

2022/23 Tranche 2 budget (Housing General Fund)

Housing General Fund Committee – 24th March 2022

Report of: Anna D’Alessandro – Chief Finance Officer (Section 151)
Purpose: To approve the Tranche 2 Budget Report for 2022/23
Publication status: Unrestricted
Wards affected: All

Executive Summary:

On 10th February 2022, Council approved the 2022/23 Final Budget Report and Medium-Term Financial Strategy (MTFS) to 2023/24 which sets out the Council’s strategy for financial recovery and the development of sustainable medium-term financial plans. This report set out that savings and pressures were going to be allocated in 3 Tranches. Tranche 1 was allocated as part of the January cycle of reports and approved by Full Council.

This report sets out the allocation of Tranche 2 pressures for the Housing General Fund Committee.

This report supports the Council’s priority of: Building a better Council.

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Recommendations to Committee:

That:

- A. subject to further consideration by the Strategy & Resources Committee on the 7th April 2022 regarding the overall allocation of Tranche 2 pressures and savings, the revised 2022/23 net budget for the Housing General Fund Committee at **Appendix A** be approved; and
- B. the uplifted Fees & Charges for the Housing General Fund Committee (**Appendix B**) be approved.

Reason for recommendation:

This report builds on the papers presented Council on 10th February 2022, where it was outlined that committees would, in March and April, approve the distribution of the Tranche 2 pressures and the subsequent committee budgets for 2022/23.

1. Introduction

- 1.1. On 10th February 2022, Council approved the 2022/23 Final Budget Report and Medium-Term Financial Strategy (MTFS) to 2023/24, which set out the Council's strategy for financial recovery and the development of sustainable medium-term financial plans.
- 1.2. The Council adopted a 'Twin Track' approach to developing its financial plans in response to these challenges. Track 1 focussed on delivering a balanced budget for 2022/23, whilst Track 2 simultaneously sought to address pressures over the medium-term.
- 1.3. Given capacity constraints in Finance and across the Council at the time, we took a pragmatic approach to the distribution of pressures and savings for January committees and February Council, meaning that some pressures and savings were held in Corporate Items pending distribution. These amounts are referred to as Tranche 2 and Tranche 3. This budget paper presents the distribution of Tranche 2, which includes savings and pressures for Housing General Fund, as set out in section 3 below.

2. General Fund - Revenue Budget Process to Date

- 2.1. **The 2022/23 Revenue budget is balanced without the use of Reserves.**
- 2.2. As detailed within the January and February budget papers, the distribution of budgets to Committees is being undertaken in tranches:
 - **February 2022 Council - Tranche 1:** The pressures set out in detail in the January Committee reports. These are the pressures which were straightforward and simple to allocate.
 - **March / April 2022 Committee cycle - Tranche 2:** The distribution of these pressures is brought to this Committee for approval:
 - **£367k of pressures** comprising £193k of staffing increments, and £174k of contract inflation; and
 - **£200k of vacancy factor savings**
 - **June 2022 committee cycle - Tranche 3:** The more complex **cross-cutting savings totalling £450k**, which will require Service Reviews and business cases to be undertaken to ensure accurate distribution to Committees. These savings include £200k enabling services/back-office review, £150k of Twin Track accelerated savings in 2022/23, £25k of review of staffing increments, pay award and terms and conditions and £75k of ensuring best value for external spend.

2.3. As part of proposed Financial Regulations (Strategy & Resources to recommend to Council in April 2022), budget accountability statements will be produced. Budget Accountability Statements:

- are addressed to the Budget Accountable Officer (Senior Officers), from the Chief Finance Officer;
- request that the Budget Accountable Officer acknowledges the statement by a defined date (usually three weeks from distribution); acknowledgement returns are monitored by Corporate Finance. The Management Team is regularly updated on progress;
- summarise the financial strategy and direction;
- recap the roles and responsibilities of the Budget Accountable Officer (Senior Officers) that is within the Internal Business and Finance Agreement; and
- outline in financial terms the revenue and capital budgets for each Budget Accountable Officer for 2022/23.

