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<b>REPORT TO:</b>	<b>ENVIRONMENTAL AND DEVELOPMENT SERVICES COMMITTEE (SPECIAL)</b>	<b>AGENDA ITEM: 5</b>
<b>DATE OF MEETING:</b>	<b>02 JANUARY 2025</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>EXECUTIVE DIRECTOR - RESOURCES AND TRANSFORMATION</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>CHARLOTTE JACKSON</b> <a href="mailto:Charlotte.jackson@southderbyshire.gov.uk">Charlotte.jackson@southderbyshire.gov.uk</a>	<b>DOC:</b> S/Finance/Committee/2024-25/January
<b>SUBJECT:</b>	<b>SERVICE BASED BUDGETS 2025/26</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: EDS</b>

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## **1.0 Recommendations**

- 1.1 That the proposed revenue budget for Services in this Committee's delegation, for 2025/26 as detailed in **Appendix 1**, is considered and recommended to the Finance and Management Committee for recommendation to Council for approval.
- 1.2 That the proposed fees and charges for 2025/26 for Services in this Committee's delegation, as detailed in **Appendix 2**, are considered and recommended to the Finance and Management Committee for recommendation to Council for approval.
- 1.3 That the proposed Capital budget for Services in this Committee's delegation, for 2025/26 as detailed in **Appendix 3**, is considered and recommended to the Finance and Management Committee for recommendation to Council for approval.

## **2.0 Purpose of the Report**

- 2.1 As part of the annual financial planning cycle, the report details the Committee's proposed base budget for 2025/26. This includes service delivery proposals, cost pressure and savings of the Committee's main spending areas.
- 2.2 It is proposed that the estimated income and expenditure is included in the consolidated budget of the Council for 2025/26 within the Council's overall medium-term financial position. This will be considered by the Finance and Management Committee on 6 February 2025.
- 2.3 The report also sets out proposals for the level of fees and charges under the responsibility of this Committee for 2025/26.

2.4 The details contained within this report are subject to public consultation with the Council's relevant Committees, ratepayers and the public, as part of the Council's own budget process and statutory and wider consultation

### 3.0 Introduction

3.1 At the inception of the budget setting process, the following four key principles were agreed with Members and set out to Heads of Service to guide the preparation of budget proposals contained within this report:

- **Stable budget and in line with predictions of the Medium-Term Financial Plan** – It was expected that services manage within budget headings, subject to known cost pressures. This is because a significant budget stabilisation exercise was undertaken as part of setting the budget for 2024/25 and significant resources were agreed to support day-to-day operations and investment in assets. This principle has been achieved, with the forecast position being better than originally predicted in the latest medium-term forecast undertaken in September 2024.
- **Use procurement to achieve savings** – There has been a targeted focus on expiring contracts due for renewal, with the expectation that through procurement, mitigation of cost pressures and ideally new savings can be achieved, resulting in new contracts within or below budget. This principle has been broadly achieved, with procurement savings having been delivered and included in this raft budget.
- **Invest in assets to maintain service delivery or generate income/reduce costs** - Revenue or capital investment should be essential or support the Council Plan, subject to presentation of robust evidence of the ability for the scheme to generate additional income or reduce ongoing revenue costs. Cost-pressures (such as inflation pressures on supplies, services, and contracts) are already built into the budget over the 5-year MTFP. In submitting service development proposals for additional budget, budget holders have borne this principle in mind and it has been actively referred to in the scrutinization and decision making processes of finance and the Leadership Team in developing this draft budget.
- **Maximise income position** - Fees and charges should be reviewed in line with new Corporate Charging Policy. Effectively for non-statutory services, charging decisions require solid market knowledge, benchmarking of costs against other public sector bodies and sometimes the private sector, and an understanding of the impact such charges have on the use and in some circumstances, the delivery of a service. This principle has been achieved in part through assumed increases in Court Summons, and Cemetery Fees but further work is now needed to fully embed the new Corporate Charging Policy and maximise income further.

3.2 As part of the Council's commitment to continuous improvement and good financial governance, the principles for budget setting this year have been adapted. The principles were set out in the "Budget Setting Approach 2025/26" report delivered to the Council's policy Committees and Overview and Scrutiny at their meetings in September and October 2024.

