

Dear Members

Resources Scrutiny Committee

A meeting of the Resources Scrutiny Committee will be held on **Tuesday 3 January 2023 at 6.30pm** in the **Craddock Room, Civic Centre, Riverside, Stafford** to deal with the business as set out on the agenda.

Please note that this meeting will be recorded.

Members are reminded that contact officers are shown at the top of each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.



Head of Law and Administration

RESOURCES SCRUTINY COMMITTEE

3 JANUARY 2023

Chair - Councillor R P Cooke

AGENDA

- 1 Minutes of 10 November 2022 as previously published on the Council's website.
- 2 Apologies
- 3 Public Question Time - Nil
- 4 Councillor Session - Nil
- 5 Called in Items
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INTERIM HEAD OF OPERATIONS
- 6 Members' Items - Nil
- 7 Officers' Reports
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HEAD FINANCE
ITEM NO 7(b) **Resources Portfolio - General Fund Revenue Budget 2022/2023 - 2025/2026 and Capital Programme 2022/2023 - 2025/2026** 32 - 43
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HEAD OF LAW AND ADMINISTRATION

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Membership

Chair - Councillor R P Cooke

R P Cooke
M G Dodson
I D Fordham
A T A Godfrey
A S Harp

R A James
E G R Jones
R Kenney
G P K Pardesi
P Roycroft

Agenda Item 5(a)

Committee:	Resources Scrutiny Committee
Date of Meeting:	3 January 2023
Report of:	Interim Head of Operations
Contact Officer:	Neale Clifton
Telephone Number:	01785 619411
Ward Interest:	Nil
Report Track:	Resources 03/01/2023 Cabinet 01/12/2022

Freedom Leisure Contract

The following matter was considered by Cabinet at its meeting held on 1 December 2022 and has been **CALLED IN** to this Committee by Councillors A T A Godfrey, G P K Pardesi and A M Loughran for the following reason:-

“We would like SBC Members to look at the detail of the issues raised in the Cabinet Report”.

1 Purpose of Report

1.1 For Cabinet, in light of significant budgetary pressures on the Freedom Leisure contract, to consider options in relation to:

- (a) delivery of the Shakespeare production for 2023; and
- (b) the financial implications of the exceptional increase in energy costs.

2 Decision of Cabinet

- 2.1 As a result of the direct impact of the exceptional increase in energy costs on the Freedom Leisure contract, that Cabinet agrees to the provision of financial support for the balance of the current (2022/3) and next (2023/4) financial years, funded from council reserves as an exceptional cost, on the basis set out in the **CONFIDENTIAL APPENDIX**;
- 2.2 That officers continue to work with Freedom Leisure with the dual aims of minimising the level of financial support referred to at 2.1 and improving the sustainability of the overall contract;

- 2.3 Due to the significant cost and financial risks of holding the annual Shakespeare production at Stafford Castle, that Cabinet approves its relocation to The Gatehouse Theatre for 2023.

3 Key Issues and Reasons for Recommendations

- 3.1 Over the past few months the Council and Freedom Leisure have been holding discussions regarding the financial sustainability of the overall Leisure and Cultural Services contract in light of two key factors:
- rapidly increasing energy costs and;
 - key financial pressures such as the annual Shakespeare production.
- 3.2 These discussions have explored ways of making financial efficiencies to mitigate the scale of potentially necessary financial support from the Council.
- 3.3 So it is timely for Members to review the above two issues now in the context of wider pressures on the Council to set a balanced budget for 2023/4 whilst reducing the risk of contract failure (resulting in additional financial pressures).
- 3.4 With regard to energy prices Freedom Leisure are forecasting significant increased costs for the remainder of the current and next financial years. Overall Freedom Leisure are forecasting substantial additional energy costs across their portfolio of sites by the end of next year. Hence, they are engaging with their various Local Authority partners to seek financial support.
- 3.5 Following dialogue between the parties it is considered that the request for support should be agreed on the basis set out in the confidential appendix. In addition officers will engage with Freedom Leisure to establish an understanding of the steps being proposed or considered to minimise their future energy costs by implementing greater energy efficiency measures.
- 3.6 With regard to overall sustainability of the contract Members are asked to consider options for delivery of the Shakespeare production, given the level of subsidy made in past years and the forecast level of subsidy required for next year (if the production were to continue at Stafford Castle); the preferred option being to relocate it to the Gatehouse Theatre.

4 Relationship to Corporate Business Objectives

- 4.1 The report is most closely associated with the following corporate business objectives:
- To improve the quality of life of local people by providing a safe, clean, attractive place to live and work and encouraging people to be engaged in developing resilient communities that promote health and wellbeing

- To be a well-run, financially sustainable and ambitious organisation, responsive to the needs of our customers and communities and focussed on delivering our objectives

5 Report Detail

- 5.1 Over the past few months the Council and Freedom Leisure have been holding discussions regarding the financial sustainability of the overall Leisure and Cultural Services contract in light of two key factors:
- rapidly increasing energy costs and;
 - key financial pressures such as the annual Shakespeare production.
- 5.2 These discussions have explored ways of reducing costs and maintaining (or increasing) income to mitigate the scale of potentially necessary financial support from the Council (to ensure financial sustainability of the contract between the parties). At the time of writing, these discussions were ongoing, and officers expect to report on preferred options by the middle of next year. This would mean that any financial implications could inform the Council's processes for setting a budget for 2024/5 and the Fees and Charges for 2024.
- 5.3 With regard to energy prices, Freedom Leisure are forecasting significant increased costs for the remainder of the current financial year and, for 2023/4. Freedom Leisure inform officers that they have made reasonable provision for uplifts in energy prices and consider that they are able to meet some of the additional energy costs, but they cannot afford to meet the full cost (as a not-for-profit Trust with limited reserves). Therefore the Trust has asked the Council to contribute towards such costs given the exceptional circumstances (which could not have been reasonably foreseen at the time of entering into the contract).
- 5.4 In view of the scale and exceptional nature of the energy price issue, Members may feel, on balance, that the significant financial risks arising from any decision to not support Freedom Leisure, mean that an offer of financial support should be made (on the basis described in the confidential appendix). Also Members should note that any contributions would be drawn down on the basis of actual costs incurred and reviewed at least quarterly, on an open-book basis.
- 5.5 With regard to the broader issue of the contract's sustainability, Members are being asked to consider the impact of the Shakespeare production - given the levels of subsidy provided by Freedom Leisure in the past and the forecast costs for next year - in advance of any more comprehensive review of the contract's requirements.

- 5.6 In the past the production has been held outdoors, at Stafford Castle, taking the form of a play on a temporary staging and seating structure and running over a two-week period in the months of June and July.
- 5.7 Officers have been provided with evidence that the production was subsidised in 2019 and 2022 (noting that there was no production in 2020 and 2021 due to Government-mandated restrictions related to the Covid-19 pandemic).
- 5.8 For 2022, a subsidy was required despite the fact that the production had 15% higher seat occupancy than 2019. There is no doubt that the exceptionally fine weather last summer contributed to the enhanced level of ticket sales (8,711 for 2022 compared with 6,484 in 2019), as well as the fact that it was one of the more popular productions (Romeo and Juliet).
- 5.9 To provide Members with relevant context, officers have been given information that demonstrates the substantial set-up costs required to lay on a safe production at Stafford Castle in 2023, including the following key items:
- Set and stage
 - Seating and ballast
 - Plant hire
 - Sanitation and waste
 - On site security
 - Lighting and sound hire
- 5.10 The overall forecast net cost of the production for 2023, in the context of the energy price issue and wider budgetary pressures on the contract, is significant (taking account of the above set-up costs). So it is considered both appropriate and necessary to review alternative options for the Shakespeare production for 2023 (future years to be reviewed in due course) in order to proactively mitigate the scale of the financial pressure on the contract with Freedom Leisure (and the likely subsequent request to the Council for financial support):
- Option 1: Continue to hold the production at Stafford Castle.
- Option 2: Relocate the production to the Gatehouse Theatre.
- Option 3: Cancel the production.
- 5.11 There may be other options but given the timescale for gearing up in advance of any 2023 production (particularly marketing in the immediate, short-term), Members are asked to focus consideration on the 3 options presented. A summary of the potential advantages and disadvantages of each option is presented in the table below:

Option 1: Continue to hold the production at Stafford Castle

Advantages	Disadvantages
Utilise the unique location and atmosphere for the production	Freedom Leisure are likely to request the Council to cover a large part of the subsidy that will be incurred or to reduce / cease other key elements of the contract, in addition to the wider request for financial support that will be made this year
The location is consistent and trusted by returning customers	Ticket sales are somewhat dependent on the weather
Freedom Leisure are familiar with the site and its requirements	Uncertainty on the appetite of the market to absorb increased ticket prices (including the proposed Premium pricing option which aims to generate significant extra income)
Showcase Stafford Castle to visitors as a tourist destination	Logistical considerations of the site results in significant costs on temporary measures such as staging and seating and buggy hire to resolve accessibility issues (see para. 5.9) and limited ability to capture secondary spending
Generation of spin-off expenditure in the visitor economy such as hotels	There is reduced Gatehouse Theatre staff presence for a six-week period as human resources are focussed on preparation and delivery of the event at The Castle.
	The outdoor location exposes customers, staff and volunteers to extremes of temperature or inclement weather.

