

## 2022/23 BUDGET PROPOSALS FOR SERVICES WITHIN THE REMIT OF THE PUBLIC SAFETY & TRANSPORT SELECT COMMITTEE

<b>Committee name</b>	Public Safety and Transport Select Committee
<b>Officer reporting</b>	Andy Goodwin – Finance
<b>Papers with report</b>	Appendix A – Council Budget (2022/23 – 2026/27) Medium Term Financial Forecast
<b>Ward</b>	All

### **REASON FOR ITEM**

1. To comply with the Budget and Policy Framework procedure rules as part of the agreed consultation process for the General Fund and Housing Revenue Account budgets, alongside the Council's Capital Programme, this report sets out the draft revenue budget and Capital Programme for the services within the remit of the Public Safety & Transport Select Committee. Following consideration by Cabinet on 16 December 2021, these proposals are now under consultation, and the relevant proposals being discussed at the January cycle of the Select Committees.
2. Cabinet will next consider the budget proposals on 17 February 2022, and the report will include comments received from Select Committees. At the meeting on 17 February 2022 Cabinet will make recommendations to full Council regarding the budget and Council Tax levels for 2022/23. Subsequently, Council will then meet to agree the budgets and Council Tax for 2022/23 on 24 February 2022.
3. The Committee needs to consider the budget proposals as they relate to the relevant service areas within the Public Safety & Transport Cabinet Portfolio, but within the corporate context and the constraints applying as a result of the aggregate financial position of the authority.

### **RECOMMENDATION**

4. **That the Committee notes the budget projections contained in the report and comments, as appropriate, on the combined budget proposals affecting the relevant service areas within the Public Safety & Transport Cabinet Portfolio, within the context of the corporate budgetary position.**

### **General Fund Budget**

#### **Budget Strategy**

5. Budget proposals for 2022/23 have been prepared in the context of a wider strategy addressing the five-year MTFP period through which service expenditure is to be managed within available resources. This is to be achieved through a combination of delivering efficiency savings, manageable increases in the Council Tax, and Fees and Charges, while maintaining General Balances at 2021/22 levels.

Classification – Public

Public Safety and Transport Select Committee – 18 January 2022

6. This budget strategy is based upon strong foundations, with the latest monitoring position for the 2021/22 financial year reporting a net underspend of £419k which will leave uncommitted General Balances at £26,520k entering the 2022/23 financial year. Of the £10,416k savings within the 2021/22 budget, 79% are either already banked or track for delivery, with 12% at an earlier stage of implementation and potential risks on 9% - relating to the Leisure Centre management fee. Further information on this position is set out in the budget monitoring report also presented to Cabinet in December 2021, but it is expected that all 2021/22 savings will ultimately be banked in full.
7. Based on 1.8% per annum increases in the core Council Tax and 1% per annum increases in the Social Care Precept, funding available to support service expenditure is projected to grow by £32,034k to £270,279k between 2021/22 and 2026/27. A combination of inflation and demand-led pressures (including the on-going impacts of the COVID-19 pandemic), together with capital investment plans would require a £66,341k uplift in service expenditure. However, to date, a savings programme of £29,572k has been developed, enabling delivery of a balanced budget for 2022/23 and leaving a residual budget gap of £4,735k in later years of the MTF period.

**Table 1: Budget Strategy**

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Total Resources	238,245	249,862	251,897	256,317	263,130	270,279
Total Service Expenditure	238,245	249,862	255,005	259,640	267,650	275,014
<b>Budget Gap</b>	<b>0</b>	<b>0</b>	<b>(3,108)</b>	<b>(3,323)</b>	<b>(4,520)</b>	<b>(4,735)</b>
<u>Of which, Service Expenditure in the remit of this committee:</u>						
Public Safety and Transport	1,927	1,058	487	314	124	(83)
<b>Total</b>	<b>1,927</b>	<b>1,058</b>	<b>487</b>	<b>314</b>	<b>124</b>	<b>(83)</b>

8. A significant factor affecting the development of this budget strategy is the on-going impact of COVID-19 on Council services and finances, with pandemic related costs over and above planned service expenditure of £31,492k in 2020/21 and £18,710k in 2021/22. While these extraordinary costs have been financed from specific grants to date, it is not expected that further funding will be forthcoming and on-going structural pressures emerging from the pandemic of £7,098k are contributing towards the overall budget gap by 2026/27.
9. Notwithstanding the additional challenge presented by the pandemic, this budget strategy does not rely upon use of General Balances to support service expenditure and therefore maintains these at £26,520k over the five-year MTF period. A review of the range of general risks affecting the Council indicates that the recommended level of uncommitted reserves should be between £15,000k and £32,000k.

