

## **Appendix A**

### **Draft Budget 2023/24 and Medium-Term Financial Strategy to 2024/25**

#### **1. Introduction**

- 1.1 The Draft Budget for 2023/24 and Medium-Term Financial Strategy to 2024/25 sets out the strategic context for the Council, an overview of the Committees and then the key elements of the 2023/24 budget, including:
- Budget Pressures
  - Savings Plans (through the Future Tandridge Programme)
  - Funding Projections
  - Reserves and Resilience
  - The Capital Programme
  - The Medium-Term Outlook
- 1.2 Although not mandatory, it is good practice to produce a draft budget in order to provide financial context for the policy committee budgets to be determined in January. Although a significant amount of further work is required, the Draft Budget represents a staging point in the process and a reference point for the finalisation of plans.
- 1.3 In overall terms, good progress has been made across several key projects to deliver savings, since the September / October Committee cycle. The overall savings plan remains largely unchanged, but Officers and Members have invested significant time and energy into gaining confidence that savings are deliverable, through a series of Member workshops in key areas, and further work with external support to validate numbers. This provides a solid base to go into the final stage of budget setting, despite continued uncertainty over funding and inflation, as set out in the remainder of this document.
- 1.4 The Council's overall approach is to deliver credible plans to balance its own budget and continue the progress towards financial security. This should be achieved without the use of reserves as a short-term fix for ongoing pressures. However, reserves remain low by comparison to similar authorities and efforts will be made to remedy this, including ongoing conversations with DLUHC to use capital receipts to resolve the issue.

#### **2. Strategic Context**

- 1.5 The Council has experienced a period of significant change and is making progress in addressing several important areas for improvement, including tackling significant financial challenges. The Council's Strategic Plan sets the direction for the Council and the district, reflecting both the need to move forward vital improvement work, and to respond to the District's local characteristics, the needs of the residents and businesses, and the wider context – both regional and national – in which it operates. Given this dynamic environment, the plan is due for review over the next year. At present, the plan presents four key priority areas:

**1. Building a better Council** – making the Council financially sustainable and providing residents with the best possible services.

**2. Creating the homes, infrastructure and environment we need** – both now and in the future.

**3. Supporting economic recovery in Tandridge** – from lockdown to growth that everyone benefits from.

**4. Becoming a greener, more sustainable District** – tackling climate change.

- Building a better Council – This focuses on financial sustainability and exploring commercial opportunities and shared services. It also covers the progress of our governance improvements and digital strategy;
- Creating the homes, infrastructure and environment we need – Delivering our local plan, protecting landscapes and developing local infrastructure is one key strand of this priority. The other is delivering new homes for the District and ensuring our current social housing is of the right mix, of high quality and supports our aims to reduce carbon emissions;
- Supporting economic recovery in Tandridge – Central to this priority is working with partners, such as the local BIDs, LEP and County Council, to understand and influence economic recovery in the district; and
- Becoming a greener, more sustainable district – the Council is committed to taking all the steps it can to become carbon natural by 2030, and support residents and businesses in the district to do the same. We have a climate change action plan that covers a range of actions, our key focus is on reducing the carbon footprint of our operational activities and property assets.

1.6 In addition to the Strategic Plan, the Council also has a Corporate Improvement Plan. This Committee endorsed the plan in 2020. It comprised various measures necessary to take the Council forward, particularly during the Covid-19 emergency. Since its initial endorsement, further corporate improvement actions have been added to the plan as part of the Council's internal reviews of its governance, including the production of its Annual Governance Statement, and an external review of governance conducted by the Centre for Governance and Scrutiny.

1.7 Since the appointment of the Chief Executive, work has taken place to strengthen senior management and ensure the Management Team and Extended Management Team are aligned and working closely together. A management restructure was carried out earlier this year to empower heads

of service and improve accountability. A new Deputy Chief Executive has been appointed and will join the Council in February 2023.

- 1.8 Corporate governance has been improved with the reintroduction of service plans, a review of performance indicators and risk registers, as well as a new appraisal process planned for 2023 to support stronger performance management. In addition, a more robust approach to audit management is being developed.
- 1.9 This work is linked to the current Strategic Plan, which now needs to be updated to reflect post-pandemic challenges and needs. Work to develop a new plan will begin in the new year, with a draft plan available for consultation in May.
- 1.10 The updated Strategic Plan will set the direction for the Council and enable the Council to track progress against corporate objectives, as well as help services and teams understand the strategy and how their work directly impacts its success. This ensures every level of the organisation is aligned around a shared purpose and staff understand their role in delivering services which meet the corporate objectives. This approach will become essential as the Future Tandridge Programme is implemented and leads to a smaller, more strategic, agile and responsive organisation.
- 1.11 The Strategic Plan's actions are in the process of being reviewed by the Extended Management Team. This is to ensure that areas which pose the highest risk to Council and impact its financial sustainability are prioritised accordingly. One element of this work has been completed, as the 2020/2021 Annual Governance Statement included a series of actions, identified as being of a high priority for the Council. These actions relate to the following areas:
  - Service delivery: we have projects underway to ensure we have high performing, quality driven and cost-effective Planning and Finance functions;
  - Governance: we will adopt our draft Code of Corporate Governance, review our staff appraisal process, and ensure our systems of internal control in the areas of health and safety, fraud and commercial property management are robust; and
  - Strategic: senior management to review the Strategic Plan to ensure it reflects the current internal and external environment of the Council, which has changed since version one was adopted in July 2021. We will also ensure that the senior management team is set up in the most effective way to deliver on the plan's priorities.

### **3. Committee Overviews**

- 1.12 This section provides a high-level overview of the activities, challenges and opportunities for each committee. It is intended to provide brief context to

the budget pressures and savings captured in the draft budget, for the benefit of external readers who may be unfamiliar with the committees' work.

### **Community Services**

- 1.13 The Community Services Committee 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.
- 1.14 The Committee is pursuing the following key developments for 2023/24:
- New process and procedures for allocating Community & Voluntary grants
  - Work with internal and external partners to implement an anti-social behaviour strategy to improve the Council's response and identify priorities and hotspots across the District.
  - Support the response to the Ukraine crisis through community engagement and support to both guests and hosts
  - Adoption of the new Waste Strategy for Surrey
  - Commissioning the delivery of the grounds maintenance for parks / opens spaces and the housing sites
  - Recommencing the playground refurbishment / replacement scheme
  - Developing a strategic approach to deal with Ash die back across the District.
- 1.15 The key risks identified in 2023/24 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
- 1.16 Significant pressures include:
- The under-recovery of income from car parking has continued since the pandemic and it is considered that this is likely to be a longer-term structural change linked to changes in behaviour and reductions in travel.
  - Inflation has a significant impact on the costs of external contracts where they can increase their charge annually based on inflationary pressures. The Council has little influence on these external forces and as such this does represent a significant risk going forward.
  - Ash die-back and general management of trees is a risk area for the Council both in terms of health and safety and financially as more work will need to be carried on the Council's trees and woodlands. In 2023/34 a more strategic approach to managing Ash die-back will be developed.
- 1.17 There are several significant capital programmes that will need to be delivered in 2023/24 including:
- Playground refurbishment and replacement; and

- Public conveniences.