Option 2: Relocate the production to the Gatehouse Theatre for 2023

Advantages	Disadvantages
It is unlikely that Freedom Leisure would make a request for financial support from the Council for the production	Although the production would be delivered as a special event and a highlight of the Theatre schedule, it is not possible to replicate the unique atmosphere of Stafford Castle
Logistical issues and risk to ticket sales in the event of bad weather is removed	A new venue would bring an element of uncertainty regarding ticket sales
The lead in and take down time for the production is significantly reduced, meaning that Gatehouse staff can retain focus on operations at the Theatre	The missed opportunity to showcase Stafford Castle as a tourist destination for visitors
Showcase the Gatehouse Theatre as a destination for future visitors	There may be complaints from customers who wish for the production to continue at Stafford Castle
There will be an increase in footfall to Stafford town centre, supporting the night-time and visitor economies	The pricing structure will need careful consideration and premium pricing is unlikely to be feasible
The Theatre is a more accessible venue for customers with disabilities	
The Theatre may be regarded as more attractive for customers, staff and volunteers who would prefer to not be exposed to extremes of temperature or inclement weather	
As staff will remain on site at the Theatre, events can be held in the MET room, enabling greater secondary spending to increase income and to hold spin off events such as school events and meet the cast events	
The opportunity for spin off night-time events such as specialist catering and street theatre in Market Square or the surrounding streets to	

Advantages	Disadvantages
further support the night-time economy	
Removal of the need to spend on temporary items such as staging, seating, security and toilets that would normally be required at the Castle or another outdoor venue (see para. 5.9)	

Option 3: Cancel the production for 2023

Advantages	Disadvantages
There will be no request for financial support to the Council from Freedom Leisure for the production	The loss of a valued and popular event may result in complaints from returning customers
Gatehouse Theatre staff can dedicate resource to Theatre operations	The loss of momentum in running the production, as the production only restarted last year following the Covid-19 pandemic
Any uncertainty on ticket sales, bad weather or logistical considerations is removed	The loss of the opportunity to showcase Stafford Castle or the Gatehouse Theatre as a future destination for visitors
	A negative impact on secondary spend and the night-time economy for the production
	The loss of an event that attracts visitors from within and outside of the Borough

5.12 On balance it is considered that Option 2 is preferred for the reasons cited in the tables above, taking account of the financial information provided in the **CONFIDENTIAL APPENDIX**.

6 Implications

6.1 Financial

6.1.1 The financial implications of this report are detailed in the associated confidential appendix. Any support would come from council reserve funding as an exceptional cost.

6.2 Legal

6.2.1 Please refer to the confidential appendix.

6.3 Human Resources

N/A

6.4 Human Rights Act

N/A

6.5 Data Protection

N/A

6.7 Risk Management

6.7.1 The key risk relates to the financial consequences of running the Shakespeare event in a manner that relies on significant subsidy and allowing the overall contract to operate at a significant monetary loss.

6.7.2 The Council has a duty to deliver best value and ensure public money is spent wisely and the additional costs outlined in the associated confidential appendix place a financial pressure on the Council. However, the scale of the challenge arising from the escalation in energy prices means that budget pressures are impossible to avoid.

6.8 Community Impact Assessment Recommendations

Impact on Public Sector Equality Duty:

N/A

Wider Community Impact:

The running of the Shakespeare production makes a positive contribution to young people's learning in the context of the National Curriculum.

7 Previous Consideration

Cabinet 4 March 2021 - report seeking financial support to Freedom Leisure in the context of the Covid-19 pandemic.

Cabinet - 1 December 2022 - Minutes No CAB45/22

8 Background Papers

Electronic case file.

Agenda Item 7(a)

Committee:	Resources Scrutiny Committee
Date of Meeting:	3 January 2023
Report of:	Head of Finance
Contact Officer:	Tim Willis, Interim Head of Finance and S151 Officer
Telephone Number:	-
Ward Interest:	Nil
Report Track:	Resources 03/01/23 Cabinet 01/12/22

General Fund Revenue Budget and Capital Programme 2023-26

The following report was considered by Cabinet at its meeting held on 1 December 2022 and is submitted to this Committee for consultation.

1 Purpose of Report

- 1.1 To propose to the Council the General Fund Revenue Budget for 2023-24, the updated Capital Programme 2023-26 and indicative budgets for 2024-25 to 2025-26.

2 Decision of the Cabinet

- 2.1 That the following be recommended to the Council:
- (a) The Budget Requirement for the General Fund Revenue Budget for 2023-24 be set at £15.137 million;
 - (b) The indicative General Fund Revenue Budgets be set at £14.890 million for 2024-25 and £15.614 million for 2025-26;
 - (c) The budget pressures, savings and income generation set out in paragraphs 5.5 - 5.7 be approved;
 - (d) The General Fund working balance be set at a minimum of £1.0 million;
 - (e) The detailed capital programme as set out in **APPENDIX 1** be approved;
 - (f) That the Council Tax for 2023-24 be increased by 1.9% to £168.52;
 - (g) The Council's Tax Base be set at 48,863.55 (as determined by the Head of Finance);

- (h) Note that the inflation parameter for fees and charges for 2023-24 was generally set at 5%.

3 Key Issues and Reasons for Recommendation

- 3.1 This report sets out the current position on the General Fund Revenue Budget for 2023-24 and indicative budgets for 2024-25 to 2025-26. It also seeks to anticipate the position on the Local Government Finance Settlement 2023-24, New Homes Bonus Grant allocation, the position on the Council's Collection Fund, the Council's Tax Base for 2023-24 and the consequential Council Tax for 2023-24.
- 3.2 The budget for 2023-24 is based on the indicative budget set last year, which has been updated to reflect known changes and estimates.
- 3.3 Indicative budgets have been set out for 2024-25 and 2025-26 which include the key issues which it is anticipated will have a potential impact on the Council's finances. However, it should be noted that there are substantial uncertainties regarding the central Government policy for local government finance. Depending on the Financial Settlement, it is possible that a further updated Budget report will be required early in 2023 to reflect any material changes to the assumptions in this report.

4 Relationship to Corporate Business Objectives

- 4.1 The revenue budget and the capital programme have been based on the Council's priorities.

5 Report Detail

- 5.1 Individual Portfolio Budgets which underpin the Budget will be considered by the three Scrutiny Committees in January 2023 as part of the Budget consultation process.

Budget Issues and Adjustments 2023-24

Inflation

- 5.2 The budgets for 2023-24 reflect anticipated pay awards for 2022-23 and 2023-24. A pay award of £1925 has been agreed for 2022; a provision of 4% has been included for 2023; then 2% for 2024 and 2025.
- 5.3 Individual calculations have been carried out in respect of the budgets most affected by inflation. Inflation as measured by the Consumer Prices Index (October 2022) is 11.1% and for the Retail Prices Index it is 14.2%. Some contracts, most significantly for Freedom Leisure but also Veolia, have been individually calculated to reflect high inflation figures (the relevant index is CPI in January, at 10%). Freedom Leisure has been particularly affected by

inflation in energy costs. For 2024-25 the general inflation assumption is 4% and thereafter and for other non-staffing budgets it is 2%.