10. In addition to General Balances, the Council holds Earmarked Reserves to manage specific risks, projects and cyclical expenditure commitments. At 31 March 2022, these are projected to total £30,185k, with £11,162k of this sum held to manage COVID-19 costs. This strategy limits budgeted releases from Earmarked Reserves to £10,108k, with £2,660k of previously planned releases and £7,448k COVID-19 funds being drawn down, leaving £20,077k of Earmarked Reserves on the balance sheet. Of this remaining balance, £4,164k is held to meet potential future COVID-19 costs.
11. This draft budget outlines £383,070k of proposed capital expenditure – including substantial investment in local infrastructure, a new leisure centre and delivery of significant additional SEND capacity in the borough’s schools – of which £121,746k is to be financed through borrowing.
12. Taken together with historic capital spending, this investment will result in the Capital Financing Requirement peaking at £311,768k in 2025/26 and declining thereafter. Of this peak borrowing requirement, £273,484k is expected to necessitate external borrowing, with £38,285k being financed through General Fund reserves and working capital.

### **Budget Proposals for the Public Safety & Transport Select Committee**

13. Service expenditure will grow due to inflationary pressures, demand-led growth and other corporate items including capital financing costs. The below table sets out the impact of these expenditure movements across the Cabinet Portfolios within the remit of this Select Committee for 2022/23.

**Table 2: Service Expenditure Budget Proposals**

	2021/22	Inflation	Demand-led Growth	Corporate Items	Savings Proposals	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
Public Safety and Transport	1,927	885	0	0	(1,754)	1,058
<b>Total Service Expenditure</b>	<b>1,927</b>	<b>885</b>	<b>0</b>	<b>0</b>	<b>(1,754)</b>	<b>1,058</b>

14. Inflation: Cost pressures of £885k are projected against 2021/22 expenditure going into 2022/23, with material uplifts in relation to workforce budgets, contracted expenditure and energy costs. In line with wider MTFE modelling, inflation projections are predicated on CPI exceeding 4% during 2022/23 before returning to the Bank of England target rate of 2%.

### **Savings Proposals**

15. As detailed in the Consultation Budget presented to December Cabinet, £10,381k of savings proposals have been incorporated into the draft budget for 2022/23, with £1,754k falling within the remit of this Select Committee, with details of these items at Cabinet Portfolio level discussed below.

- i. Public Safety and Transport: Efficiency savings of £200k are to be delivered from a Review of Parking Services, with £1,554k additional income arising from the review of Fees and Charges in this portfolio area. With future uplifts within Fees and Charges expected to yield an additional £2,452k by 2026/27.

### Capital Proposals

16. Capital investment of £383,070k over the period 2021/22 to 2026/27 has been incorporated into the wider General Fund budget strategy set out within this report, with £215,689k investment in major projects, primarily delivering new or expanded infrastructure, and £158,464k investment in recurrent programme of works, ensuring that existing infrastructure is maintained and improved. An overview of these investment plans is detailed in appendix A8 that accompanied the Consultation Budget Report presented at December Cabinet.

**Table 3: General Fund Capital Programme by Cabinet Portfolio**

	<b>Major Projects £'000</b>	<b>Programme of Works £'000</b>	<b>Total £'000</b>
<b>Capital Programme</b>	<b>215,689</b>	<b>158,464</b>	<b>374,153</b>
Contingency			<b>8,917</b>
<b>Total Capital Programme</b>	<b>215,689</b>	<b>158,464</b>	<b>383,070</b>
<u>Of which, Service Expenditure in the remit of this committee:</u>			
Public Safety and Transport	5,596	66,496	72,092
<b>Total</b>	<b>5,596</b>	<b>66,496</b>	<b>72,092</b>

17. Further to the overview presented above, the below section sets out the Capital Proposals within the remit of this Select Committee.
18. Public Safety and Transport: Major projects include the continued investment in shopping parades across the borough, alongside £65,245k investment in the borough's road network and transport infrastructure and £1,251k funding to renew and replace the Council's CCTV network.

### BACKGROUND PAPERS

THE COUNCIL'S BUDGET: MEDIUM TERM FINANCIAL FORECAST 2022/23 - 2026/27, presented to 16 December 2021 Cabinet Meeting.