

Draft Budget 2023/24 and Future Tandridge Programme Update

Strategy and Resources Committee

Thursday, 1st December 2022

Report of: Chief Executive and Chief Finance Officer (S151)

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive Summary:

This report sets out a Draft Budget for 2023/24, accompanied by an update on the Future Tandridge Programme ('FTP').

The Draft Budget for 2023/24 and the Medium-Term Financial Strategy (MTFS) is brought to this Committee to inform Members of the current budget position for the Council. The final version will be approved by Full Council on 9th February 2023. Details of the current budget gap, budget pressures and savings proposals are identified in this report.

The report will discuss the national and local context of the budget setting process, organisational and Committee updates, aligned to the financial strategy, and give details of the budget assumptions and principles.

It provides:

- The budgetary context, in terms of the timetable to deliver the budget and an update on the likely financial position and scale of savings required.
- A Draft Budget, for consideration by policy committees in January and ultimately by Full Council in February.
- Progress to date in delivering Service Reviews, with updates on all service areas currently in scope; these form the proposed savings plan for the budget.
- Business cases for Communications and Assets and FM service areas.
- An update of progress on Operations, Locality and Waste since the update to the Community Service Committee in October.
- An update on the Digital / Customer Service Transformation and the work being carried out to produce a business case for future review.
- Next steps on FTP following consideration / approvals along with the lead-in to the final budget to be approved by Full Council in February 2023.

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

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Recommendation to Committee:

In respect of the Draft Budget, that Committee:

- A. Approve the Draft Budget for 2023/24 and Medium-Term Financial Strategy to 2024/25, set out in Appendix A. This will form the basis of reports to Committees in January.
- B. Approve the gross Council Tax Base for 2023/24, determined at 39,377.5 after taking account of the Council's agreed Council Tax Support Scheme, and the net Council Tax Base for 2023/24 is determined at 38,904.9 after adjustment by 1.2% to allow for irrecoverable amounts, appeals and property base changes. Refer to Section 9 and Appendix K.
- C. Approve the following business cases and updates to form the basis of the budgets to be finalised during the January committee cycle:
 1. The Communications business case which sets out the proposed new structure of the Communications service and provides an update on future operating models being pursued by the service in consultation with Members (set out in Appendix D)
 2. The Assets and FM business case which recommends an integrated Property Service delivery model, Corporate Landlord approach and provides an update on the recent Strategic Asset Review and details how this will be taken forward (set out in Appendix E)
 3. The direction of travel for the Ops and Localities Service Review, as provided to Community Services on 18th October 2022 and updated in this report (set out in Appendix F)
 4. The updated direction of travel for Digital Transformation (set out in Appendix G)
 5. The overall savings plan (set out in section 6 and Appendix B), noting that further consideration may be required pending the Local Government Finance Settlement.

In respect of the wider Future Tandridge Programme, that Committee:

- D. Note the progress to date on delivering the Future Tandridge Programme, the direction of travel for the Service Reviews and associated savings targets included in Appendix C and section 6)
- E. Note that Officers will continue to update their business cases where these are required to achieve the target savings and will bring these for Committee approval where necessary over the coming months.
- F. Note the intention to re-submit the request for a capitalisation direction from Department of Levelling Up, Housing and Communities ('DLUHC') to use the part of the receipt from the Redstone property to replenish general fund reserves.

Reason for recommendations:

As a public body, the Council is required to set a balanced and deliverable budget and to demonstrate value for money in all its services, whilst operating in an uncertain and restrained financial environment.

The Council is legally obliged to set a balanced budget for 2023/24 which will include details of the proposed savings and pressures. It is good practice to present a Draft Budget in advance to set out progress, outline the scale of the challenge and the work needed over the next two months to finalise the budget.

This report builds on the papers presented to Council on 10th February 2022 and to this Committee on 30th June 2022 and 29th September 2022.

The Future Tandridge Programme and Service Reviews are the mechanism for delivering value for money, providing assurance that services are specified to deliver to an agreed quality within available funding.

1. Introduction

- 1.1. This brief covering report sets out an update on the Budget Setting timetable for 2023/24. The Draft Budget 2023/24 and Medium-Term Financial Strategy to 2024/25 is set out in Appendix A and supporting documents.

2. Budget Timetable Update

- 2.1. The table below is an updated extract of the budget setting timetable, provided to committees in June and September, with comments on completion status.