Spending pressures/Loss of income

- 5.4 The detailed budgets have been refreshed to reflect the forecast for 2022-23. Additional provision has been made within Portfolio budgets for inflation and other general items, including for a pay award and increments.
- 5.5 The pressures on the 2023-24 Portfolio budgets (recurring in future years) are itemised below:
- The fireworks display in support of the Christmas lights switch-on event was previously externally funded. It is proposed that the £8,000 cost be funded by the Council.
 - There is an increased cost of contractors maintaining Local Nature Reserves of £10,000.
 - A small increase in the cost of the Development team of £4,000.
- 5.6 There are also some one-off pressures in 2023-24 that will be funded from reserves:
- A £35,000 cost of developing and implementing a developer payment regime to fulfil Biodiversity Net Gain obligations.
 - A £25,000 cost of an IT solution for Land Charges to replace the current system which will cease to be supported and is needed to enable the migration of part of the service to the Land Registry.
 - Additional costs associated with the leisure contract, details of which are contained in a separate report on the agenda.

Budget savings proposals

- 5.7 The savings proposals are set out in Table 1 below. They amount to £0.876 million in 2023-24 and a cumulative £1.711 million in 2024-25:

Table 1: Proposed budget savings

Description	2023-24 £000	2024-25 £000
Efficiencies in telephone operating system	8	8
Reduction in printers/colour printing	11	19
Reduced corporate support administration	27	27
More efficient CCTV monitoring aligned to night time economy	29	29
Leasing vacant areas of the Civic Centre	233	233
Shared Services savings	144	544
Reduce maintenance budgets	25	25
Reduce energy costs through LED lighting	37	45
Remove concessionary parking	15	15

Description	2023-24 £000	2024-25 £000
Efficiencies in Pest Control service		20
Reduced overtime	30	30
Streetscene efficiencies	45	115
Efficiencies in bedding flowers/cauldrons	45	45
Efficiencies in Bereavement	40	40
Efficiencies in cleaning at Waterfront car park and civic centre	50	50
Increase garden waste charges from 2024		187
Optimise bus shelter advertising to fund maintenance		20
Lease car park concessions		80
Development support efficiencies	13	25
New Planning fees	26	56
Reductions in underspending overhead budgets	98	98
Total	876	1,711

5.8 The above proposed savings present real challenges, in terms of the work needed to deliver them, the consultation required, and the potential impact on services. Every effort has been made to minimise the impact on front-line services and to minimise any redundancies. The challenges facing local government as a whole are exceptional when setting next year's budget - most councils will be facing decisions that involve the severe curtailment or closure of some services. Others are indicating that they cannot survive financially without additional support. The Borough's position is difficult, with £899,000 of reserves having to be used to underpin next year's budget even with the inclusion of the above savings - but it is manageable, assuming the savings are approved.

Business Rates Income

- 5.9 Business Rates (sometimes called National Non-Domestic Rates or NNDR) income for 2023-24 has been assumed to remain unchanged as a result of Government policy. Business Rates increase each year in accordance with inflation, but there is no actual increase in business rates chargeable, with the Government freezing the Business Rates multiplier and local government being compensated for the difference via a Section 31 grant.
- 5.10 The Council's exposure to volatility in Business Rates is a key risk with a reduction in income from business rates due to the failure or temporary closure of a key industry and successful appeals against Rateable Values and backdated refunds. In order to mitigate this risk as much as possible, provision is made in both the budget and final accounts for a reduction in income due to appeals.

2021-22 Outturn

- 5.11 Due to technical and resource challenges, the final outturn for 2021-22 is only just being finalised at the time of publication of this report. However, the provisional position is for a £484,000 underspend. This is after setting aside £900,000 to cover the shortfall in the 2023-24 Budget, set out below. A separate 2021-22 final accounts report will be produced and will contain detailed variances. The headline reasons for the underspend are related to staffing - difficulties with recruitment and holding posts vacant pending shared services; and some fees and charges income over-achieving a budget which was set at a prudent level, following the impact of Covid.

2022-23 Forecast Outturn

- 5.12 The Budget for 2022-23 is monitored against the profiled budget. The latest position reflects the downturn in income, inflationary increases in costs and known changes in the forecast outturn. The revised forecast for the year is for a £174,000 underspend.

Local Government Finance Settlement 2023-24 and Autumn Statement

- 5.13 It is currently expected that the Provisional Local Government Finance Settlement for 2023-24 will be received by the Council in December. In the absence of any information to anticipate any changes, it is assumed that in general, the Settlement will not make significant changes to the current year's settlement, save for the exceptions below.
- 5.14 In particular the Settlement determines both the core funding to the Council and basis of incentive funding for Business Rates. A Baseline Funding Level was determined at the commencement of the current scheme in 2013-14 with a Tariff paid to central government representing the difference between income collected and the Baseline. The Baseline Funding now represents the sole form of core funding following the demise of Revenue Support Grant.
- 5.15 The Autumn Statement on 17 November included a proposed change to the Council Tax referendum rules for lower tier councils. It is now possible to increase Council Tax by 3% (rather than the higher of 2% or £5) without holding a referendum. The Statement also made various updates to policy regarding Business Rates reliefs and the Household Support Fund, but did not include statements on New Homes Bonus, the Fair Funding Review or a Business Rates reset.
- 5.16 The 2022-23 Settlement included £455,000 for a Lower Tier Services Grant and £195,000 for a Services Grant. Both of these grants were stated as one-off, so have been excluded for 2023-24.

Business Rates Pooling and Retention

- 5.17 There is an assumption that any reset of Business Rates growth achieved to date will be deferred until at least 2024-25. No changes have been made to the Tariff paid to Central Government, which would have effectively increased, to neutralise in whole or part the growth achieved to date.
- 5.18 The Budget assumes that the Staffordshire and Stoke-on-Trent Business Rates Pool will remain in place. It is also likely that even if there is a 50% reset in business rates growth with effect from 1 April 2024, then transitional relief and/or the use of the Council's reserves set aside for smoothing Business Rates fluctuations may well nullify any losses that would otherwise have been incurred in 2024-25 and 2025-26.
- 5.19 Business Rates increase each year in line with the prevailing CPI of the preceding September. The presumed freezing of the NNDR multiplier will result in a loss of income to the Council, offset by compensation for this loss via the NNDR Multiplier Section 31 grant. It is assumed that the Section 31 grant will cover the whole loss, however this will become clear in the Financial Settlement.
- 5.20 An analysis of the revised Retained Business Rates income for the Council is set out in **APPENDIX 2**.

New Homes Bonus

- 5.21 Allocations for the New Homes Bonus (NHB) scheme for 2023-24 are assumed to be in line with existing policy. In previous years, there were legacy payments, e.g. the NHB for 2019-20 was paid for four years. NHB became payable for one year only from 2020-21, hence for 2023-24, the last legacy payment drops out and the only NHB payable has assumed to be for 2023-24 itself.
- 5.22 The Budget assumes a total allocation for Stafford of £500,000 for 2023-24 and £350,000 for each of 2024-25 and 2025-26.

Lower Tier Services Grant

- 5.23 The Government introduced a Lower Tier Services Grant payment in 2022-23 of £455,000, which it was stated was one-off. It has therefore been assumed to be zero in 2023-24, although this might change once the Financial Settlement is known.

Rural Services Delivery Grant

- 5.24 The 2022-23 allocation of £26,000 is assumed not to be repeated in 2023-24.

Services Grant

- 5.25 The Government introduced a Services Grant payment in 2022-23 of £195,000 which it was stated was one-off. It has therefore been assumed to be zero in 2023-24, although this might change once the Financial Settlement is known.

Revenue Budget Summary 2023-24

- 5.26 The Portfolio Budget position set out below reflects the forecast outturn position for 2022-23, the proposed budget for 2023-24, and indicative budgets for 2024-25 and 2025-26.

Table 2: Revenue Budget Recommended to Council

	Forecast Outturn 2022-23 £000	Budget 2023-24 £000	Indicative Budget 2024-25 £000	Indicative Budget 2025-26 £000
Net Expenditure				
Portfolio budgets	15,197	16,012	15,662	16,092
Investment income and technical financing adjustments	873	-228	-275	19
Net Spending	16,070	15,784	15,387	16,111
Less: Government Grants				
NNDR Multiplier – S.31	-147	-147	-147	-147
One off Service Grant	-195			
New Homes Bonus	-1,702	-500	-350	-350
Budget Requirement	14,026	15,137	14,890	15,614
Financing				
Business Rates	-5,725	-6,003	-5,330	-5,534
Lower Tier Grant	-455		0	0
Council Tax Income	-8,020	-8,235	-8,475	-8,722
Total Financing	-14,200	-14,238	-13,805	-14,256
Transfer from/(to) Balances	-174	899	1,085	1,358

- 5.27 The above budgets are in general based upon the maintenance of existing service provision and delivery of the priorities set out in the Corporate Business Plan. The portfolio budgets incorporate the proposed pressures and savings in paragraphs 5.5-5.7.
- 5.28 As indicated above details are only currently available for the 2023-24 financial year. Limited amendments have been made to assumptions in relation to the new funding regime for 2024-25 and onwards. The Business Rates Scheme in particular carries the greatest uncertainty, along with any outcome from the Fair Funding Review. In light of the uncertainty as reflected

in various sections of this report, it is difficult to project the true overall position over the medium term.

