



Prosperous Communities

Tuesday, 31 January 2023

**Subject: Prosperous Communities Committee Draft Budget 2023/2024
and estimates to 2027/2028.**

Report by:

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Purpose / Summary:

The report sets out details of the Committee's draft revenue budget for the period of 2023/2024 and estimates to 2027/2028.

RECOMMENDATION(S):

1. That Members recommend the Prosperous Communities Budget 2023/2024 and revenue estimates to 2027/2028 to Corporate Policy and Resources Committee for the purpose of budget setting 2023/2024 and for inclusion in the Medium-Term Financial Plan 2023/2024 to 2027/2028 (as amended by any decisions taken on this agenda).

IMPLICATIONS

Legal:

The Council has a responsibility to set a balanced and legitimate budget and Council Tax requirement in compliance with statutory deadlines.

Local Authorities (Standing Orders) (England) (Amendment) Regs 2014 (SI 165) requires that once the budget is approved the minutes of the proceedings must record the names of the persons who cast a vote for the decision, against the decision or abstained.

Financial : FIN/136/23/SL

The 2023/2024 proposed budgets and variance to the 2022/2023 base budget are explained in the body of this report.

After taking a robust approach to the estimations within the budget for this Committee the total cost of services for 2023/2024 will be £5.131m (£5.023m 2022/2023).

This has resulted in base budget increases in expenditure of £0.451m, and additional income of £0.343m, resulting in a **net base budget increase of £0.108m**.

There are £0.364m of expenditure budgets which are funded from Earmarked Reserves to support one off project resources in 2023/2024 (£0.463m in 2022/2023). This is a decrease of £0.1m from 2022/2023 to 2023/2024.

Services within this Committee have also contributed to Earmarked Reserves £0.104m in 2023/2024 for asset replacement programmes (£0.169m in 2022/2023). This is a reduction of £0.065m from 2022/2023 to 2023/2024.

Excluding the use of earmarked reserves, there is an increase of £0.143m on the base budgets for this committee, further details of which are contained within the report at section 2.

The proposed budgets within this report contribute towards an overall balanced position for 2023/2024, with a small surplus being returned to the General Fund.

Staffing:

Salary budgets for 2022/2023 were set based on an estimated 2% pay award, however, the final pay award was based on a monetary value against each scale point for NJC Local Government staff, which equates to an average increase of 6%.

The salary costs included in this report are based on an estimated 2% increase each year from 2023/2024.

Ongoing pay award negotiations indicate there is a risk that the 2023/2024 pay award may be higher than the 2% applied. To mitigate this risk, a contingency budget has been set aside.

The proposed Council budget for 2023/2024 also includes a 2% Vacancy Factor of £0.226m, which has been applied to salary budgets for posts which are on our organisational establishment (basic pay, superannuation and national insurance).

Equality and Diversity including Human Rights :

The Equality Act 2010 places a responsibility on Councils to assess their budget options before taking decisions on areas that could result in discrimination. Where appropriate assessments have been undertaken by the relevant service area.

Data Protection Implications: None arising as a result of this report.

Climate Related Risks and Opportunities:

The Council created an Earmarked Reserve within its overall 2022/2023 budget to support investment in environmental and carbon reduction initiatives and the mitigation of climate change financial risk.

Section 17 Crime and Disorder Considerations :

CCTV service charges are set to encourage take up of the service to increase public safety in the district and reduce anti-social behaviour.

Fixed Penalty Notices are fees set by the Government to enable Local Authorities to take action against anti-social behaviour.

Health Implications: None arising as a result of this report.

Title and Location of any Background Papers used in the preparation of this report:

The Chartered Institute of Public Finance and Accountancy – The Prudential Code for Capital Finance in Local Authorities (2021 Edition)

The Corporate Plan

The Capital Investment Strategy

The Fees and Charges Policy

The Asset Management Plan

The Acquisitions and Disposal Policy

Investment Policy – Land and Buildings

All documents are held within Financial Services at the Guildhall, Marshalls Yard, Gainsborough.

Risk Assessment: The 2023/2024 Budget Risk Assessment will be presented to the Corporate Policy and Resources Committee.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e., is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

X

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

X

No

Introduction

1.1 This report sets out the Prosperous Communities Committee base budget position for 2023/2024 and estimates for 2024/2025 to 2027/2028, incorporating the medium-term financial planning principals:

- To focus on achieving outcomes
- To drive a robust and sustainable financial position
- To support growth and service delivery, utilising the Council's resources
- To ensure financial decision making is based on robust, risk assessed business cases that clearly match our ambitions

The Committee are asked to consider the content of this report and recommend the 2023/2024 budget and revenue estimates to 2027/2028 to Corporate Policy and Resources Committee, for the purpose of budget setting 2023/2024 and for inclusion in the Medium-Term Financial Plan 2023/2024 to 2027/2028.