1.18 Key lines of enquiry in respect of savings cover:

- The Operations and Localities service review, which has identified that we need to reform how we commission the services with a view to make them more efficient, fit for purpose and value for money. As part of this work the Ground Maintenance work carried out by internal and external resources is being reviewed to deliver a new service model by November 2023.
- A new staffing structure for Operations and Localities will be delivered as part of the service review and will be informed by how services will be delivered in the future.
- Identify alternative funding streams to deliver Domestic abuse Intervention programme (IRIS)
- Review delivery of social prescribing model across East Surrey with East Surrey Place partners
- Review opportunities for partnership working with Surrey County Council to deliver statutory duties for Emergency planning and business continuity

### **Housing Committee**

1.19 The Housing Committee is responsible for formulating and reviewing the Council's policies for the management including repair, maintenance, improvements, sale, acquisition, allocation and control of all the Council's housing stock. In addition, the Housing Committee has the vital role of looking at the private sector housing conditions including standards of condition and the provision of a housing advisory service to prevent homelessness within the district.

1.20 As part of the FTP several key lines of enquiry have been identified. The most prominent is ensuring appropriate use of Government Homelessness Prevention Grant to offset expenditure. Other actions include introduction of a new housing structure and ensuring compliance with new and upcoming legislation. Actions identified within the review of the Council's income from the housing stock (HRA) are to be completed through 2023/24. This will form part of the service improvement plan and ensure income maximisation while delivering value for money to residents. Resource and priority issues delayed this work through 2021/22. A review of the Council's garage stock is in progress and reviews of the condition of the housing portfolio take place on a cycle during a five-year programme. Mindful of increasing regulation over environmental concerns, work is commencing to ensure costings for future efficiencies through 'retrofitting' stock and moves towards a future carbon zero position.

1.21 Other activity for 2023/24 includes the tendering of a new private sector housing contract to deliver the Disabled Facilities Grants and adaptations to Council housing through a Home Improvement Agency. Review and further exploration of the IT systems used within housing will also take place with aim of providing an individual use platform that meets the needs for both the HRA and statutory housing services.

- 1.22 Ongoing resilience of the Council's Housing Service is vital to be able to support our ongoing programme to provide a direct supply of new Council owned homes. Construction materials and labour costs have risen drastically as the industry suffers from the cumulative effect of Covid-19, Brexit and the war in Ukraine. The housing programme is still subject to delay as a result of market conditions and a lack of resources within the development team. 47 homes were scheduled to complete in 2022/23 with all but 4 now handing over in 2023/24. The construction of 13 new homes started on site in 2022/23 with the forecast 35 now projected to start on site in 2023/24. The effects of Covid-19 saw delays to the programme over the past two financial years. On 17th September 2020 the Council agreed that all new developments will be net zero carbon (operational).
- 1.23 The need for affordable homes continues to grow in the District. The Council seeks to develop and extend the programme of Council house building in the next year alongside working with Housing Associations to improve the flow of supply. The buy-back programme has been a success and a further extension of the scheme is planned for 2023/24. The continued supply of Council owned homes to meet the growing demand will require the Council to pursue opportunities for open market land purchase as well as developing on existing land. 'Buy backs' of Council properties are also progressing.
- 1.24 The Housing team carries out extensive support work for all residents of Tandridge not just Council tenants. Housing Needs are assessed, the Council's Homelessness strategy is being progressed, Disabled Facilities Grants are administered, and a handyperson service is provided. Administration of Housing Benefit is brought to the Housing Committee. Much of the work is governed and dictated by legislation, with considerable statutory returns required throughout the year.
- 1.25 Capacity within the team has been affected by previous changes and Covid-19. Despite these, there have been efficiency benefits seen through the close working of Revenue and Benefits teams with Housing Needs and Tenancy Management. 2021/22 saw the implementation of a new Revenues and Benefits collection system with additional customer direct access. Further work will be carried out over the next year to improve debt management, however there is a balance to be struck between resident support and enforcement action given the cost-of-living crisis and inability for residents to afford their rent. There have also been resource issues affecting the housing development programme. All teams have worked well together to seek new models of working to ensure that the full range of activities are covered. It is likely that the cost-of-living crisis will also mean more residents approach the Council for support with housing. This could increase demand on the service and will increase the use of bed and breakfast as temporary accommodation. This is not a situation that we have been used to at Tandridge but is reflective of the pressures faced by all local authorities.
- 1.26 The Housing Department continues to seek opportunities for shared services with neighbouring authorities. 2022/23 saw the introduction of the Afghan Refugee and Homes for Ukraine Schemes. Joint working between internal

teams and partnership working with colleagues from neighbouring authorities has led to the success of the implementation and ongoing management of these schemes. This work will continue into and most likely beyond 2023/24.

### **Planning Policy Committee**

- 1.27 The Planning function is a key statutory function of the Council. The Planning Policy Committee is responsible for influencing and controlling development and use of land throughout the District in its role as Local Planning Authority. This includes:
- The preparation, adoption and review of all statutory Development Plans;
  - Administration of Building Control regulations;
  - All transport-related issues; and
  - Co-operation and liaison with agencies outside the Council in respect of conservation, heritage, economic development and other planning related issues.
- 1.28 Progress on the Local Plan was subject to a report to Planning Policy Committee on 22nd September 2022. The Committee agreed that the Council will not proceed with commissioning further work for the time-being on the emerging Local Plan. Local Plan funding will be treated as ringfenced whilst the future spending need is established, with anything not spent this year preserved for future use.
- 1.29 The Planning Transformation started in 2021 and has continued into 2022. Development Management and Planning Validation are moving towards having a full-time complement of staff with significantly reduced reliance on contract staff. This should reduce budgetary pressures moving forward into the 2023/24 financial year. Changes are also being progressed in working practices to improve efficiency and to allow staff more time to work on processing and determining planning applications.
- 1.30 The pre-application service restarted last year having been suspended for several months. This has begun to bring in additional income as part of the overall budget for the Committee.
- 1.31 Land Charges have now moved back into the Planning Policy Committee. This service is undergoing a digital transformation which is being funded by Government Grant.
- 1.32 The administration of the Building Regulations is delivered by the Council as the host of a shared service in partnership with Reigate and Banstead Borough and Mole Valley District Councils under the name Southern Building Control Partnership (SBCP) A draft budget has been prepared and presented to the SBCP Board which consists of a Member and Senior officer from each member authority.
- 1.33 The partnership member authorities require that the partnership sets a balanced budget which ensures that its costs are covered by income from its

chargeable services. The draft for 2023/24 includes items based on two key lines of enquiry: a) an increase in the support service recharge payable to Tandridge District Council and b) The delivery of an IT project to upgrade the partnership's Salesforce platform.