- 5.29 This time last year, the Indicative Budget for 2023-24 suggested a £1.692 million gap. When comparing the currently proposed 2023-24 Budget to the anticipated 2023-24 Indicative Budget in February, the major differences are as set out in Table 3. This list represents the reasons why there is a proposed use of reserves of £0.899 million now for 2023-24, a reduction of £0.793 million:

Table 3: Changes in 2023-24 budget assumptions

Description	Change £000
Portfolio budgets higher than anticipated (allowing for £0.854 million net savings)	295
Investment income higher than anticipated	-250
New Homes Bonus higher than anticipated	-144
No Business Rates Review/reset	-740
Council Tax lower than anticipated	100
Other	-54
Total	-793

- 5.30 As can be seen in the table, the absence of a Business Rates reset will mean that the Council is better off by £740,000. There is also an improvement in the anticipated New Homes Bonus (although this is subject to Government policy) of £144,000. The Borough is holding high levels of cash, coupled with rising interest rates, which enable an uplift in anticipated investment income of £250,000.
- 5.31 Table 2 identifies £1.085 million in 2024-25 that represents an unfunded budget gap that will need to be identified. This compares to the budget gap of £0.899 million in 2023-24. The major reasons for the £0.186 million difference are in Table 4.

Table 4: Reasons for movement between 2023-24 and 2024-25

Description	Change £000
Portfolio budgets decrease in 24-25 (allowing for £1.689 million net savings)	-350
Investment income decrease in 24-25	50
New Homes Bonus falling in 24-25	150
Reduced Business Rates in 24-25	673
Increased Council Tax in 24-25	-240
Other	-97
Total	186

- 5.32 The reduced projected portfolio budgets reflect the full-year impact of 2023-24 savings as well as additional savings - see Table 2. New Homes Bonus is subject to Government policy, but is projected to reduce in comparison to 2023-24. The main change is to anticipate a review of Government policy regarding Business Rates that includes a reset.
- 5.33 A Business Rates reset will have a negative impact on the Borough, as the amount currently received is based on a low baseline - above which the Borough retains Business Rates income. A Business Rates review is likely to reset this baseline to a higher level for Stafford, which will leave less scope to generate the same level of income as in the past. There is no certainty that this change will happen in 2024-25, but an assumption needed to be made, because the Government has signalled in the past that such a review will be forthcoming. The Council has long anticipated the change and holds a reserve to provide a buffer for significant fluctuations, and this will enable losses of the magnitude set out above, at least in the short term, to have no impact on the revenue budget. It is also likely that such a major change would be accompanied by transitional relief, which will soften the losses resulting from the policy change, albeit for a limited period.
- 5.34 The £186,000 additional shortfall in 2024-25 is small, when allowing for the potential variability of the projections that underpin this figure. At this stage, it is anticipated that such a shortfall could be managed through reserves.

Reserves and Balances

- 5.35 Reserves and balances comprise general reserves, the Working Balance and Earmarked Reserves. They help the Council to cope with unpredictable financial pressures and plan for future spending commitments. They are an essential part of good financial management and assist the Section 151 Officer in providing reassurance to Council on the robustness of the estimates and the adequacy of reserves.
- 5.36 The Council holds a number of earmarked reserves for specific purposes. Earmarked reserves are itemised in **APPENDIX 3**. Projected reserves at 1/4/23 have increased when compared to the projected level at 1/4/23 when the 2022-23 Budget was set. The major changes (rounded) are:
- £1.7 million of additional Section 106 funding, primarily for commuted sums and SAC.
 - £1.1 million of funding for the capital programme that has rolled over.
 - £1.5 million set aside for use in 2023-24 including the £0.900 million to fund the Budget shortfall.
 - £0.7 million additions to the Revenue Support reserve that includes the residual 2021-22 underspend and forecast 2022-23 underspend.

5.37 The most significant exceptional movements in **APPENDIX 3** over the period are:

- The £0.155 million use of the Elections reserve in 2023-24 to fund the elections.
- As described in paragraph 5.35, drawing down £1.5 million for use in 2023-24.
- The anticipated £1.675 million draw-down of capital resources over the three years, to fund capital projects.

5.38 The Working Balance - the current policy has for a number of years been to maintain the level of the General Fund balance at a minimum of £1 million. This is maintained over the planning period, and supplemented by the Revenue Surplus reserve, which stands at £0.830 million at 1 April 2022, rising to £1.004 million once the 2022-23 forecast is incorporated. Future consideration should be given to permanently increasing the Borough's Working Balance to above £1 million, by incorporation of some or all of the Revenue Surplus balance.

Capital Programme 2023-24 to 2025-26

5.39 The Capital Programme is attached as **APPENDIX 1**.

5.40 By far the most significant project is regarding the Future High Streets Fund. Some £2.18 million is programmed to be spent this year on this project, with a further £19.3 million over 2023-24 and 2024-25.

Council Tax Base and Collection Fund

5.41 The final part of the consideration of the Budget is the Council Tax Base. This is the number of properties in the borough expressed in terms of Band D equivalents.

5.42 The Council's Tax Base is now estimated to be 48,863.55 representing an increase of 0.77% on 2022-23. The increase reflects the net increase in new properties built, offset by the cost of the Local Council Tax Reduction scheme.

5.43 The Tax Base has been calculated as follows:

Council Tax base for budget setting purposes	52,238.79
Less: impact of Local Council Tax Reduction Scheme	<u>-3,375.24</u>
	<u>48,863.55</u>

5.44 The Local Council Tax Reduction scheme is anticipated to incorporate changes to reflect a Cost of Living adjustment. This will be proposed to take the form of a more generous scheme for those most in need. A separate report will be seeking approval for the revised scheme in due course.

- 5.45 As in previous years, tax bases will be amended to ensure parish councils are not disadvantaged by the LCTR scheme. A grant allocation is credited to Parish Councils to ensure that in setting their precepts, no additional charge is required due to any change in the operation of the LCTR scheme.
- 5.46 The Council's Collection Fund has been reviewed as part of the budget process and is expected to break even in 2023-24.

Council Tax 2023-24

- 5.47 In determining the level of Council Tax for 2023-24 Cabinet will need to take into account the medium term financial position and the Council Tax Referendum Thresholds.
- 5.48 The current approved budget of the Council assumes that Council Tax will increase by 1.9% for 2023-24.
- 5.49 This proposed increase is within the guidelines for district councils as contained in existing Government policy, which until the Government's Autumn Statement required a referendum if a council proposed an increase of 2% or more (or up to £5) whichever is the higher. The Autumn Statement has proposed allowing the referendum threshold to be increased to 3%. This has not been assumed at this stage, but an additional 1% increase in Council Tax would generate approximately £80,000 a year.
- 5.50 The proposed level of Stafford's Council Tax for 2023-24 is £168.52 for a Band D property with the overall level of Council Tax subject to final determination by Council on 15 February 2023. The figures set out in this report may require minor amendment if any further information emerges before then. Such an increase amounts to £3.14 on a Band D property, or about 6p per week.
- 5.51 The total Council Tax for the Borough will reflect the spending decision made by the County Council, the Office of the Police and Crime Commissioner and the Fire Authority. In addition, in certain areas, parish council precepts are also added to the overall bill.