3. Tranche 2 Budget Distribution

3.1. Tranche 2 distributes the inflation, salary increment and National Insurance (Social Care Levy) pressures. Corporately, these total **£367k of pressures** comprising £193k of staffing increments, and £174k of inflation. Community Service's share is set out below. Further budget details in **Appendix A**

Table 1: Budget distribution reflecting Tranche 2

	Housing General Fund £k
Budgets as at 10/2/2022	468
Virements	0
Tranche 2 - Pressures	28
Tranche 2 - Savings	(20)
Movement	8
Tranche 2 Revenue Budget	476

4. Fees & Charges

- 4.1. Charges for services for a key part of the 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. 2022/23 will be a challenging year with ongoing uncertainty relating to the pandemic. This is all exacerbated by the significant uncertainty with funding from Central Government 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. Housing General Fund fees & charges that are discretionary have been reviewed and where appropriate have been uplifted by inflation. Where we believe the fees & charges have been historically charged below the market rate we have uplifted by more than inflation.
- 4.5. **Appendix B** outlines the uplifted fees and charges.

5. Comments of the Chief Finance Officer (s151)

- 5.1. Further to the approval of the 2022/23 Budget by Full Council on 10th February (including the approval of Tranche 1 pressures) this report sets out the allocation of Tranche 2 pressures to the Housing General Fund Committee which is directly due to the increments of Housing General Fund staff. It is important to note that Tranche 2 savings have not been applied to this Committee and neither will Tranche 3 savings. Given the difficulty facing the service over the last couple of years, and the transformation journey on which it has embarked, it felt prudent to not set savings targets for this Committee in 2022/23. Transformation is expected to be undertaken over the course of the next 18 months, at which point the service should be in a better position to start to realise the benefits of the investment.
- 5.2. As stated in this report, it is imperative that the budget is delivered as stated for 2022/23 and Budget Accountability Statements are signed in acknowledgement. Training will be provided to all budget holders over the coming months to ensure they are familiar with and can undertake their roles as accountable budget managers and live within their budget envelope.

6. Comments of the Head of Legal Services

- 6.1. It is essential, as a matter of prudence, that the financial position of services continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.
- 6.2. Under S28 of the Local Government Act 2003, a local authority must review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget. This report satisfies this statutory requirement.

7. Equality

- 7.1. 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.
- 7.2. 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.
- 7.3. 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 applies to the first part of the duty.
- 7.4. 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.
- 7.5. The Officers have reviewed their budget changes against the initial equalities screening tool. This has highlighted and concluded that all of savings within the 2022/23 budget will not have any direct effect on residents or service delivery (such as removal of vacant posts, renegotiation of contracts and Reserve adjustments).
- 7.6. The outcome of this is that the budgetary changes have no negative or positive impact on protected characteristics and residents. However, the Council will continually monitor the effect of the budget-setting process and decision-making by using equality impact assessments.

8. Climate Change implications

- 8.1. 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 a business case process.

9. Appendices

Appendix A – Overall & Committee Revenue Budget 2022/23

Appendix B – Fees & Charges 2022/23

Appendix C – Glossary of Terms

10. Background papers

2nd Dec Strategy & Resources – 2022/23 Draft Budget & MTFs to 2023/24

24th Jan Housing General Fund – Outline Final Budget

1st Feb Strategy & Resources - Outline Final Budget

10th Feb Council – Final Budget

Appendix A - Revenue Budget 2022/23

Housing General Fund Budget

	2021/22 Updated Annual Budget £k	2022/23 Tranche 1 Budget £k	Movement £k	2022/23 Tranche 2 Budget £k
Meadowside Mobile Homes	(117)	(127)	(4)	(131)
Westway	100	50	0	50
Private Sector Enabling	111	111	10	121
Housing of the Homeless	110	110	4	114
Other Housing Renewal Functions	65	65	0	65
Syrian Refugees	15	15	0	15
Afghan Refugees	0	10	0	10
Redstone House	(49)	0	0	0
Housing Benefits	233	233	(2)	231
Care In The Community	1	1	0	1
Other Variances less than £10k	0	0	0	0
Alarm Systems	0	0	0	0
Housing General Fund	469	468	8	476