- 1.34 The Council is working with the Board to provide clarity around the methodology for the calculation of the support service recharge and mitigations should income fail to meet expenditure.
- 1.35 Tandridge District Council has a 35% share in the partnership and holds a ringfenced reserve to meet any deficit that may arise.
- 1.36 For 2023/24, because of the ongoing Planning Transformation programme and uncertainty in costs required for the emerging Local Plan, the Committee has not been required to identify efficiencies to close the budget gap, however the following pressures are included:
- Allowance for Planning Appeals - £40k – The Council is making a specific allowance in the budget to fund the expected cost of planning appeals. Previously these costs have been absorbed into the service budget;
  - Land Charges Income Pressure - £30k - Local Authorities generate income from third parties for providing Land Charges information (eg LLC1 information). Going forwards Central Government will provide LLC1 information to third parties. There will a loss of income to TDC.

### **Strategy and Resources Committee**

- 1.37 The Strategy and Resources Committee's primary purpose is to enable and support frontline services with resource functions including Legal, Information Technology, Finance, Human Resources, Customer Services, Policy and Communications.
- 1.38 There are a small number of statutory services delivered in the Committee including Democratic Services, Emergency Planning and Revenues and Benefits, and some discretionary services including Wellbeing Prescription and Asset Management.
- 1.39 The Committee is also responsible for the Corporate Items section of the budget (2022/2023 budget is for a £601k surplus) which supports the whole Council. These include:
- Ensuring support costs are charged to ring-fenced business areas (HRA, Southern Building Control Partnership, Gryllus Ltd, Wellbeing Prescription, CIL and Land Charges).
  - Managing interest receivable, interest payable and investment property income.
  - Setting aside the appropriate revenue provision when investing in capital assets.
  - Reviewing pension fund performance against the pension funding position to assess the primary (part of salaries budgets) and secondary rate of contributions to cover the cost of new benefits.



- Accounting for the bank charges, bad debt provision movements/write-offs on sundry debts, and movements in reserves and contingency.
- 1.40 The budgetary position for the current financial year shows that Strategy and Resources support costs are forecast to overspend by £111k. This relates predominantly to a shortfall in rental income and increased election costs (the latter not fully recognised in the budget). While both are deemed to be ongoing issues, they are reflected in the Draft Budget position for 2023/2024. The budget includes a £50k increase in the target for rental income, including recovering the position against the current year's budget.
- 1.41 Corporate Items is forecasting a net surplus of £31k at outturn. Even though this is a small variance, there are significant corporate pressures for 2023/24 as detailed in Appendix B.
- 1.42 In last year's budget, the update reflected on the impact of Covid-19, noting that teams are responsive, adaptable and collaborative in tackling extreme challenges. In 2022/23, the Council received a Federation of Small Businesses award for Covid-19 Support and Recovery in the South-East, reinforcing this point. The Committee wants to build on this, to provide the Council with a more joined-up approach to support Strategy and Resource functions. Support services will be developed around a business partnering model, where roles and responsibilities are clear and service expectations are documented. An example of this is the Finance Business Partnering Agreement, and Budget Accountability Statements, which will act as a template document for other services. The overall aim is to enable frontline service delivery while minimising the cost to the Council.
- 1.43 Services within the Committee also aim to realise better customer experience and efficiency through digital innovation, subject to a separate update within this report. This is intended to help deliver a step change in the effectiveness of our services and to improve the support we provide to other policy committees.
- 1.44 As part of the Future Tandridge Programme, the Committee is continuing to pursue improvements to the delivery of its services and savings to the revenue budget. 2023/24 will see the implementation of the key lines of enquiry from the Future Tandridge Programme and associated savings of £956k, or approximately 14% of the net budget. Over the two years including 2022/23, the net saving will be closer to 20%. This reflects a desire to target savings toward support services wherever possible and maintain delivery of services to residents.

#### **4. Budget Principles**

- 1.45 The Council is working towards ensuring that the budget setting process adheres to the following guiding 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, including through capitalisation direction applications to Government;
  - 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.
- 1.46 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.

#### **5. Revenue Budget Headlines**

- 1.47 The Draft Budget is published approximately one month before the release of the Local Government Finance Settlement (expected towards the end of December), which brings some clarity to the level of funding for the coming financial year. Given the economic turmoil in recent months and the expected need to significantly reduce public sector spending, the Draft Budget has been prepared with a material level of uncertainty on the level of funding.
- 1.48 With that in mind, the Draft Budget has been built around a neutral scenario, as previously reported to this Committee, which assumes that reductions in Government funding are offset by an increase in Council Tax income and potentially through locally generated increases in business rates, including

gains achieved by pooling with other authorities. The report provides more details on each of these funding elements.

- 1.49 Assuming funding stays the same in overall terms, any pressures (required increases in the Council's budget) must be offset by a plan to make savings, or generate more income, by an equal amount. The level of budget pressures therefore determines the level of savings required.
- 1.50 There is a significant risk that funding will be insufficient to meet the current indicative budget, meaning that further savings may be required. This will be subject to consultation with Members in December, and may ultimately require formal consideration by Committees and full Council in January and February of 2023.

### **Overall Budget Position**

- 1.51 The overall budget position at this Draft Budget stage is **a gap remaining to close of £0.3m**. Whilst the savings plan remains broadly unchanged from the 29<sup>th</sup> September 2022 budget update, pressures have increased significantly, from £1.7m to £1.9m. This is primarily due to inflation increasing again, to 11.1% for October's CPI, and increasing concern on the level of fee income, as set out below. Unless funding increases, £0.3m further savings may be required to balance to the 2023/24 budget. The overall summary is set out in Table 1, below.

**Table 1 – Overall Budget Movements for 2023/24 and 2024/25**

	2023/24 £000	2024/25 £000	Total £000
Brought forward budget	11,351	11,610	
<b>Total Pressures</b>	<b>1,913</b>	<b>1,287</b>	<b>3,200</b>
<b>Total Savings</b>	<b>(1,654)</b>	<b>(52)</b>	<b>(1,706)</b>
<b>Net Funding Shortfall</b>	<b>259</b>	<b>1,235</b>	<b>1,494</b>
<b>Indicative Budget Requirement</b>	<b>11,610</b>	<b>12,845</b>	

### Budget Pressures

- 1.52 Total pressures are as follows, with further detail in Appendix B. Note that £1.2m of the Corporate Pressures are temporarily held on behalf of other committees (including inflation allocations and pay provision).

**Table 2 – Summary Pressures for 2023/24 and 2024/25**

#### Pressures

Committee	Pressure		
	2023/24 £000	2024/25 £000	Total £000
Community Services	276	0	276
Housing GF	117	0	117
Planning Policy	70	0	70
Strategy & Resources	45	0	45
<b>Total Service Pressures</b>	<b>508</b>	<b>0</b>	<b>508</b>
Corporate Items	1,405	1,287	2,692
<b>Total Pressures</b>	<b>1,913</b>	<b>1,287</b>	<b>3,200</b>

#### **2023/24 Service Pressures - c£0.5m, including**

- **£337k Service demand changes** – notably £100k Housing Benefit budget restructure, £75k trees including Ash dieback, £40k providing for planning appeals,
- **£171k Loss of Income** – including £70k parking income, and £50k of cesspool income.