Financial Planning

- 5.52 The Government has intended to introduce a new financial regime for local government for a number of years. There was an original delay, then Covid, then the Ukraine war, cost of living crisis and change in Prime Minister and Cabinet. These major changes have understandably made it difficult for Government to focus on longer term planning for local government finance, just as the same issues make it difficult for local authorities themselves to plan. The changes to the local government financial regime potentially include Business Rates Retention and the reset of Business Rates, a replacement for New Homes Bonus and a Fair Funding Review.
- 5.53 Each of these issues have been discussed in previous years' budget reports, with the conclusion that it was impossible to determine how both Core and Incentive based funding will change under the new regime. Material variances exist between the best /worst case future scenarios and it is essential that a prudent approach is adopted until further details become available.
- 5.54 The Council has at the present date minimal uncommitted capital resources. Its future programme will be financed by the generation of capital receipts and prudential borrowing subject to its financing being prudent, sustainable and affordable. Although with the advent of higher interest rates, it is becoming harder to justify borrowing to fund capital spending, especially as there is also an opportunity cost to borrowing, of foregoing an investment return.
- 5.55 Given the forecast for the financial position for 2023-24 and the future budget pressures highlighted above, the Council may need to find savings for delivery in 2024-25. There are already a number of initiatives in train to deliver such savings and they are built into the indicative Budget for 2024-25. The major potential adverse impact over the medium term is regarding Government policy, a Business Rates reset being the most significant. However, any reset is likely to be accompanied by a reasonable lead-in, with transitional relief. The Council also holds a reserve to soften the impact of Business Rates fluctuations, which could support the 2024-25 Budget is needs be.

6 Implications

6.1 Financial

Contained in the report.

6.2 Legal

Nil

6.3 Human Resources

Nil

6.4 Human Rights Act

Nil

6.5 Data Protection

Nil

6.7 Risk Management

To follow in the Council Budget report.

6.8 Community Impact Assessment Recommendations

Impact on Public Sector Equality Duty:

The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Wider Community Impact:

Consultation will be carried out if there are any changes to services that have a significant impact on customers or the community.

7 Previous Consideration

Cabinet - 1 December 2022 - Minute No CAB43/22.

8 Background Papers

files are available in Financial Services

					APPENDIX 1
DRAFT GENERAL FUND CAPITAL PROGRAMME 2022/23 TO 2025/26					
	2022/23	2023/24	2024/25	2025/26	Programmed but not allocated
	£000	£000	£000	£000	£000
ENVIRONMENT					
Streetscene equipment	-	66	-	-	101
Streetscene Fleet replacement	-	105	-	-	-
Waste Contract - replacement green containers	80	88	35	35	-
Waste Contract - replacement blue bins	40	38	11	11	-
Waste Contract - replacement waste containers	10	88	4	4	-
Riverway Site Improved Depot Facilities	101	-	-	-	-
Total	231	385	50	50	101
COMMUNITY					
Disabled Facilities Grants	1,000	3,560	1,522	1,522	2,075
Private Sector Housing Assistance	25	105	-	-	-
Improvements at Glover St caravan site	5	-	-	-	-
Empty Homes	10	70	-	-	-
Total	1,040	3,735	1,522	1,522	2,075
LEISURE					
Stone Leisure Strategy (part s106)	-	-	-	-	-
Stone Leisure Strategy Phase 2 (part s106)	535	1,826	-	-	-
Stafford Castle - H&S Works	-	-	-	-	16
Victoria Park Refurbishment	-	-	-	-	-
Victoria Park Pedestrian Bridge	-	91	-	-	-
Charnley Road Destination Park (s106)	-	-	-	-	-
Gatehouse - MET rigging	5	-	-	-	-
Jubilee Playing Field Leisure Facilities (s106)	104	-	-	-	-
Gnosall Leisure Facilities	-	-	-	-	-
Yarnfield Recreational Facilities	17	-	-	-	-
Total	661	1,917	-	-	16
PLANNING AND REGENERATION					
Growth Point capital	50	-	-	-	-
Stafford Town Centre Enhancement	19	-	-	-	-
Pearl Brook Path Improvements	-	-	-	-	-
Stafford Western Access Route	-	-	-	-	-
Victoria Street Car Park Improvements	-	-	-	-	48
New Gypsy & Traveller Site	150	-	-	-	-
Station Gateway	-	-	-	-	3,500
Eccleshall Road Cemetery Biodiversity	28	-	-	-	-
Future High Streets Fund - Public Realm	2,180	-	-	-	-
Future High Streets Fund - Mixed Use	-	13,801	5,500	-	-
Total	2,427	13,801	5,500	-	3,548
RESOURCES					
Corporate IT equipment	142	50	50	50	-
Contact Centre Phone system	-	-	-	-	30
Civic Centre Generator	-	-	-	-	50
Financial Management System	-	-	-	-	-
Accommodation transformation & rationalisation	11	-	-	-	670
Total	153	50	50	50	750
TOTAL CAPITAL PROGRAMME	4,512	19,888	7,122	1,622	6,490

GENERAL FUND RESERVES & BALANCES AND CAPITAL RESOURCES 2022 - 2026

	01/04/2023	01/04/2024	01/04/2025	01/04/2026
	£	£	£	£
Contingency				
Working Balances	1,000,000	1,000,000	1,000,000	1,000,000
Revenue Surplus	1,004,796	1,004,796	1,004,796	1,004,796
Insurance Reserve	595,492	595,492	595,492	595,492
VAT - Partial Exemption	195,300	195,300	195,300	195,300
Leisure Equalization Reserve	-904,160	-771,700	-553,860	-297,720
Business Rates Pool Equalisation	4,566,085	4,566,085	4,566,085	4,566,085
B rates Contingency	685,000	685,000	685,000	685,000
	7,142,513	7,274,973	7,492,813	7,748,953
Grants				
Strategic Health Delivery	30,782	30,782	30,782	30,782
Stepping Stones Unspent S&S	4,559	4,559	4,559	4,559
Homelessness Prevention	129,641	129,641	129,641	129,641
Neighbourhood Planning Grant	34,257	34,257	34,257	34,257
Stafford & Surrounds	5,723	5,723	5,723	5,723
Elector Grant	113,568	113,568	113,568	113,568
Inspire Grant	7,000	7,000	7,000	7,000
Rough Sleeping Grant	59,824	59,824	59,824	59,824
Planning Registers New Burdens	36,241	36,241	36,241	36,241
Northern Gateway Project	40,705	40,705	40,705	40,705
Housing Benefit Admin Grant	51,516	51,516	51,516	51,516
Flexible Homelessness Support Grant	169,309	169,309	169,309	169,309
Homelessness Reduction Act Grant	75,744	75,744	75,744	75,744
PCC Locality Deal Funding	29,670	29,670	29,670	29,670
EU Exit Preparation	24,968	24,968	24,968	24,968
Garden Community Grant	639,244	639,244	639,244	639,244
Eastgate Masterplan	5,309	5,309	5,309	5,309
Parks Improvement	21,153	21,153	21,153	21,153
Football Foundation Riverway ATP	8,849	8,849	8,849	8,849
DCLG Cyber Security Grant	86,450	86,450	86,450	86,450
Domestic Abuse Accom Duty New Burdens	18,555	18,555	18,555	18,555
Test and Trace	406,697	406,697	406,697	406,697
Revs and Bens Grants	5,820	5,820	5,820	5,820
Council Tax Hardship Fund	106,784	106,784	106,784	106,784
Covid Grants	234,789	234,789	234,789	234,789
	2,347,157	2,347,157	2,347,157	2,347,157
Donations				
Loans to Sports Clubs	22,088	22,088	22,088	22,088
Grants Sports Clubs	4,489	4,489	4,489	4,489
Castle Donations	9,628	9,628	9,628	9,628
High House Donations	23,072	23,072	23,072	23,072
	59,277	59,277	59,277	59,277
Shared Services				
HR Shared Service	30,375	30,375	30,375	30,375
IT Shared Service	175,819	175,819	175,819	175,819
Legal Shared Service	79,425	80,925	82,425	83,925