1.2 The process for the preparation of this budget has included the following:

- Meetings with Budget Managers to ensure resources align to the delivery of Corporate Priorities and to review budgets, identifying ongoing pressures, income loss, savings or income gains, and horizon scanning for future issues, including political, economic or legislative implications.
- A robust Fees and Charges review, which resulted in an increase in income budgets of £6.1k for services within this Committee against the previous estimate for 2023/2024. Full Details of proposed fees and charges were presented to Prosperous Communities Committee on the 1st of November 2022.
- Regular updates have been provided to the Management Team who have also reviewed, challenged and proposed inclusion of the pressures incorporated into this budget which have not already been approved by the Corporate Policy and Resources Committee. These are in addition to the assumptions included within the budget i.e., pay award levels, inflation on utilities, Business Rates (NNDR) growth etc.
- Regular meetings have been held with the Chairs and Vice Chairs of Committees to ensure they are fully engaged in the process.
- Inclusion of the revenue implications of the DRAFT Capital Programme 2023/2024 – 2027/2028.

- Consultation with Parish and Town Councils, residents and business ratepayers has been undertaken.
 - The review of Earmarked Reserves and approved additional resources being funded from these reserves and/or external grant income.
 - Consideration of other Strategies i.e., Car Parking Strategy, Housing Strategy etc.
- 1.3 This Budget Preparation process has achieved a High Assurance rating from our Internal Auditors in September 2018.
- 1.4 Where additional expenditure and unavoidable costs have been identified, Business Units try to accommodate these extra costs by working more efficiently, generating extra income or reducing base budgets in non-priority areas. These items of additional expenditure and unavoidable costs, together with budget reductions are described below and have been built in to the base budgets.
- 1.5 The Prosperous Communities base budgets have been developed from the forecast budgets presented to Council in March 2022.
- Service budgets have been aligned to the strategic focus for each of the Clusters outlined within the Corporate Plan 2019/2023, namely Our People, Our Place and Our Council.
- To aid comparison capital charges and central support recharges have been omitted to present only revenue related controllable costs.
- 1.6 The Income and Expenditure Budget of the Committee is shown at **Appendix 1**.
- 1.7 The overall net Budget per Cluster (Our People, Our Place and Our Council) is attached at **Appendix 2**.
- 1.8 The Business Units income and expenditure budgets are included at **Appendix 3**.
- 1.9 A summary of the movement from the 2022/2023 original budget to the proposed 2023/2024 original budget is included at **Appendix 4**.

1.10 Assumptions/Inflationary Increases

Increases have been applied to the following budget areas:

	2023/24
Pay Award	2.00%
Vacancy Factor	2.00%
Supplies & Services	10.00%
Electric	100.00%
Gas	200.00%
Water	6.00%
Sewerage	6.00%
Fees & Charges	6.00%
Fuel	15.00%

Inflation of 10% has been applied to supplies and services budgets to reflect contractual obligations or known increases in these areas. These budgets have been reviewed on a line-by-line basis, and inflation has not been applied where not deemed necessary.

Employer's superannuation has increased in line with that provided by the Actuary (23.5% 2023/2024). National Insurance rates have been applied in line with the rates published by HMRC for 2023/2024.

KEY:	
↑	Positive impact on MTFP (i.e. increased income, or reduction in pressure)
↓	Negative impact on MTFP (i.e. decrease in income, or increase in pressure)

2. SIGNIFICANT VARIATIONS

↓	£0.143M
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When compared to the 2022/2023 base budget, the 2023/2024 proposed budget shows an increase of £0.143m, excluding use of and contribution to Earmarked Reserves. The major variances to the 2022/2023 base budget are detailed below:

2.1 Inflation

↓	£0.279M
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The inflationary increases applied (see paragraph 1.10) have resulted in an increase in base budgets for 2023/2024 of £0.279m.

Category	Inflation 2023/24 £
Buildings	127,800
Transport	100,500
Supplies and Services	43,900
Employees	7,200
	279,400

2.2 Fees and Charges

 £0.016M

The Corporate Policy and Resources Committee meeting held on 10th November 2022 considered the Fees and Charges recommended by this Committee and recommended them to Council for approval. The review resulted in an increase in income budgets of £0.006m for services within this Committee against the previous estimate for 2023/2024. This is an increase of £0.016m against the 2022/2023 base budget.

