their financial affairs. It is a legal obligation that the Council sets a balanced budget for 2024/25.

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## 1. Introduction and Background

- 1.1 The Council’s proposed budget for 2024/25 has been collated through an extensive process over the past six months, beginning with a report to Strategy & Resources Committee on the 29<sup>th</sup> June 2023 which set out the timetable, process and key milestones. Throughout the process, the budget has been developed with an expectation that a savings target of £0.75m (with a range from £0.5m up to £1.4m) would be required to balance the Council’s overall budget.
- 1.2 The results of the budget process were captured in the Draft Budget 2024/25 and Future Tandridge Programme Update report that was presented to Strategy & Resources Committee on the 30<sup>th</sup> November 2023. The report set out a draft £0.6m savings plan for the Council overall, which at that point was sufficient to balance the budget along with itemised budget pressures and a high-level assessment of the impact of inflation.

- 1.3 The Draft Budget was presented with significant uncertainty on whether Government funding would be sufficient to allow the budget to remain balanced with the existing £0.6m savings plan. On the 18<sup>th</sup> December 2023, the Government released the provisional Local Government Finance Settlement, which set out funding for each Council. Although the final settlement is not expected until later in January 2024, it is highly unlikely that funding allocations will materially change. This Council's allocation was sufficient to balance the budget for 2024/25 based on the £0.6m savings set out in the Draft Budget. The budget will only remain balanced if the £0.6m savings plan is approved, so any proposed alteration to savings proposals would need to be met by approval of an amended target elsewhere.
- 1.4 The 2024/25 savings plan has been designed to deliver tactical savings whilst the Council finalises the implementation of key elements of the Future Tandridge Programme, including the Digital Programme, the renewed Grounds Maintenance service, key commissioning reviews (including Voids and Housing Repairs) and the People Plan. Savings have not been identified beyond 2024/25 as yet, but will be required to close the Medium-Term budget gap. A Transformation Programme Director resource is currently out to recruitment and their main focus will be to work with the Council to shape and deliver its future plans within available resources. Whilst the wider Council's corporate budget includes a modest contingency of £445k and a service capacity fund of £200k (more details of which will be presented to Strategy & Resources Committee), it is imperative that the savings are delivered or alternate measures identified where they cannot be. A robust governance approach through the Future Tandridge Programme continues to oversee delivery and manage these risks.
- 1.5 The report allocates funding to the Committee for a number of budget pressures, set out in Appendix A. These are based on the pressures included in the Draft Budget but now include an allocation for non-pay inflation previously held corporately.
- 1.6 The overall budget has been drawn together on the following principles:
- A balanced revenue budget with the use of General Fund Reserves avoided in anything but unforeseen circumstances that cannot be met from contingencies or reduced spend elsewhere;
  - Maintaining and ideally building the contingency to provide further medium-term financial resilience and to mitigate risk;
  - Supporting and enabling the Council to fund the Future Tandridge Programme and associated improvements to its services;
  - Continuing to explore options to build resilience of General Fund Reserves;
  - Completing the Future Tandridge Programme within available resources, delivering services with appropriately set budgets;
  - Producing evidence-based savings plans which are owned/delivered, tracked, monitored and reported monthly; and
  - Ensuring that managers are accountable for their budgets.

1.7 The principles more specifically relating to setting sustainable medium-term budgets are:

- Developing multi-year plans, integrated with capital investment across the Council;
- Application of a budget envelope approach with a model to determine a consistent and transparent application of funding reductions to Committee budget envelopes, backed by formal reporting to Committee;
- Envelopes validated annually based on realistic assumptions;
- Evidence bases used to underpin savings proposals and investments;
- Assurance that all savings, pressures and growth are managed within budget envelopes to ensure accountability for implementation;
- Pay and contract inflation allocated to Service budgets to be managed within budget envelopes; and
- A corporate contingency held centrally to mitigate risk.

1.8 The remainder of this report sets out the detail for the Committee.

## **2. Community Services Committee Overview**

2.1 Community Services is the Council's largest service Committee in terms of spend and is responsible for the Council's policies in respect of leisure, community grants, community safety, environmental health, licensing, waste and amenity management.

2.2 The Committee is pursuing the following key developments for 2024/25

- Work with Freedom Leisure to design a leisure/wellbeing strategy;
- Work with partners and community groups to identify youth provision opportunities to improve the District's anti-social behaviour hot spots;
- Continue to support the response to the Ukraine crisis through community engagement and support to guests;
- Develop an anti-social behaviour strategy to enhance reporting and monitoring of cases;
- Adoption of the *SEP (Surrey Environmental Partnership) 2025 - A partnership approach to waste prevention and recycling* document;
- Commissioning the delivery of grounds maintenance for parks / open spaces and housing sites;
- Continuing the playground refurbishment / replacement scheme;
- Delivery of the public conveniences capital programme; and
- Developing a strategic approach to deal with Ash die-back across the District.