Shared Services Transformation	365,398	365,398	365,398	365,398
	651,017	652,517	654,017	655,517
Rolling Programme				
Housing Needs Survey	52,770	52,770	52,770	52,770
Elections	215,709	60,299	99,799	139,299
	268,479	113,069	152,569	192,069
Community				
Home Energy Conservation	31,700	31,700	31,700	31,700
Private Sector Housing	12,596	12,596	12,596	12,596
Earned Autonomy Community safety	25,000	25,000	25,000	25,000
Empty Homes Officer	102,680	102,680	102,680	102,680
DFG Balance of South Staffs Contributions	864	864	864	864
	172,840	172,840	172,840	172,840
Corporate				
Training	95,920	95,920	95,920	95,920
Climate Change	24,228	24,228	24,228	24,228
Provision for Future Maintenance	43,130	43,130	43,130	43,130
Pensions Reserve	342,040	527,040	341,040	249,040
Rollovers 18-19	89,094	89,094	89,094	89,094
Budget support	1,678,100	779,690	779,690	779,690
Covid 19 Reallocation	1,258,486	1,258,486	1,258,486	1,258,486
Corporate Pot	433,458	433,458	432,146	432,146
Anchor Org for Clinically Vulnerable	91,920	91,920	91,920	91,920
Building Maintenance	114,000	114,000	114,000	114,000
Rollovers 20-21	31,427	31,427	31,427	31,427
Unpresented cheques pre 2021-22	259,979	259,979	259,979	259,979
Contracts reserve	600,000	0	0	0
	5,061,782	3,748,372	3,561,060	3,469,060
Environment				
Streetscene Transformation	82,050	109,400	136,750	164,100
CAMEO - emissions trading scheme	57,768	57,768	57,768	57,768
Stewardship Rural Payments Agency	25,774	25,774	25,774	25,774
Cremator Maintenance Plan	80,453	80,453	80,453	80,453
Environmental Fines	9,179	9,179	9,179	9,179
Streetscene Trading	136,109	136,109	136,109	136,109
Taxi Licences	63,912	63,912	63,912	63,912
Operations Project Management	1,531	1,531	1,531	1,531
Maintenance of SBC Trees	71,243	71,243	71,243	71,243
Strategic Health Delivery Ctrb to Reserve	4,292	4,292	4,292	4,292
	532,310	559,660	587,010	614,360
Leisure				
Football development fund	13,373	21,373	29,373	37,373
HLF Vict Park - equalisation reserve	22,590	-1,310	0	0
Leisure Management Contract Reserve	198,296	198,296	198,296	198,296
Alleyes Dryside Provision	80,000	80,000	80,000	80,000
Vic Park Cafe and Area Hire	23,102	23,102	23,102	23,102
	337,360	321,460	330,770	338,770
Planning				
LDF	226,339	34,379	0	27,500
CIL Reserve	-20,250	-20,250	-20,250	-20,250
Dev Mgmt. Equalisation	215,751	192,701	169,651	146,601
20% Planning Increase	544,617	670,847	740,537	866,767

Stafford TC Strategic Review	71,763	71,763	71,763	71,763
Station Gateway	47,985	47,985	47,985	47,985
Economic Growth Strategy	80,000	80,000	80,000	80,000
	1,166,204	1,077,424	1,089,686	1,220,366
Resources				
Health & Safety	10,000	10,000	10,000	10,000
HR future shared service development	48,278	42,668	37,058	31,448
Localisation of Council Tax Support	248,613	221,433	194,253	167,073
R12 Employee Survey Outcomes	20,000	20,000	20,000	20,000
R13 Organisation Development Plan	60,000	60,000	60,000	60,000
Entrust Supporting Schools	10,000	10,000	10,000	10,000
Mayoral Afternoon Tea	3,000	3,000	3,000	3,000
	399,890	367,100	334,310	301,520
Section 106				
Section 106 commuted sums	1,266,391	1,234,831	1,203,271	1,171,711
Cannock SAC contributions	316,730	316,730	316,730	316,730
S106 swimming pool	43,276	43,276	43,276	43,276
S106 Sports cts/hall	326,763	326,763	326,763	326,763
S106 Artificial Turf	10,489	10,489	10,489	10,489
Cannock SAC Partnership	669,816	654,226	654,226	654,226
HLF Victoria Park	34	34	34	34
	2,633,498	2,586,348	2,554,788	2,523,228
Revenue	20,772,328	19,280,198	19,336,298	19,643,118
Capital Programme Funding				
Revenue Surplus	14,380	14,380	14,380	14,380
RCCO GF	865,340	745,270	73,270	162,270
Invest to Save	8,414	8,414	8,414	8,414
Budget support	99,961	-39	0	0
De Minimis Capital Spending	166	166	127	127
New Homes Bonus	805,700	723,700	723,700	723,700
VAT Shelter	176,562	126,562	126,562	126,562
	1,970,522	1,618,452	946,452	1,035,452
Rollovers				
Rollovers 19-20	95,031	95,031	95,031	95,031
	95,031	95,031	95,031	95,031
Capital Contingency				
RCCO HSF/SG	3,772,781	3,772,781	3,483,781	3,483,781
Working Balance Transfer	980,000	980,000	0	0
Economic Development	912,000	912,000	912,000	912,000
New Homes Bonus	431	431	431	431
	5,665,212	5,665,212	4,396,212	4,396,212
Capital Sinking Fund				
Cremator Sinking Fund	750,000	800,000	850,000	900,000
Pest Control Vehicles	147,200	163,600	180,000	196,400
Sweepers Sinking Fund	789,999	859,999	929,999	999,999
Rowley Park 3G Pitch Sinking Fund	150,000	165,000	180,000	195,000
Riverway	125,000	150,000	175,000	200,000
Victoria Park Safety	80,000	80,000	80,000	80,000
Tenterbanks CP Bud B	60,300	60,300	60,300	60,300
CRM replacement reserve	132,000	132,000	132,000	132,000

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	<u>2,234,499</u>	<u>2,410,899</u>	<u>2,587,299</u>	<u>2,763,699</u>
Capital	<u>9,965,264</u>	<u>9,789,594</u>	<u>8,024,994</u>	<u>8,290,394</u>
Total Earmarked	<u><u>30,737,592</u></u>	<u><u>29,069,792</u></u>	<u><u>27,361,292</u></u>	<u><u>27,933,512</u></u>

Agenda Item 7(b)

Committee:	Resources Scrutiny Committee
Date of Meeting:	3 January 2023
Report of:	Interim Deputy Head of Finance
Contact Officer:	Emma Fullagar
Telephone Number:	01543 464720
Ward Interest:	Nil
Report Track:	Resources Scrutiny Committee 03/1/23 Cabinet 01/12/22

Resources Portfolio - General Fund Revenue Budget 2022/2023 - 2025/2026 and Capital Programme 2022/2023 - 2025/2026

1 Purpose of Report

- 1.1 To set out the draft detailed Resources Portfolio revenue budget for 2022/2023 - 2025/2026 and the draft Resources Portfolio Capital Programme for 2022/2023 - 2025/2026.

2 Recommendation

- 2.1 The Committee considers and notes the following decision of the Cabinet and records any comments they wish to make

Decision of the Cabinet

That:-

- 2.2 That the detailed draft portfolio revenue budget for 2022/2023 - 2025/2026 and the draft Capital Programme 2022/2023 - 2025/2026 be approved for submission to the Resources Scrutiny Committee for consultation.

3 Key Issues and Reasons for Recommendations

- 3.1 To set out the detailed portfolio revenue budget.

3.2 To set out the variations between the indicative budgets for 2023/2024 and 2024/2025, as set last year, and the proposed budget for 2023/24 and the draft budget for the following years to 2025/2026.

3.3 To set out the proposed Capital Programme 2022/2023 - 2025/2026.

4 Relationship to Corporate Business Objectives

4.1 The revenue budget and capital programme reflect the Council's priorities.

5 Report Detail

5.1 The detailed draft portfolio budget is attached at **APPENDIX 1**.

5.2 Indicative budgets for 2023/2024 and 2024/2025 were prepared as part of the 2022/2023 budget process and have been updated as part of this year's process with the budgets then being extrapolated to create a new budget for 2025/2026..

5.3 An analysis of variations between the indicative budgets for 2023/2024 and 2024/2025 (as set last year) and the proposed budget for 2023/2024 and draft budgets for 2024/2025 and 2025/2026 is attached at **APPENDIX 2**.

5.4 Details of the overall proposed real terms / efficiency variations are attached at **APPENDIX 3**.

5.5 Material variances include:

- Impact of pay settlement for 2022/23
- Changes in pension payments
- Energy prices
- Contractual inflation
- Increased audit fees reflecting reletting of audit contract
- Reduced pension act increase payments
- Additional bank charges
- Amendments to Items to be allocated in relation to contract inflation.

5.6 Due to the overall reduction in anticipated government funding a budget savings exercise has been undertaken as part of the 2023/24 budget process. The savings in relation to the Resources portfolio are:-

- Efficiencies in telephone operating system
- Reductions in printers / colour printing
- Reduced corporate support administration
- Leasing vacant areas of the Civic Centre
- Shared Service savings
- Reduce maintenance budgets
- Reduce energy costs through LED lighting

- Efficiencies in cleaning at Civic Centre
- Reduction in underspending overhead budgets

5.7 On 1 February 2022, the Council approved a capital programme to 2024/2025 which has been updated to include approved changes and re-profiled to reflect current spend estimates. The proposed Capital Programme 2022/2023 - 2025/2026 for the Resources Portfolio is attached at **APPENDIX 4.**

6 Implications

6.1 Financial

The potential loss of external core /incentive funding from the Government and other sources is a risk which can impact on the Council's future ability to deliver the service.