#### **2023/24 Corporate Pressures – c£1.4m, notably:**

- **£750k Inflation** – A centrally held allowance to cover the net inflation on contract costs, offset by an expectation that some fees

and charges will increase. Fees and charges increases will be subject to discussion with Members and approval by Committee. The underlying assumption on inflation is based on 11.1% - based on recent CPI, however there are a number of areas where contracts are subject to their own, much higher, inflation pressures which have been factored into the total. An example of this is in electricity where we expect the cost (c.£225k for the General Fund in 2022/23) to double to £450k in 2023/24.

- **£305k Pay and Increments** – This allows for a future discussion with members on the appropriate level of pay award for 2023/24, which should be held after the Local Government Finance Settlement, when affordability constraints are clearer.
- **£150k Review of Charges to the Housing Revenue Account** – A review under way in 2023/24 suggests that charges to the HRA for officer time should be reduced by £150k in 2023/24, as the balance of their work has shifted to the General Fund.
- **£200k Contingencies** – This is based on a requirement to provide adequate contingency within the budget to acknowledge increased risks in the operating environment, not least from inflation, pressures on providers and the impact of economic pressure on our residents' ability to pay for services.

## **6. Future Tandridge Programme Update**

- 6.1. This report section of the updates the Committee on the Future Tandridge Plan, dovetailing into the 2023/24 budget process whilst also seeking approval on the recommended way forward in the Communications, Assets and FM, Ops and Localities and Digital.

The programme approach was set out in the report to the Strategy and Resources Committee on 1<sup>st</sup> February 2022.

This identified two broad phases:

**Phase 1** - mobilisation and design – c6 months

**Phase 2** – delivery – c12 months

Phase 2 of the programme was approved by the Strategy and Resources committee on 29<sup>th</sup> September with funding of resources required to deliver the programme objectives approved for the first six months, to March 2023.

### **Phase 2 – approach to delivery**

Through the delivery phase, the governance and workstream structure for the programme has been shaped as follows, with Member engagement and consultation throughout:

- 6.2. The development of the leadership and organisational development workstreams will continue to be overseen through the **Target Operating Model (TOM) Development Group** along with the overall development of the operating model. This group will be chaired by the Chief Executive and will, in set the guiding principles for the development of the FTP.

- 6.3. As change projects are approved for delivery these will be overseen by the **Programme and Benefits Delivery Board** which will be chaired by the Chief Finance Officer.

Below is a brief recap on the 5 workstreams that will form the Programme structure through Delivery:

#### Leadership

- Senior Management restructure – building a new senior management team equipped to lead and deliver the Future Tandridge Programme and its outcomes.
- Strategic Plan – the development of a new corporate vision and a new Strategic Plan to guide the Council from 2023/24.

#### Organisational and Workforce change

- Implementing leaner management and service structures to deliver the new operating model.
- Creation of a workstream that delivers the staffing savings as determined by the service reviews.
- Developing a consolidated People plan to support the delivery of the FTP.

#### Operations and Localities Transformation

- A project team will be established to deliver the recommendations set out in the report to Community Services Committee.

#### Digital and Customer Services Transformation

- A project team will be established to take forward the further development of the Digital and Customer Services transformation project, leading to a full business case for consideration and approval at a future Committee meeting, An update on progress is provided in Appendix G.

#### Service Improvement Plans Delivery

- A workstream to oversee the delivery of the remaining service improvement plans and their associated savings.

## **7. Summary of Service Reviews**

- 7.1. A summary of progress for each of the service reviews is included as Appendix C, along with a RAG assessment of current confidence in delivery of target savings and the quality and depth of the review undertaken.
- 7.2. This overview is split between those reviews which come under the Housing and Community Services Committees and those which are the responsibility of the Strategy & Resources Committee.
- 7.3. The table below summarises the overall expectation of savings for the Future Tandridge Programme, setting out total savings to be delivered over the current and following financial years, along with a high-level indication of the

target saving as a % of the 2022/23 net budget before savings. A proposed savings plan of £1.7m for 2023/24 is set out in Appendix B.

**Table 3 – Summary Savings Across 2022/23 and 2023/24**

Service Area	Original Budget (Before Savings) £000	Total Saving 2022/23 to 2023/24 £000	% Saving	2022/23 Savings Target £000	2023/24 Savings Target £000
Ops and Localities	1,348	311	23%	72	239
Waste	2,284	184	8%	111	73
SBCP	0	100			100
Regulatory	277	42	15%	16	26
Community Partnerships*	418	100	24%	50	50
Housing Statutory*	378	20	5%	20	0
<b>Subtotal before External Funding</b>	<b>4,705</b>	<b>757</b>	<b>16%</b>	<b>269</b>	<b>488</b>
Housing Statutory - External Funding		220		10	210
<b>Communities and Housing in Current Scope</b>	<b>4,705</b>	<b>977</b>	<b>21%</b>	<b>279</b>	<b>698</b>
Asset Management	596	223	37%	111	112
Comms	310	123	40%	76	47
IT	1,317	173	13%	138	35
Customer Services	636	173	27%	45	128
Human Resources	382	104	27%	39	65
Democratic Services	569	15	3%	7	8
Legal	477	67	14%	43	24
Revs & Benefits	535	142	27%	42	100
Finance	914	41	4%	41	0
Management Structure	1,555	450	29%	125	325
<b>S&amp;R Services &amp; Management in Current Scope</b>	<b>7,291</b>	<b>1,510</b>	<b>21%</b>	<b>667</b>	<b>844</b>
Corporate	(343)	277		165	112
<b>Total in Current Scope</b>	<b>11,653</b>	<b>2,764</b>	<b>24%</b>	<b>1,111</b>	<b>1,654</b>
Outside Current Scope (e.g. Planning & Parking)	809		0%		
<b>Grand Total</b>	<b>12,462</b>	<b>2,764</b>	<b>22%</b>	<b>1,111</b>	<b>1,654</b>

\*The budget for the Westway contribution is held in the Housing Committee, but is being managed through the Community Partnerships review

7.4. The programme has aimed to prioritise savings in S&R services and through the management structure, with the larger percentage savings in those areas. The saving planned within the Housing General Fund Committee is predominantly through making more efficient use of external funding and not directly related to service delivery; although structures will be reviewed within the existing budget to ensure that they are robust, resilient and efficient.

## Strategy and Resources Committee

Detailed business cases have been developed and included in Appendix D and E. Key recommendations from the business cases include:

### **Communications**

To reduce the communications service specification and in turn the size of the team to deliver that work, to establish a smaller in-house service. This would achieve the savings target and allow the Council to maintain control of its communications whilst it establishes future direction.

Secondly, to put the service through the commissioning cycle over the next six months, including the engagement of Members in establishing priority outcomes for a future Communications service. The service will also seek other savings as contracts come up for renewal, or when working practices change.

### **Assets and FM**

Property roles and responsibilities within the Assets and Community Surveying team including the option for an integrated Property Service delivery model.

A review of the property portfolio with identification of redevelopment opportunities and key assets. The portfolio will be split into segments – community, operational, regeneration, stewardship, economic growth, legacy investment, investment and those suitable for development or disposal. The commercial potential of our existing property portfolio will be assessed against current and future TDC needs. Opportunities that are emerging from new patterns of usage of Council buildings which will allow the release of commercially viable accommodation and or residential development potential.