- 2.3 The key risks identified in 2024/25 include:
- Inflationary pressure on external contracts;
  - Tree management including Ash die back disease;
  - Under-recovery of income from car parking and cesspool emptying;
  - Monitoring and managing the impact of inflationary and other costs pressures on external contractors delivering services on behalf the Council; and
  - The increase in domestic homicide reviews cases which will put pressure (which cannot be quantified at this stage) on resources and budgets.
- 2.4 Significant pressures include:
- Inflation, which impacts the cost of external contracts which are subject to annual increases based on inflationary indices. The Council has little influence on these external forces and as such this represents a significant pressure over the medium-term;
  - The under-recovery of income from car parking, which has continued since the pandemic, exacerbated by the County Council removing the agency agreements for on-street parking enforcement; and
  - Ash die-back and general management of trees, which is a risk area for the Council both in terms of health and safety and financially as more work will need to be carried out on the Council's trees and woodlands. A more strategic approach to managing Ash die-back needs to be developed.
- 2.5 There are several capital programmes that will need to be delivered in 2024/25 including:
- Playground refurbishment and replacement; and
  - Public conveniences.

During 2023, an options appraisal has been carried out by Officers on grounds maintenance service provision, to determine the most suitable method of delivering these services to residents. During the remainder of 2023/24, market engagement, services specifications and procurement activities will progress, working towards agreeing a delivery model and contract for November 2024 onwards.

### **3. Revenue Budget**

- 3.1 **The proposed revenue budget for Community Services totals £4.574m. Appendix B** details the subjective budgets from 2023/24 budget to Estimated Budget 2024/25 and 2025/26.

3.2 **Financial Savings of £208k / 4.5%** have been included in the proposed budget for this Committee. **Appendix A** itemises savings and pressures. The summary savings items are as follows:

- **£19k** - Funding IRIS Domestic Abuse training programme from external Domestic Abuse grant until an alternate funding stream is secured. This allows the Council's contribution to the scheme to continue without pressure on the revenue budget.
- **£40k** - Remove unallocated community grant budget - allowing the Committee to continue to fund community grants overall at the 2023/24 level.
- **£70k** - Garden Waste - Inflationary increase to ensure that Garden Waste costs continue to be met by the users of the service.
- **£59k** - 2023/24 inflation lower than anticipated.
- **£20k** - Centralisation of contingency for encampment remedial works. This leaves a small budget for preventative work leaving the Council's corporate contingency to deal with any remedials.

3.3 **Financial pressures excluding increments and pay award (totalling net £221k / 4.8%)** have been included in the Draft Budget and are summarised as follows:

- **Expected reduction in recycling credits of £5k:** The Council receives recycling credits from Surrey County Council, budgeted for at £93k. Based on the latest interpretation of discussions amongst the Surrey Waste Partnership, it is anticipated that TDC's share will fall by 5.5% or £5k for 2024/25.
- **Off Street Parking Enforcement - £9k:** The Council is developing a solution for providing off-street parking enforcement with Reigate and Banstead Borough Council (RBBC). This is likely to cost £9k more than the current budget due to a loss of economies of scale when Surrey County Council withdrew the agency agreement for provision of on-street enforcement at the start of the year. With RBBC's input, Officers have taken stock of the key actions that need to be progressed prior to RBBC delivering enforcement on the Council's behalf, including implementing the 2023/24 uplift. Once these are in place RBBC should be able to commence enforcement.
- **Inflation of £207k** estimated on non-staff costs across the Committee.

3.4 **Appendix A** is an extract from the MTFs for this Committee which details the pressures and savings identified and details the overall budget position for the Committee.

3.5 **Appendix B** shows the detailed budget for this Committee, taking account of the changes set out in this report.

## 4 Review of Fees and Charges

- 4.1 Charging for services forms a key part of the overall mechanism for financing local services. In simple terms, income from fees and charges offsets the cost of the service. If income from charging does not fully offset costs, then the Council taxpayer must pay for the difference.
- 4.2 It is therefore important that charges are regularly reviewed and assessed to reflect the Council's corporate priorities and are increased annually to take account of inflation, demand and any other appropriate factors particular to individual charges. 2024/25 will be a challenging year with ongoing uncertainty relating to inflation and cost of living. This is exacerbated by the significant uncertainty with funding and policy from Central Government for 2025/26 and over the medium-term. The Spending Review and the provisional settlement has only provided us with surety for one year.
- 4.3 There are a number of charges that are set externally over which the Council has no control to alter. This restricts the Council's ability to raise additional income and therefore the fees and charges set by statute are not required to be approved by this Committee.
- 4.4 Fees and charges have been reviewed by service managers with support from Finance, taking into account factors such as the impact of increases on residents, anticipated demand, comparison with competitors and other Councils, previous levels of performance and inflation.
- 4.5 As a result, it is proposed fees and charges are uplifted according to the following broad principles, with full detail set out in **Appendix C**. Fees and charges were discussed with Members at an all-Member workshop on the 19<sup>th</sup> December 2023, with these proposals reflecting the discussion:
- Consumer Price Inflation (CPI) is currently running at 3.9% and core CPI (excluding energy, food, alcohol and tobacco) is running at 5.1% (November 2023). It is therefore proposed that the majority of discretionary fees are increased by an average of 5%.
  - It is proposed to maintain free car parking where currently in place, and not increase remaining charges further whilst the implementation and enforcement of the 2023/24 charges is being finalised in partnership with the parking enforcement service at RBBC.
  - Some charges relate to services provided by the shared Environmental Health partnership, with Mole Valley District Council. As the cost of providing the service within Tandridge District is broadly the same as providing within Mole Valley District, efforts have been made to align charges where possible, or set them on a course to align over a two-to-three-year period.
  - Officers have proposed variation to some fees by a lower or higher percentage after reviews of the relevant costs used as part of the fee setting calculation.