6.2 Legal

Nil

6.3 Human Resources

Any resourcing implications of continuing loss of external funding will be considered in line with Council policies and consultation with staff groups affected and recognised trade unions

6.4 Human Rights Act

Nil

6.5 Data Protection

Nil

6.7 Risk Management

Nil

6.8 Community Impact Assessment Recommendations

Impact on Public Sector Equality Duty:

Nil

Wider Community Impact:

Nil

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7 Previous Consideration

Nil

8 Background Papers

File available in Financial Services.

Resources

	Outturn 2022-2023 £	Budget 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £
1 Public Buildings				
Employee Expenses	82,380	85,740	87,650	88,990
Premises Related Expenditure	1,214,740	1,337,380	1,359,230	1,394,750
Transport Related Expenditure	30	30	30	30
Supplies & Services	149,050	122,440	127,630	129,860
Total Expenditure	1,446,200	1,545,590	1,574,540	1,613,630
Income	(582,290)	(871,290)	(871,290)	(871,290)
Total Income	(582,290)	(871,290)	(871,290)	(871,290)
Public Buildings Net Expenditure	863,910	674,300	703,250	742,340
2 Facilities Management				
Employee Expenses	227,410	237,380	243,130	249,190
Transport Related Expenditure	7,380	7,380	7,380	7,380
Supplies & Services	3,840	3,840	3,840	3,840
Total Expenditure	238,630	248,600	254,350	260,410
Facilities Management Net Expenditure	238,630	248,600	254,350	260,410
3 Executive Management				
Employee Expenses	154,250	194,490	198,520	202,550
Transport Related Expenditure	2,600	2,600	2,600	2,600
Supplies & Services	30,870	30,870	30,870	30,870
Total Expenditure	187,720	227,960	231,990	236,020
Executive Management Net Expenditure	187,720	227,960	231,990	236,020
4 Corporate Business and Partnerships				
Employee Expenses	319,090	334,970	342,660	349,950
Transport Related Expenditure	2,280	2,280	2,280	2,280
Supplies & Services	34,860	34,860	34,860	34,860
Total Expenditure	356,230	372,110	379,800	387,090
Corporate Business and Partnerships Net Expenditure	356,230	372,110	379,800	387,090
5 Communications				
Employee Expenses	142,750	149,260	152,400	156,570
Transport Related Expenditure	80	80	80	80
Supplies & Services	17,710	25,140	25,140	25,170
Total Expenditure	160,540	174,480	177,620	181,820
Communications Net Expenditure	160,540	174,480	177,620	181,820
6 Customer Services				
Employee Expenses	331,520	351,540	359,320	365,000
Supplies & Services	19,610	11,800	11,800	11,800
Total Expenditure	351,130	363,340	371,120	376,800
Customer Services Net Expenditure	351,130	363,340	371,120	376,800

Resources

	Outturn 2022-2023 £	Budget 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £
7 Out of Hours Service				
Supplies & Services	6,980	6,980	6,980	6,980
Total Expenditure	6,980	6,980	6,980	6,980
Out of Hours Service Net Expenditure	6,980	6,980	6,980	6,980
8 Law and Administration				
Employee Expenses	1,325,470	1,384,290	1,414,800	1,436,400
Premises Related Expenditure	2,430	2,360	2,360	2,410
Transport Related Expenditure	7,260	7,260	7,260	7,310
Supplies & Services	132,620	129,020	129,020	129,340
Third Party Payments	38,970	39,810	40,550	41,290
Total Expenditure	1,506,750	1,562,740	1,593,990	1,616,750
Income	(415,190)	(435,660)	(441,720)	(451,270)
Total Income	(415,190)	(435,660)	(441,720)	(451,270)
Law and Administration Net Expenditure	1,091,560	1,127,080	1,152,270	1,165,480
9 Finance				
Supplies & Services	1,560	1,560	1,560	1,560
Third Party Payments	653,050	720,190	737,740	752,390
Total Expenditure	654,610	721,750	739,300	753,950
Finance Net Expenditure	654,610	721,750	739,300	753,950
10 Human Resources Services				
Employee Expenses	623,270	649,510	663,140	677,240
Transport Related Expenditure	11,950	4,510	4,510	4,510
Supplies & Services	122,110	122,110	122,110	122,110
Total Expenditure	757,330	776,130	789,760	803,860
Income	(288,650)	(292,460)	(298,490)	(304,730)
Total Income	(288,650)	(292,460)	(298,490)	(304,730)
Human Resources Services Net Expenditure	468,680	483,670	491,270	499,130
11 Technology				
Employee Expenses	1,140,090	1,189,020	1,215,850	1,242,960
Transport Related Expenditure	17,660	17,660	17,660	17,660
Supplies & Services	641,140	621,640	614,140	614,140
Total Expenditure	1,798,890	1,828,320	1,847,650	1,874,760
Income	(853,380)	(881,120)	(895,900)	(911,660)
Total Income	(853,380)	(881,120)	(895,900)	(911,660)
Technology Net Expenditure	945,510	947,200	951,750	963,100

Resources

	Outturn 2022-2023 £	Budget 2023-2024 £	Budget 2024-2025 £	Budget 2025-2026 £
12 Members Services				
Employee Expenses	4,000	4,000	4,000	4,000
Transport Related Expenditure	5,700	5,700	5,700	5,700
Supplies & Services	290,620	301,100	301,100	306,690
Total Expenditure	300,320	310,800	310,800	316,390
Members Services Net Expenditure	300,320	310,800	310,800	316,390
13 Revenues & Benefits				
Supplies & Services	76,230	94,820	94,820	94,820
Third Party Payments	1,495,920	1,556,470	1,588,730	1,618,470
Total Expenditure	1,572,150	1,651,290	1,683,550	1,713,290
Income	(752,110)	(802,150)	(802,150)	(802,150)
Total Income	(752,110)	(802,150)	(802,150)	(802,150)
Revenues & Benefits Net Expenditure	820,040	849,140	881,400	911,140
14 Housing Benefit Payments				
Supplies & Services	10,000	10,000	10,000	10,000
Transfer Payments	16,129,590	15,087,700	13,838,210	12,691,180
Total Expenditure	16,139,590	15,097,700	13,848,210	12,701,180
Income	(16,339,590)	(15,297,700)	(14,048,210)	(12,901,180)
Total Income	(16,339,590)	(15,297,700)	(14,048,210)	(12,901,180)
Housing Benefit Payments Net Expenditure	(200,000)	(200,000)	(200,000)	(200,000)
15 Parish Councils				
Supplies & Services	51,000	51,000	51,000	51,000
Total Expenditure	51,000	51,000	51,000	51,000
Parish Councils Net Expenditure	51,000	51,000	51,000	51,000
16 Corporate and Democratic Core				
Supplies & Services	178,120	287,070	287,070	287,070
Total Expenditure	178,120	287,070	287,070	287,070
Corporate and Democratic Core Net Expenditure	178,120	287,070	287,070	287,070
17 Non-Distributed Costs				
Employee Expenses	230,000	235,260	235,260	239,970
Third Party Payments	41,620	42,450	43,300	44,170
Total Expenditure	271,620	277,710	278,560	284,140
Non-Distributed Costs Net Expenditure	271,620	277,710	278,560	284,140
18 Asset Management/Energy Conservation				
Supplies & Services	41,940	41,940	41,940	41,940
Total Expenditure	41,940	41,940	41,940	41,940
Asset Management/Energy Conservation Net Expenditure	41,940	41,940	41,940	41,940