Market analysis and financial appraisal to determine what the appetite is for increasing the renting out of existing TDC owned offices including the Council offices.

- 7.5. A summary of those services which fall under this Committee has been set out in Appendix C, along with target savings identified for delivery in 2023/24 and options under consideration for future delivery models.
- 7.6. The Committee are asked to consider the direction of travel and the associated savings for these services. Further analysis is required in some areas and, where necessary, business cases will be brought back to a subsequent committee for approval. Appendix I details the service areas and committee decision timings.
- 7.7. As mentioned above, business cases for Assets and FM and Communications are set out to this committee, and further details can be found in Appendix D and E. Work is also underway to develop the business case for Digital and Customer Services Transformation which provides a strong opportunity to



transform the resident experience and customer services function through investment in digital technology as presented to the All-member briefing on 20<sup>th</sup> September. The business case will be brought back to a future committee meeting, however an update on the development of the business case, including the required investment and benefits can be found in Appendix G.

7.8. Detailed planning has progressed in the service reviews and savings milestones have been identified, these form part of the delivery plan, which can be found in Appendix H.

#### 7.9. **Risk update**

As part of the delivery phase, all programme level risks are recorded in a risk register and reviewed and updated/scored regularly. Fortnightly meetings are also in place with the EMT stakeholders to review progress and discuss and agree mitigating actions against risks to delivery highlighted by the EMT.

The latest Risk register can be found in Appendix J.

### **8. National Funding Context – Background**

1.53 On the 6<sup>th</sup> September 2022, Liz Truss was appointed as Prime Minister. A major premise of the new Government's approach was an intention to stimulate growth in the economy, create jobs and reduce the tax burden.

1.54 On 23<sup>rd</sup> September, the then Chancellor of the Exchequer set out a series of announcements as part of the 'Growth Plan 2022'. A lack of detailed costing in these plans, and updated fiscal forecasts by the Office for Budget Responsibility (OBR) led to turmoil in the financial markets; the pound fell to a record low of \$1.03 and the cost of Government borrowing rose sharply. The Bank of England stepped in to stabilise markets by announcing an emergency bond buying scheme.

1.55 Shortly afterwards, many of the Government's proposals were reversed by a new Chancellor and a new Prime Minister, but high cost of borrowing remains a feature of the economy.

1.56 From a Local Government perspective the level of turmoil has given very little certainty over the contents of the Local Government Finance Settlement (LGFS), with spending constraint expected for all Government departments. Overall, even with the recent reversal of proposed tax cuts, it is highly unlikely public spending will increase. Against this backdrop, funding arrangements continue to remain uncertain.

1.57 Usually, spending reviews in late October confirm some current budget assumptions. However due to the late Autumn Statement, there is little early indication of the impact of economic policy on Local Government.

1.58 Alongside the political turmoil, between December 2021 and November 2022 the Bank of England (BOE) has increased its base rate at 8 consecutive meetings, taking the base rate from 0.1% to 3% which is the highest level in 14 years. The BOE is attempting to quell rising inflation which is now well above the BOE's official target of 2%. Predictions are that the base rate will continually rise to 4.8% by July 2023. This impacts favourably on the Council's investment returns, but also increases the cost of borrowing. The full impact of this will be considered in the Capital, Investment and Treasury Management Strategy to Investment Sub-Committee in January, but it simplistically means we should limit new borrowing by using cash reserves to fund the capital programme.

## **9. Funding Assumptions - including Draft Council Tax Base**

1.59 The most significant influence on the Council's funding is the long-awaited implementation of fundamental Government funding reform; particularly any changes to the retention of Business Rates, Lower Tier Services Grant and New Homes Bonus. Again, as there hasn't been any further information on these yet, clarity is expected in the Provisional Local Government Finance Settlement in mid-December.

1.60 At this Draft Budget stage, it is assumed that funding stays flat at **£11.351m** for 2023/24. This represents the neutral scenario as presented to committee on 29<sup>th</sup> September 2022. No material new announcements have been made since. The key assumptions behind this are set out in the sections below. Funding for 2024/25 is unclear at present, since Government plans for funding reform have been disrupted by the turmoil in Government over the course of 2022.

**Table 4 – Summary Funding Assumptions across 2022/23 and 2023/24**

	2022/23 £000	2023/24 £000	Change £000
Council Tax Precept	8,937	9,181	244
Business Rates	1,633	2,106	473
Grant Funding	785	167	(618)
Funding before collection fund	11,355	11,454	98
Council Tax Collection Fund	(5)	(102)	(98)
Local Equalisation Reserve & Pooling Gain	0	0	0
Total Funding	11,351	11,351	0

### **Council tax funding £9.2m Core Council tax funding increase**

1.61 Currently, the Council can increase its Council Tax charge by 1.99% or £5 (if higher) without the need for a referendum. The Autumn Statement indicated that the percentage limit would increase to 2.99%, however was silent on whether the £5 limit would also be changed. The Draft Budget currently

assumes a £5 (2.2%) increase, resulting in an additional £0.2m in 2023/24. Discussions on the final level will commence in the lead-up to the final budget.

### **Council Tax base**

- 1.62 In October, the Council submitted the scheduled return on the quantification of the tax base (the number of Band D equivalent properties). The review confirmed a 0.5% increase in the base. The reasons for this growth are related to increases in property numbers, properties in higher bands and lower subsidies for exemptions, discounts and Council Tax support.
- 1.63 The tax base is then adjusted for an estimate of collectability. Due to the economic climate, we are proposing to maintain the adjustment at 1.2% despite ongoing work to increase collectability. This includes efforts with the County and other Districts to share best practice and review cost of collection.
- 1.64 Changes to the tax base results in an increase in funding of £0.05m in 2023/24.