	Tranche 2:			
	Pay £k	Non Pay £k	Income £k	Net Budget £k
<u>Organisational:</u>				
Meadowside Mobile Homes	3	44	(178)	(131)
Westway		50		50
Private Sector Enabling	37	215	(131)	121
Housing of the Homeless	174	201	(261)	114
Other Housing Renewal Functions	13	55	(3)	65
Syrian Refugees		15		15
Afghan Refugees		10		10
Redstone House				0
Housing Benefits	300	18,041	(18,110)	231
Care In The Community		1		1
Other Variances less than £10k				0
Alarm Systems				0
Housing General Fund	527	18,632	(18,683)	476

Appendix B: Fees & Charges

Housing Services - Fees & Charges	Gross Charges (incl VAT if applicable) Current Charges 2021-22 £	Proposed Gross Charges (incl VAT if applicable) 2022-23 £	Percentage Increase 2022-23 %	Budgeted Income 2021-22 £	Proposed Budget 2022-23 £	Statutory /Discretionary Service
Meadowside Plot Fees (per week)	32.43	33.76	4.1%	120,600	125,500	D
Meadowside Garages (per week)	7.53	7.84	4.1%	11,000	11,500	D
Total Budgeted Income Meadowside				131,600	137,000	
HMO Licence Fee (Private Sector Housing)	450.00	700.00	55.6%	0	0	D
Caravan Site Licensing Fees	386.00			0	0	D
Change of charge Method						
New Site Licence Application		486.75	n/a	n/a		
New Site Licence Application - Additional Fee per unit		2.87	n/a	n/a		
Annual Licence Fee		294.42	n/a	n/a		
Annual Licence Fee - Additional Fee per unit		2.15	n/a	n/a		
Variation of the Licence Conditions		264.92	n/a	n/a		
Variation of the Licence Conditions - Additional Fee per Unit		1.08	n/a	n/a		
Transfer of Licence to a New Owner		150.00	n/a	n/a		
Deposit of Site Rules		34.00	n/a	n/a		
Total Housing Services Fees and Charges				131,600	137,000	

Appendix C – Glossary of Terms

Term	Definition
Balanced Budget	Budget pressures fully offset by budget savings and funding changes.
Pressure	<p>Known budgeted expenditure increases and income reductions due to the following:</p> <ul style="list-style-type: none"> • Growth factors – e.g. demographic, inflation and/or increased demand for services; • Full year effects – to take account of changes to expenditure or income which have taken effect in-year and need to be accounted for in future years as they are of an ongoing nature, e.g. ongoing changes to car parking income due to the pandemic; and/or • Other increases in expenditure or reduction in income as a result of strategic, governance, funding or policy changes e.g. additions to the organisational structure or additional service activities undertaken and not budgeted for as they occur after the budget is set and have ongoing implications.
Saving	<p>Known budgeted expenditure reductions and income increases which result due to the following:</p> <ul style="list-style-type: none"> • Containing additional costs of Inflationary increases in contracts or pay; • Driving forward efficiencies in the provision of existing services i.e. providing services in an improved way to deliver better value for money; • The delivery of new or additional services; and/or • Optimising sources of income.
Reserves: General Fund balance	A contingency fund - money set aside for emergencies or to cover any unexpected costs that may occur during the year, such as unexpected repairs.
Reserves: Earmarked Reserves	Funds set aside by Council for a particular purpose, such as buying or repairing equipment or the maintenance of public parks or buildings or equalising over time a particular income stream.