- 4.6 With the exception of Garden Waste, which forms part of the savings plan, additional income generated by the uplifts is retained within the Committee until certainty on future activity levels and the impact of new charges is attained.

## **5 Capital Programme**

- 5.1 The proposed Capital Programme for this Committee is shown at **Appendix D**. The programme covers a three-year period but will be reviewed and updated annually. The Appendix shows the current agreed programme, revisions to existing schemes and any new schemes added and the proposed programme after all revisions.
- 5.2 Included in the Appendix is a narrative description of each scheme.

## **6 Consultation**

- 6.1 In the January 2024 Council newsletters, residents and business have been asked for their comments on the Draft Budget approved by Strategy & Resources Committee on the 30<sup>th</sup> November 2023. Any comments received will be incorporated into the final budget presented to Full Council on the 8<sup>th</sup> February 2024.

## **Key implications**

### **7. Comments of the Chief Finance Officer**

- 7.1 With no clarity over Government funding from 2025/26 onward, our working assumption is that financial resources will continue to be constrained. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium-term.
- 7.2 It is a legal obligation that the Council sets a balanced budget for 2024/25. This relies on the identification of sufficient savings to meet spending pressures and any income reductions. Drawing on already low General Fund reserves to cover a shortfall in savings is not a sustainable option and would only be used as an absolute last resort. The Council needs to build, rather than draw on reserves to safeguard its medium-term financial stability.
- 7.3 The Section 151 Officer confirms that the proposed 2024/25 Budget and MTFs is based on reasonable assumptions, taking into account all known material, financial and business issues and risks and is confident that if the principles and recommendations set out in this report are adopted that a balanced budget can be set for 2024/25.



## **8. Comments of the Head of Legal Services**

- 8.1 Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for 'the proper administration of their financial affairs'. The Local Government Act 2003 places a duty on the Council's Chief Finance Officer to advise on the robustness of the proposed budget and the adequacy of reserves.
- 8.2 The report updates Members with the MTFS for this Committee. This is a matter that informs the budget process, is consistent with sound financial management and the Council's obligation under section 151 of the Local Government Act 1972 for the Council to adopt and monitor a MTFS. Members have a duty to seek to ensure that the Council acts lawfully and produce a balanced budget. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality, and level of services which they consider should be provided against the costs of providing such services.
- 8.3 The report provides information about risks associated with the MTFS and the budget. This is, again, consistent with the Council's statutory obligation to make proper arrangements for the management of its financial affairs. It is also consistent with the Council's obligation under the Accounts and Audit Regulations 2015 to have a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The maintenance and consideration of information about risk, such as is provided in the report, is part of the way in which the Council fulfils this duty.
- 8.4 Section 28 of the Local Government Act 2003 imposes a duty on the Council to monitor its budgets throughout the financial year, using the same figures for reserves as were used in any original budget calculations. The Council must take necessary appropriate action to deal with any deterioration in the financial position revealed by the review.
- 8.5 The Council is a best value authority within the meaning of section 1 of the Local Government Act 1999. As such the Council is required under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the best value duty) which includes a duty to consult. Having a MTFS therefore contributes to achieving this legal duty.
- 8.6 The Council is required to obtain approval by Full Council of its MTFS.

## **9. Equality implications**

- 9.1 The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.
- 9.2 Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
  - advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 9.3 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.
- 9.4 Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.
- 9.5 Officers have reviewed proposed budget changes against the initial equalities screening and have nothing to report.

## **10. Climate Change implications**

- 10.1 There are no direct impacts on environmental aspects in this budget report. Climate change implications will be assessed as part of any changes to Service provision through the business case process.

## **Appendices**

- Appendix A – Summary of Pressures and Savings
- Appendix B – Subjective Detailed Budget Analysis
- Appendix C – Proposed Fees and Charges
- Appendix D – Proposed Capital Programme
- Appendix E - Glossary

## **Background papers**

Strategy and Resources Committee – 30<sup>th</sup> November 2023 – 2024/25 Draft  
Budget and Future Tandridge Programme Update

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