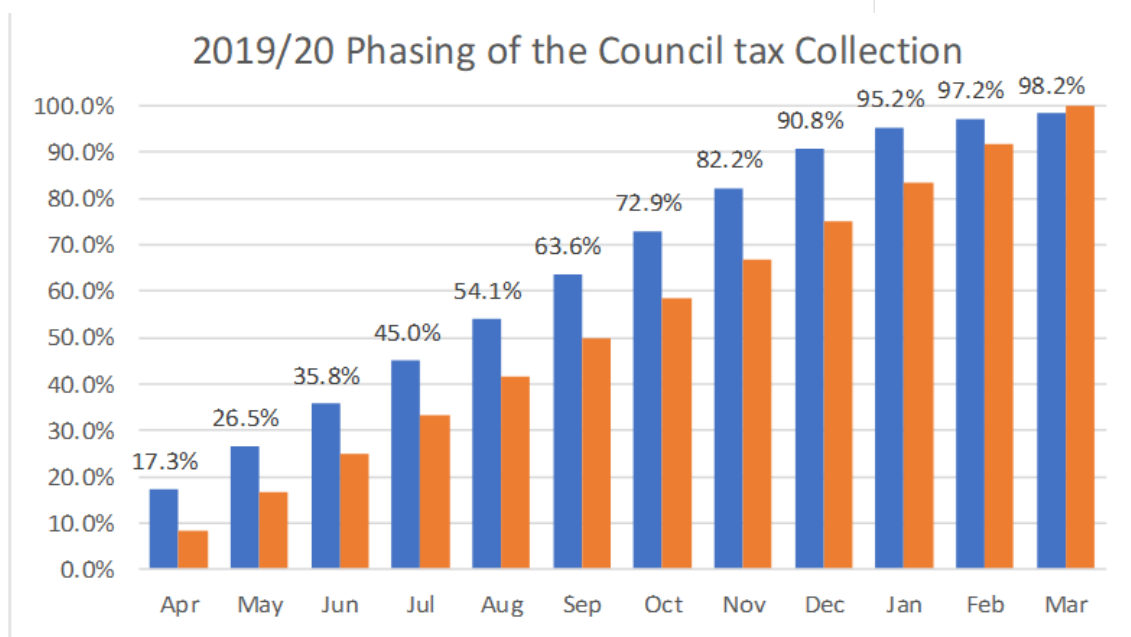
**Recommendation: To approve that the gross Council Tax Base for 2023/24 is determined at 39,377.5 after taking account of the Council's agreed Council Tax Support Scheme, and the net Council Tax Base for 2023/24 is determined at 38,904.9 after adjustment by 1.2% to allow for irrecoverable amounts, appeals and property base changes.**

### **Collection Fund Performance**

- 1.65 The Council Tax collection fund is a ringfenced account to collect, hold and distribute the four precepts (Surrey County Council, Surrey Police and Crime Commissioner, Parishes and the Council). The Collection Fund deficit is distributed only across the two main preceptors (SCC and SPCC) and this Council being the Billing authority – i.e.: we bear the risks and benefits from the Parishes' collection fund. Following Covid-19 the performance has been hard to project.

**Table 4: Council Tax Collection Performance over the last four years and the usual collection trend. 2019/20 is provided as a comparator, being the last year before Covid-19 began to impact.**

	Apr	Sep	Mar
	%	%	%
19/20	17.3	63.6	98.2
20/21	16.4	61.8	97.3
21/22	16.9	63.6	97.4
22/23	16.6	61.7	



[Blue Actual vs Orange Target]

- 1.66 In the December 2020 Spending Review, the Chancellor dictated that any Collection Fund Deficits due to Covid-19 should be spread across three financial years (2021/22, 2022/23 and 2023/24). The collection fund figures include the final year of that spread.
- 1.67 Collectability rates on the tax base are still lower than pre-Covid years. This reflecting both the impact of Covid-19 and the inflationary impact from Ukraine on either energy or trade issues.
- 1.68 With the implementation of the Northgate system for Collection Fund Management, there will be more opportunity to review historic debt levels. HM Inspectorate of Court Administration has reopened the debt recovery system which should also improve performance. A £50k resource was approved to pursue increased debt collection but the Council has so far found it challenging to recruit to associated posts. Work to progress this or identify an alternate solution continues.

1.69 Currently there is an estimated collectability rate of 98.8%. However due to the ongoing impact of inflation and cost of living pressures, this will need to be carefully managed during the year.

1.70 Based on the above, the assumed collection fund deficit for 2023/24 is **£0.1m.**

### **Council Tax discounts and exemptions**

1.71 There are no changes to any of the discounts, premiums and exemptions to Council tax for 2023/24.

### **Business Rates funding £2.1m**

1.72 Business Rates funding is a headline term incorporating several separate elements:

- **Directly retained Business Rates income** - Local businesses pay Business Rates net of reliefs and discounts directly to TDC (**expected c£17m for 2023/24**) This has reduced by £4m since 2021/22, reflecting ongoing Covid-19 reliefs. This is adjusted as follows:
  - o **Retention:** The amount retained after Surrey County Council (10%) and Central Government (50%) are allocated their shares. The remaining 40% - **c£7.0m** - is allocated to the Council;
  - o **Reliefs:** Nationally set Business Rate reliefs subsidised by Central Government through Section 31 grants - This refers to Section 31 of the Local Government Act 2003 which enables Government to reimburse Local Authorities for the cost of subsidising Business Rates eg: Retail Reliefs. For the Council S31 grants equate to approximately **£3.4m**;
  - o **Tariff and Levy:** A tariff is then applied because the Council generates more funding than Central Government calculate we require (**c£8.0m**), plus a **levy based on growth (£0.3m)**;
  - o Leaving an amount of funding for Council services equal to the **c£2.1m.**

1.73 £2.1m of overall Business Rates funding represents a net increase of £0.5m on the 2022/23 projection. This increase is based largely on the total of core business rates and S31 grants, at £10.4m against the 2022/23 estimate £10.0m. Within that increase:

- o S31 grant projections have increased from £1.6m to £3.4m, (£1.8m increase)
- o Underlying rates reducing from £8.4m to £7.0m. (£1.4m reduction)
- o This reflects the ongoing support provided to business by Government.

These changes are based on the Council's Government Return for business rates (NNDR1) for 2022/23.

The 2023/24 total rates have also been validated against external advice provided by LG Futures, external Local Government funding advisors, in an update provided on Friday 11<sup>th</sup> November. The projections are based on an assumptions of 2023/24 income that will continue to be refined as the budget is finalised. The pooling gain from 2021/22 has yet to be finalised, but when confirmed will mitigate funding risks in the budget.

### **Grant Funding**

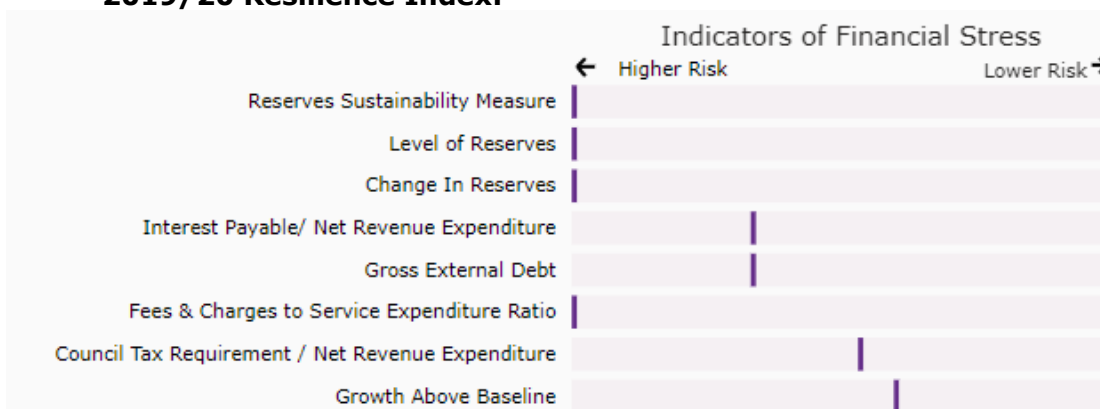
- 1.74 The Draft Budget for 2023/24 has been formulated on the basis that previous Government funding, including the Service grant, Lower Tier grant and the New Homes Bonus funding continue in reduced form. **An estimated £0.2m** has been included in the budget on this basis. We are awaiting confirmation in the Local Government Finance Settlement to determine the final allocations.