Resources

	Outturn 2022-2023	Budget 2023-2024	Budget 2024-2025	Budget 2025-2026
	£	£	£	£
19 Electoral Registration				
Employee Expenses	2,150	2,150	2,150	2,150
Supplies & Services	41,050	41,050	41,050	41,050
Total Expenditure	43,200	43,200	43,200	43,200
Electoral Registration Net Expenditure	43,200	43,200	43,200	43,200
20 Elections				
Employee Expenses	-	118,350	-	-
Premises Related Expenditure	-	49,470	-	-
Supplies & Services	39,500	78,100	39,500	39,500
Total Expenditure	39,500	245,920	39,500	39,500
Income	-	(206,420)	-	-
Total Income	-	(206,420)	-	-
Elections Net Expenditure	39,500	39,500	39,500	39,500
21 Items to be Allocated				
Employee Expenses	(45,990)	(110,000)	(110,000)	(110,000)
Supplies & Services	100,000	(47,880)	(347,880)	(342,350)
Total Expenditure	54,010	(157,880)	(457,880)	(452,350)
Items to be Allocated Net Expenditure	54,010	(157,880)	(457,880)	(452,350)
22 Audit, Risk, Resilience and Procurement				
Supplies & Services	150	150	150	150
Third Party Payments	253,250	258,930	263,240	267,460
Total Expenditure	253,400	259,080	263,390	267,610
Audit, Risk, Resilience and Procurement Net Expenditure	253,400	259,080	263,390	267,610
23 Insurance Premiums				
Third Party Payments	183,010	186,670	190,400	194,210
Total Expenditure	183,010	186,670	190,400	194,210
Insurance Premiums Net Expenditure	183,010	186,670	190,400	194,210
Resources Net Expenditure	7,361,660	7,335,700	7,189,080	7,356,970

Resources Portfolio

Variation Statement 2022/2023 to 2024/2025

	2023/2024 Indicative	Real Terms / Efficiency Variations	2023/2024 Budget	2024/2025 Indicative	Real Terms / Efficiency Variations	2024/2025 Budget	Inflation	Real Terms / Efficiency Variations	2025/2026 Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee Costs	4,698	128	4,826	4,719	90	4,809	79	- 54	4,905
Premises Related Costs	1,321	68	1,389	1,288	74	1,362	27	8	1,397
Transport Related Costs	59	- 11	48	59	- 12	47	-	1	48
Supplies and Services	2,103	- 135	1,968	2,064	- 437	1,627	8	5	1,640
Third Party Payments	2,696	108	2,804	2,776	88	2,864	58	- 4	2,918
Transfer Payments	14,535	553	15,088	13,331	507	13,838	-	- 1,147	12,691
Total Expenditure	25,412	711	26,123	24,237	310	24,547	172	- 1,191	23,599
Income	- 17,938	- 849	- 18,787	- 16,566	- 792	- 17,358	- 33	1,149	- 16,242
Net Expenditure	<u>7,474</u>	<u>- 138</u>	<u>7,336</u>	<u>7,671</u>	<u>- 482</u>	<u>7,189</u>	<u>139</u>	<u>- 42</u>	<u>7,357</u>

Resources Portfolio

Proposed Inflation/ Real Terms Efficiency Variations

2023/24 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay award and Pension changes		192
Increased utility charges		127
Reduced rates		-46
Leased cars		-7
Contract cleaning		22
Audit fees		130
Items to be allocated - contract provision		-100
Shared Service Cost Rate Increase	108	
Shared Service Rate Increase on Income	-55	53
Housing benefits review of spend		
Expenditure	556	
Income	-556	-
Reduced pension act increases		-33
Bank charges		30
Budget savings		
Efficiencies in telephone operating system	-8	
Reduction in printers / colour printing	-12	
Reduced corporate support administration	-27	
Leasing vacant areas of the Civic Centre	-233	
Shared Service savings	-144	
Reduce maintenance budgets	-6	
Reduce energy costs through LED lighting	-8	
Efficiencies in cleaning at Civic Centre	-40	
Reduction in underspending overhead budgets	-28	-506
minor variations		-
		<u>- 138</u>

2024/25 Change

	£'000	£'000
<u>Real Term Variations</u>		
Pay award and Pension changes		154
Increased utility charges		142
Reduced rates		-47
Leased cars		-7
Contract cleaning		28
Audit fees		130
Shared Service Cost Rate Increase	88	
Shared Service Rate Increase on Income	-45	43
Housing benefits review of spend		
Expenditure	511	
Income	-511	-
Reduced pension act increases		-33
Bank charges		30
Budget savings		
Efficiencies in telephone operating system	-8	
Reduction in printers / colour printing	-19	
Reduced corporate support administration	-27	
Leasing vacant areas of the Civic Centre	-233	
Shared Service savings	-544	
Reduce maintenance budgets	-6	
Reduce energy costs through LED lighting	-15	
Efficiencies in cleaning at Civic Centre	-40	
Reduction in underspending overhead budgets	-28	-920
Minor variations		-2
		<u>- 482</u>

2025/26 Change

	£'000	£'000
<u>Real Term Variations</u>		
Increase in pension changes and increments		20
Increased utility charges		11
Housing benefits review of spend following implementation of Universal Credit		
Expenditure	- 1,147	
Income	1,147	-
Shared services additional cost	1	
Shared Service additional income	- 3	-2
Minor variations		-
		<u>29</u>

DRAFT GENERAL FUND CAPITAL PROGRAMME 2022/23 TO 2025/26

	2022/23	2023/24	2024/25	2025/26	Programmed but not allocated
	£000	£000	£000	£000	£000
RESOURCES					
Corporate IT equipment	142	50	50	50	-
Contact Centre Phone system	-	-	-	-	30
Civic Centre Generator	-	-	-	-	50
Accommodation transformation & rationalisation	11	-	-	-	670
Total	153	50	50	50	750

Agenda Item 7(c)

Committee:	Resources Scrutiny Committee
Date of Meeting:	3 January 2023
Report of:	Head of Law and Administration
Contact Officer:	Andrew Bailey
Telephone Number:	01785 619 212
Ward Interest:	Nil
Report Track:	Resources 03/01/2023 (<i>Only</i>)

Work Programme - Resources Scrutiny Committee

1 Purpose of Report

- 1.1 The purpose of this report is to present the Resources Scrutiny Committee's Work Programme

2 Recommendation

- 2.1 That the Resources Scrutiny Committee considers and comments upon their Work Programme.

3 Key Issues and Reasons for Recommendation

- 3.1 The first stage in achieving a Member-led Overview and Scrutiny process is to develop a Work Programme for the Members of the Committee to own.
- 3.2 Accordingly, an up-to-date copy of the Resources Scrutiny Committee's Work Programme is provided for Members to consider or amend as appropriate

4 Relationship to Corporate Business Objectives

- 4.1 This report is most closely associated with the following Corporate Business Objective 3:-

To be a well-run, financially sustainable and ambitious organisation responsive to the needs of our customers and communities and focussed on delivering our objectives.

5 Report Detail

5.1 Members will recall that one of the fundamental philosophies behind the creation of Overview and Scrutiny is that the process should be Member-led and the first stage in achieving this is to develop a Work Programme that is:-

- Owned by all Members of the Scrutiny Committee;
- Flexible to allow the Committee to react to urgent items;
- Contain aspects of both Overview and Scrutiny.

5.2 Therefore, at each scheduled meeting of the Resources Scrutiny Committee, an up-to-date copy of the Work Programme will be provided for Members to consider or amend as appropriate.

5.3 The Work Programme includes provision for the Committee to scrutinise appropriate items delivered through the Council's Service Delivery Plan up to twelve months in advance, whilst maintaining the flexibility to respond to any issues that may arise.

5.4 Accordingly, attached at **APPENDIX** is the Resources Scrutiny Committee's current Work Programme to consider or amend as appropriate.

6 Implications

6.1 Financial

Nil

6.2 Legal

Nil

6.3 Human Resources

Nil

6.4 Human Rights Act

Nil

6.5 Data Protection

Nil

6.7 Risk Management

Nil

6.8 Community Impact Assessment Recommendations

Impact on Public Sector Equality Duty:

The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-

Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Wider Community Impact:

Detailed above.

7 Previous Consideration

Nil

8 Background Papers

File available in Law and Administration.

Appendix

Committee: Resources Scrutiny Committee

Date of Meeting: 3 January 2023

Work Programme - Resources Scrutiny Committee

Tuesday 28 February 2023 at 6.30pm

Minutes of Last Meeting: **Tuesday 3 January 2023**

Officer Items by: **Monday 13 February 2023**

Call-in Deadline: **Tuesday 21 February 2023**

Member/Public Items by: **Thursday 16 February 2023**

Agenda Despatch on: **Monday 20 February 2023**

Officer Reports: **Review of the Constitution** (If available by then)
Head of Law and Administration

Performance Update /Budget Monitoring Report
Interim Head of Corporate Business and Partnerships
/Head of Finance

Work Programme
Scrutiny Officer

Future Items:

- **Procurement**
- **Review of the Constitution**
- **Section 106 Agreements**