Time Period / Date	Activity / Milestone	Progress
30th June 2022	2023/24 Budget Process Report to S&R Committee	Complete
July – September 2022	Initial estimates of pressures and savings developed, alongside each service area's business case. Review of fees and charges Review of staff allocations and charges to Housing Revenue Account	Initial estimates complete Fees and charges review to commence Staff allocations review complete
August – September 2022	Engagement with Members on 2023/24 initial pressures, savings, fees and charges	29 th September S&R report set out initial pressures and savings. Fees and charges review to commence.
September 2022	Committee Cycle – Service Business Cases and initial pressures and savings	Consolidated updates to S&R on 29th September, with updates to other committees in September and October due to rearranged meeting dates
October – November 2022	Engagement with Members on 2023/24 Draft Budget	Further Business Cases and updates on specific savings subject to Member workshops through November. Fees and charges review commissioned and under way, with a workshop scheduled in December.
1st December 2022	2023/24 Draft Budget and Capital Programme, including Tax Base to S&R	Appended to this report.
December 2022	Expected publication of Local Government Finance Settlement – finalisation of funding estimates	The work across December and January will consist of:
December 2022 to January 2023	Engagement with Members on 2023/24 Final Budget Engagement with residents and Business Rate payers on 2023/24 Budget	<ul style="list-style-type: none"> - Completing the fees and charges review and agreeing with Members - Bridging the gap between expected spend and funding confirmed in the Local Government Finance Settlement
January 2023	Committee Cycle – 2023/24 Final Budget, Capital Programme and Medium-Term Financial Strategy	
31st January 2023	2023/24 Final Budget, Capital Programme and Medium-Term Financial Strategy to S&R Committee	<ul style="list-style-type: none"> - Further refinement of pressures, including inflation, pay award; and - Further refinement of savings
9th February 2023	2023/24 Final Budget, Capital Programme and Medium-Term Financial Strategy to Council	

3. Content of the Draft Budget

The Draft Budget 2023/24 and Medium-Term Financial Strategy to 2024/25 is set out as Appendix A. It includes the following sections:

1. Introduction
2. Strategic Context
3. Committee Overviews
4. Budget Principles
5. Revenue Budget Headlines
6. Future Tandridge Programme – Update
7. Summary of Service Reviews
8. National Funding Context
9. Funding Assumptions
10. Reserves Update and CIPFA Resilience Index
11. Draft Capital Programme
12. Medium Term Financial Strategy Update
13. 2022/23 Financial Performance
14. Next Steps

4. Comments of the Chief Finance Officer (s151)

With no clarity Government funding from next year 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.

It is a legal obligation that the Council sets a balanced budget for 2023/24. This relies on the identification of sufficient savings to meet spending pressures and any funding 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.

The Section 151 Officer confirms that the 2023/24 Draft 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 2023/24.

5. Comments of the Head of Legal Services

At this stage, the purpose of the report in terms of the draft Budget is to awareness raise. The budget remains fluid and subject to on-going iteration. As set out in the recommendations, each committee with budgetary responsibility will receive its budget for consideration in January 2023.

However, the budget is based on assumptions about the future which are more volatile than usual in the current economic climate. The main risks are that planned efficiency savings may not be achieved and expenditure not contained within approved budgets due to the impact of rising inflation and constraints on suppliers.

This report also sets out details of savings proposals, from the large to smaller but still significant savings. It appears that no stone is being left unturned when identifying savings in order to be able to close the financial gap and balance the books. The Council is likely to emerge from this process with fewer employees and a requirement to be clear about what it can and cannot do in the future. It should be noted that the Council needs to deliver certain services as a statutory requirement and has limited scope to influence how these services are delivered.

The Council therefore faces challenges in managing the financial risks and in delivering a balanced budget over the MTFs period. Both the MTFs and the FTP will have to continue to undertake robust monitoring and will need to remain flexible to respond to changing circumstances.

6. Equality

- 6.1. 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.
- 6.2. 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.
- 6.3. 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.
- 6.4. 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.
- 6.5. Officers will review proposed budget changes against the initial equalities screening tool prior to finalisation.

7. Climate Change implications

- 7.1. 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.

8. Background papers

- Strategy & Resources Committee 1st February 2022 - [2022/23 final budget and 2023/24 MTFS](#)
- Strategy & Resources Committee 1st February 2022 - [Future Tandridge Programme](#)
- Strategy & Resources Committee 7th April 2022 - [Budget – Tranche 2 Pressure and Savings Distribution](#)
- Strategy & Resources Committee 30th June 2022
- Community Services Committee 8th September 2022 (Postponed)
- Housing Committee 15th September 2022 (Postponed)
- Strategy & Resources Committee 29th September 2022

Appendices

Appendix A - Draft Budget 23/24 and MTFS to 24/25

Appendix B – Budget Pressures and Savings for each committee

Appendix C – Summary of Service Review updates

Appendix D – Communications Business case

Appendix E – Assets and FM Business case

Appendix F – Operations, Localities and Waste update

Appendix G – Digital / Customer Services progress update

Appendix H – Delivery Phasing table

Appendix I – Committee cycle decision points

Appendix J - Risk Register

Appendix K - Council Tax Base

Appendix L - Glossary of Terms