### **10. Reserves Update and CIPFA Resilience Index**

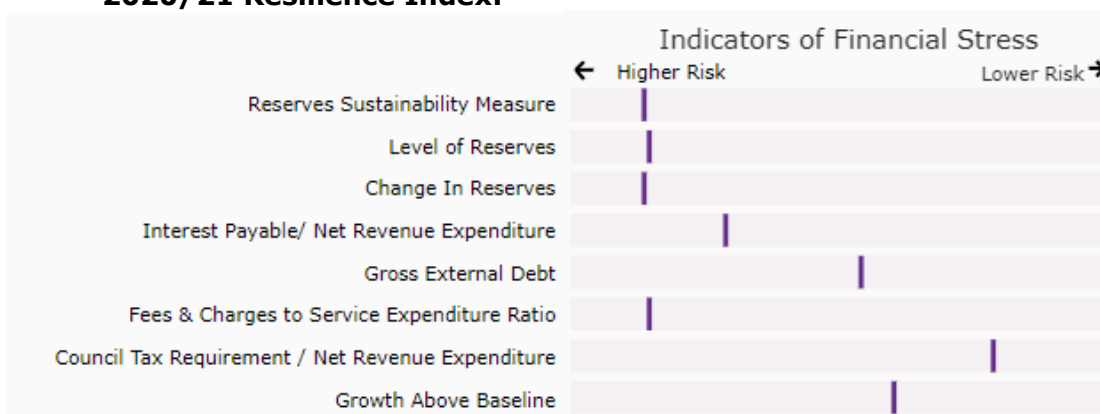
- 1.75 General Fund Reserves in the 2022/23 budget were set at £3.0m. Although 2021/22 was completed with a surplus of £458k, the majority of this was set aside as additional contingency or for approved spending pressures. The 2022/23 current forecast of a deficit of £447k means that underlying reserves are likely to remain at c£3.0m for 2023/24. This is an achievement given the volatile economic pressures and unexpectedly inflation, however leaves the Council in the same overall position of needing to increase its reserves resilience.
- 1.76 As part of the 2022/23 budget setting process, Council approved a request to DLUHC for a capitalisation direction to fund the transformation programme and replenish reserves. This was to be funded by the anticipated sale of the Redstone building.
- 1.77 Consequently, in January 2022, the Council requested a capital dispensation from DLUHC to initially replenish General Fund Reserves and secure flexibility for a further amount to fund transformation. The Council received notification on Wednesday 31st August that Government had refused the application. The refusal was based on the Government's "assessment of the Council's overall financial position, including our current level of reserves, and the steps currently underway in the Council to meet the identified budget pressure."
- 1.78 In the meantime, sector-wide flexibility to use capital receipts to fund transformation programmes has been extended, so plans to fund the Future Tandridge Programme remained intact.
- 1.79 Since that point, officers including the Chief Executive and Chief Finance Officer continue to meet with DLUHC representatives to update them on our current financial position and the challenges ahead. Given that there has been no material improvement to reserves since the capitalisation was last requested, officers intend to resubmit the application immediately following the publication of the Local Government Finance Settlement in December, unless sufficient funding is received to give complete confidence over the Council's reserve position.
- 1.80 The 2022/23 Budget and Medium-Term Financial Strategy Council in February also provided an update on the Council's performance in the CIPFA resilience index, based on provisional 2020/21 data. CIPFA has now released

the final data for 2020/21. The two most recent years data are set out below:

**2019/20 Resilience Index:**



**2020/21 Resilience Index:**



- 1.81 Although the index is showing improvements in reserves sustainability, the level of reserves held, compared to other authorities is low. In addition, the index for 2020/21 was significantly impacted by Covid-19 funding, which in many cases was received at the end of the financial year and contributed to reserves, resulting in some authorities showing significant increases in levels of reserves (especially due to Collection Fund S31 grants spread across the three years) as at March 2021. Therefore, CIPFA recommends that it is viewed in the context of being a transitional year.
- 1.82 2021/22 data has not yet been released but will be analysed for the Final Budget report for February 2023, if it is available.

## **11. Draft Capital Programme 2023/24 to 2025/26**

- 1.83 This section of the report provides an update on the development of the Capital Programme for 2023/24 to 2025/26, taking into account work that has been carried out by officers in recent weeks. Further work is being undertaken to review proposed allocations in advance of presenting a Final Budget Report, ensuring finalised costs of borrowing are included in the Revenue budget as part of the Final Budget Report in February 2023. The Capital Programme is based on assumed spending need, and will include allocations for items such as IT hardware replacement. Members will be consulted on which of these, if any, require further detailed business cases before spend can be undertaken.
- 1.84 Councils are permitted to borrow to fund capital expenditure, as long as that borrowing is deemed affordable, prudent and sustainable. Councils can also fund capital expenditure from the proceeds of selling assets (called capital receipts).
- 1.85 The Capital Programme sets out our expenditure plans and how we will pay for them over a three-year period. The current three-year Capital Programme was approved by Council in February 2022. The Capital Programme has been refreshed as part of developing the Draft Budget but further work will continue up to the final budget.
- 1.86 The Capital Programme is funded from a combination of external and internal resources. External funding is mainly in the form of Central Government grants and Community Infrastructure Levy (CIL). Internal funding takes the form of locally raised funds such as borrowing and capital receipts. There are significant constraints on the availability of internal funds, particularly capital receipts, which are finite in nature and depend upon identifying surplus assets for sale or disposal.
- 1.87 Borrowing to fund the Capital Programme has an impact on the revenue budget in the form of interest payments and Minimum Revenue Provision (MRP) payments. The more that is borrowed to fund the Capital Programme, the greater the impact on the revenue budget. MRP is the minimum amount which the Council must charge to its revenue budget each year, to set aside a provision for repaying both external borrowing (loans) and internal borrowing. This is an annual revenue expense in the Council's budget. The cost of MRP to the 2023/24 budget is estimated to be £1.2m, pending confirmation of final borrowing figures for 2022/23. This represents no increase on the 2022/23 budget. This will be achieved through using capital receipts to reduce repayments either by repaying previous debt or avoiding new debt.
- 1.88 The Council's current MRP policy was approved by Council in February 2022. The annual charge is currently calculated using the annuity method, where MRP is the principal element for the year of the annuity required to repay borrowing over the asset's useful life. The policy for 2023/24 will be included as part of the Final Budget report.



1.89 All borrowing for capital schemes takes place within agreed prudential limits which establishes a benchmark for affordability and sustainability. A range of indicators are maintained to demonstrate this. These indicators are maintained within the Council's Capital, Investment and Treasury Management Strategy and are monitored and reported to the Investment Sub Committee and Council on a regular basis. The Capital, Investment and Treasury Management Strategy demonstrates how the borrowing requirement will be managed. This strategy will be set out as part of the Final Budget papers in February 2023.

The table below shows the draft three-year General Fund Capital Programme and how it is planned to be funded for 2023/24 to 2025/26.