2.3 Grounds Maintenance

 £0.055M

The expenditure budgets within this committee for Grounds Maintenance have reduced by £0.055m. The reduced costs are due to the economies of scale, as Glendale Countryside Services secured all tendered lots in the Lincolnshire framework – North Kesteven, East Lindsey, West Lindsey, Rest of Lincolnshire. Glendale also have secure compounds in or very close to each of the districts reducing travelling time and fuel costs and many employees are from the local areas. In addition, as the framework is open to parish/town councils Glendale is also undertaking grounds maintenance for Torksey and Northorpe Parish Councils and Gainsborough Town Council. The current contract is in place for 4 years (12.01.22 to 31.01.26), and the total reduction in budgets across all services is £0.078m.

2.4 Commercial Waste Service

 £0.020M

Commercial income has increased by £0.02m to reflect customer numbers and forecast service charges for 2023/2024.

2.5 Crematorium

 £0.048M

The net cost of the service has increased by £0.048m to reflect the anticipated level of demand and service operational costs.

The revised business plan for the Crematorium (covering the years 2022/2023 to 2026/2027) was approved by Corporate Policy and Resources Committee 28th July 2022.

2.6 Development Management

 £0.061M

Planning fee income has been re-profiled to reflect the Local Plan cycle, with an increase in budgeted income for 2023/2024 of £0.045m. Miscellaneous income has also increased by £0.016m.

2.7 Leisure

↑	£0.025M
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The leisure management contract income budget has increased by £0.025m in 2023/2024 to reflect the contractual agreement.

2.8 Markets

↑	£0.026M
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Expenditure budgets have reduced for a project delivery budget which was for 2022/2023 only.

2.9 Neighbourhood Planning

↑	£0.054M
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The Neighbourhood Planning Grant, which offsets the employee costs within the service, was previously held within the Government Grants area of Corporate Policy and Resources budgets. The grant has been allocated to the service from 2023/24 in compliance with grant accounting guidance.

2.10 Parking Services

↓	£0.039M
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2.10.1 Car Parking Permits - The switch to increased home based working during and following the pandemic saw a drastic reduction in the sale of car parking permits. The reduction in parking permit sales is not expected to increase to pre-pandemic levels. The continued reduction in demand is forecast to create a £0.049m pressure on the MTFP from 2023/2024.

2.10.2 The cancellation of the lease of a section of Tesco Car Park in Gainsborough has resulted in a saving of £0.01m pa.

2.11 Property – Industrial Estates.

↑	£0.013M
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All industrial units are fully occupied with lease agreement in place. The forecast income budget for 2023/2024 has increased by £0.013m.

2.12 Safer Communities – CCTV

↓	£0.016M
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2.12.1 CCTV commercial income - has been reduced by £0.008m to reflect the current service agreements which are in place. Two customers have cancelled the service during the year (leaving four agreements in place), as lower cost alternatives are available.

2.12.2 CCTV repairs and maintenance contract - has increased by £0.008m following a new contract tender exercise. The contract is in place for 5 years (from 2022/23 to 2026/27).

2.13 Establishment

 £0.053M

Approved changes to the establishment during the year have resulted in a net increase in budget of £0.053m.

The significant movements within the establishment budgets are:

- £0.042m approved Town Manager post
- £0.370m impact of average 6% pay award for 2022/2023
- £0.130m impact of estimated 2% pay award for 2023/2024
- (£0.489m) reallocation of Director/Assistant Director salary budgets into the Corporate Policy and Resources committee. These budgets were previously allocated across service budgets, however from 2022/2023 they are to be held in one place for budget monitoring purposes and allocated across the relevant services at year end. There is a corresponding pressure on the Corporate Policy and Resources' service budgets.

2.14 Other significant variances within individual Business Units are the result of budget movements within the Committee, and do not impact on the budget movement for the Committee overall.

3. Budget Consultation

To undertake the Budget Consultation, we used multiple routes to consult with our stakeholders.

The consultation was undertaken using an online survey, a paper survey, through stalls within the Markets at Market towns and face to face events within the district.

The objectives of the engagement were to:

- Raise awareness of the financial challenges.
- Raise awareness of the diversity of services the Council provides.
- Identify what areas of the Corporate Plan and the Business Plan should be prioritised.
- Provide some feedback following the recent Council motion to consider supporting residents in this time of increased inflation.

4. Recommendations

That Members recommend the draft Prosperous Communities budget 2023/2024 and revenue estimates to 2027/2028 to Corporate Policy and Resources Committee for the inclusion in the Medium-Term Financial Plan 2023/2024 – 2027/2028.