**Table 5: Summary Capital Programme**

	2023/24 £000	2024/25 £000	2025/26 £000	Total Programme £000
Planning	500	741	0	1,241
Community Services	990	1,063	1079	3,131
Housing General Fund	503	504	505	1,511
Strategy & Resources	1,822	475	170	2,466
<b>Total Capital Programme</b>	<b>3,814</b>	<b>2,782</b>	<b>1,753</b>	<b>8,349</b>

	2023/24 £000	2024/25 £000	2025/26 £000	Total Programme £000
External Funding/Grants	1,753	879	880	3,511
Community Infrastructure Levy	500	741	0	1,241
Capital Receipts	0	0	0	0
Borrowing	1,562	1,163	873	3,597
<b>Total Capital Programme</b>	<b>3,814</b>	<b>2,782</b>	<b>1,753</b>	<b>8,349</b>

### Community Services

1.90 The proposed three-year Capital Programme 2023/24 to 2025/26 for Community Services is £3.1m. The schemes comprise of:

- UK Shared Prosperity Fund – Delivery of Open Space Strategy £1.0m;
- Children's Playground Improvements - £0.4m;
- Vehicle Replacement Programme - £0.4m;
- Parks, Pavilions and Open Spaces - £0.3m;
- Garden Waste, Recycling, Food Waste and Refuse bins - £0.3m;
- Car Park Equipment Replacement Programme - £0.1m; and
- Projects collectively below £0.1m: Replacement litter bins, Land Drainage Works, Plant and Machinery Replacement Programme.

## Housing General Fund

1.91 The proposed three-year Capital Programme 2023/24 to 2025/26 for the Housing General Fund is £1.5m. This is the Disabled Facilities Grants (DFG) programme which is funded from DFG.

## Strategy and Resources

1.92 The proposed three-year Capital Programme 2023/24 to 2025/26 for Strategy and Resources is £2.5m. The schemes comprise of:

- Asset development programme - £1.7m;
- IT Hardware and Infrastructure Projects - £0.7m; and
- Council Offices major works programme - £0.1m.

## Planning Policy (Community Infrastructure Levy)

1.93 The proposed three-year Capital Programme 2023/24 to 2025/26 for Planning Policy is £1.2m. This is made up of grants and contributions to third parties for capital projects and are funded from CIL.

## Housing Revenue Account

1.94 The draft HRA Capital Programme is funded from the following sources, as shown in the table below:

**Table 6 – HRA Capital Programme**

	2023/24 £000	2024/25 £000	2025/26 £000	Total Programme £000
HRA	15,398	12,731	3,945	32,074
HRA Capital Receipts/Reserves	9,012	9,012	3,945	21,969
Borrowing	6,386	3,719	0	10,105
<b>Total HRA Funding</b>	<b>15,398</b>	<b>12,731</b>	<b>3,945</b>	<b>32,074</b>

1.95 The proposed three-year Capital Programme 2023/24 to 2025/26 for the Housing Revenue Account is £32.1m. This is made up of:

- Council House Building Programme - £20.8m;
- Improvements to Housing Stock - £11.1m; and
- IT Hardware and Infrastructure Projects - £0.2m.

1.96 The HRA will fund its Capital Programme from capital receipts, reserves and borrowing. The HRA has three separate reserves it can draw upon; the New Build Reserve, Repairs Reserve and Major Repairs Reserve. The HRA is also

able to use retained receipts from Right-to-Buy sales to fund part of the expenditure on building new HRA stock. The HRA can also borrow to fund its Capital Programme using the rental income to cover the cost of interest and principal repayment. There is no requirement for the HRA to make MRP payments.

- 1.97 In general, uncertainty remains over the economic backdrop. Inflation remains at extremely high levels and a continued upward trend will drive up costs of scheme delivery. Uncertainty on the path of interest rates has increased significantly due to the possible risk of unknowns including further tax changes. The risk remains that interest rates will continue to increase thus putting further pressure on revenue financing costs that the Council will need to manage.

## **12. Medium Term Financial Strategy**

- 1.98 Under normal circumstances, the Council would aspire to a three or five-year Medium-Term Financial Strategy, making clear the level of resource available to deliver priorities and core services. However, given significant uncertainty of the economic volatility on long-term Government funding, along with aspirations to fundamentally reform the funding system, the Draft Budget can only sensibly comment on the potential gap for 2023/24 and the following financial year.
- 1.99 Section 8 sets out the 2023/24 funding position in detail. It is anticipated that funding will stay broadly flat into 2024/25. This is based on an increase in Tax Base, a £5 increase in the Band D rate, offset by further reductions to Government funding.
- 1.100 The outlook for 2024/25 assumes further cost pressures (corporate and service) of £1.3m, including inflation, allowance for a further pay award and a £0.6m allowance for service pressures yet to be quantified. Assuming funding does remain flat, a £1.3m savings programme would therefore be required in 2023/24 in broad alignment with previous years.
- 1.101 The Council's Strategy will be to continue to pursue savings to deliver a sound and balanced budget, rather than rely on reserves. In light of the significant economic challenges affecting the operating environment, particularly inflation and a suppression of income from fees and charges, the aspiration should be to avoid depleting reserves further and grow where possible.
- 1.102 Further development of the Medium-Term Financial Strategy will take place as part of the work to prepare the Final Budget.

### 13. 2022/23 Financial Performance

1.103 **Revenue Performance as at Month 6 (September):** An £11.351m General Fund expenditure budget was approved in February 2022. The budget was then redistributed in April and June for the allocation of savings previously held corporately, after consideration and approval by committees. The overall budget was unchanged.

1.104 Against this revised budget, the forecast as at M6 (September) is £11.8m; a forecast deficit of £447k. This is set out below in summary form, with full details on the Q2 Budget Monitoring report. The ongoing effect of these pressures have been built into this draft budget where analysis deems them to have a 2023/24 impact that cannot be addressed within existing budgets.

**Table 7: Month 6 Financial 2022/23 Performance**

	2022/23			One-off events £k	Ongoing Pressures £k
	Forecast	Annual	Outturn		
	at M06 £k	Budget £k	Variance £k		
Community Services	4,375	4,051	324	(27)	351
Housing General Fund	432	476	(44)	0	(44)
Planning Policy	1,290	1,204	86	25	62
Strategy & Resources	6,333	6,222	111	7	104
Corporate Items	(632)	(601)	(31)	(115)	84
<b>General Fund</b>	<b>11,798</b>	<b>11,351</b>	<b>447</b>	<b>(110)</b>	<b>557</b>
Central Funding	(11,351)	(11,351)	0	0	0
<b>Overall after central funding</b>	<b>447</b>	<b>0</b>	<b>447</b>	<b>(110)</b>	<b>557</b>

### 14. Next Steps

- 14.1. Subject to any comments from this Committee on the updates for each service area, Officers will continue to develop and deliver their plans for the improvements and savings identified. Where appropriate and necessary, additional business cases will be brought to a future Committee for review.
- 14.2. A reserve list of savings required to address a potential funding shortfall will be developed with Members who will be consulted during December as part of the budget process.
- 14.3. The budget process will continue as set out in the covering report.