- 3.3 In line with the budget setting principles, the Council's Heads of Service and their Service Managers have been heavily involved in developing proposals for their service area. As such, there are a number of proposals which have undergone assessment and refinement by the Council's Leadership Team, who have challenged, scrutinised and refined proposals in light of the budget principles and the overall financial position of the Council.
- 3.4 The revenue budget approach has been 'incremental' meaning that the focus is on budget changes compared to the current year (2024/25) position. As such, revenue proposals are categorised to easily explain the changes and also where proposals can be rejected. The categories as set out in the report **Appendix 1**. They are set out as individual changes.
- **Service Developments** – proposals to enhance service provision and which require a decision around investment. One-off items will be funded through earmarked reserves to ease the pressure on the General Fund (see 3.5 below).
  - **Cost Pressures** – where additional budget provision is required to cover unavoidable cost increases. One-off items will be funded through earmarked reserves. (see 3.5 below).
  - **Savings** – savings identified through either a reduction in budgeted expenditure or income that is additional to that budgeted in the current year because of increase in charges and/or a forecast increase in demand
  - **Accounting Adjustments** - Accounting adjustments are recharges; one off budget items included in 2024/25 budget and reserve movements for funded posts.
- 3.5 Where increases in spending, either as a cost pressure or a service development are one-off, they will be funded by earmarked reserves. This is following the Section 151 Officer's annual review of reserves. This repurposing of earmarked reserves represents an effective way of managing one-off expenditure, given its very nature, and in the context of the Council wishing to close its budget gap and it having a high level of reserves and earmarked reserves that have been identified as no longer required for the original purpose for which they were set aside.
- 3.6 The proposed level of fees and charges are presented in **Appendix 2** along with the rationale for the proposed variation on the 2024/25 level.
- 3.7 Proposals for capital investment are set out in the report and **Appendix 3** along with the existing capital programme commitments.
- 3.8 This Committee will review standalone proposal decisions, where proposals are of material nature policy decisions are required. These reports have been tabled alongside this Report. This is specifically the case where there are proposals to add posts to the establishment, and where this is the case, **Appendix 1** makes this clear.
- 3.9 The final budget will be presented to the Finance and Management Committee in February 2025 to recommend it to Council for final approval in the same month.

## **Consultation**

- 3.10 In line with the Council's statutory requirement to consult with ratepayers, relevant stakeholders in the business community have been contacted and views on the budget proposals are sought.
- 3.11 A period of wider public consultation is ongoing via the Council's website and at Area Forums.
- 3.12 Feedback received will be collated and reported as part of the final budget report in February 2025.

## **4.0 Detail**

- 4.1 The draft net revenue expenditure position for the 2025/26 year is anticipated to be £595K as reported in the draft consolidated budget at Finance and Management Committee on 21 November 2024. This is made up of net revenue expenditure (spend) of £18.566m and funding of £17.970m
- 4.2 The Finance and Management Committee will consider the detail of the overall financial position on 6 February 2025, including proposals from this Committee.
- 4.3 Since the Council budgets on an incremental basis, the individual changes compared to the 2025/26 position are set out in Appendix 2 is as follows:
- Service developments – proposed to increase spend by £134,624.
  - Cost pressures – increasing spend by £600,825.
  - Savings (inc. Recharges) – (£182,483)
  - Accounting Adjustments (one off funding, recharges & reserves) – (£287,100)

## **Service Developments – Appendix 1**

- 4.4 Across the range of proposals service developments have been developed by service areas for review and whilst being tabled as required for the effective delivery of services, they are additional to what the Council currently provide and could be classified as voluntary additional expenditure.
- 4.5 As detailed above at paragraph 3.5, one-off items will be funded through earmarked reserves.
- 4.6 All service developments are detailed in Appendix 1. The most significant are:
- Environmental & Communities Staffing – £67,813 Climate Change Manager
  - Economic Development staffing £36,202 – Economic Development Apprenticeship

## **Cost Pressures – Appendix 1**

4.7 Across the range of proposals cost pressures generally relate to areas where additional budgetary provision is required to continue critical services. There are no proposals that represent developments of service areas or that could be classified as voluntary additional expenditure, except for spend already incurred in relation to non-statutory services.

4.8 All cost pressures are detailed in Appendix 1.

4.9 Staffing costs represent a significant amount of expenditure on the General Fund, with broadly three quarters of all spending related to staffing. The table below sets out the budgetary pressures in relation to staffing relating to this Committee.

4.10 The additional salary for Service Development Proposals is the total from all the submitted bids requesting additional staffing resources. These have been included but are subject to separate reporting requirements.

**Table 1 – Staffing cost pressure and Service Developments**

Area	Amount	Detail
<b>Pay Award 2024/25</b>	£72,641	Confirmed Pay Award 2024/25 (October 2024)
<b>Pay award 2025/26</b>	£293,763	Assumed Pay Award @ 3.5%, inclusive of salary rises of £74,469 (Included in costs pressures)
<b>Service Developments - Proposals Relating to Staff</b>	£119,624	There are a number of additional posts requested to be added to the establishment. These are listed in Appendices 1 and are subject to committee review and consideration.

4.11 The most remaining other significant areas of cost pressure are:

- Vehicle Hire £60,655 – General Fleet support, 4 vans to be hired for cover as to ensure smooth transition for the Fleet Replacement Plan.
- Building Control Contract £49,328 – Anticipated increase in costs for the service provided by Lichfield District Council. A review of their fees is likely to result in additional costs, however it must be noted that fees have been static for 5 years.
- Spare Parts £38,050 – As detailed in the fleet management strategy age of vehicles requiring repairs ahead of replacement.

### **Savings and Income – Appendix 1**

4.12 Total savings related to this Committee currently estimated at (£182,483). Savings are a result of increased income in some areas and a reduction in costs compared to last year's budget the some of the larger saving are detailed below:

- Planning Income £100,000 – Footpath and Pre-application Planning fees.
- Procurement of the Council's Insurance and Utilities has resulted in a reduction in costs of £44,996
- Refinement of existing budgets £34,331

## **5.0 Fees and Charges**

5.1 The Council charges for a number of its services that are provided to the public. All fees and charges are reviewed on an annual basis as part of the budget process. Charges set by the Council are increased in line with inflation or other factors taken into consideration, in line with the Corporate Charging Policy:

- Statutory obligations
- Policies objectives of the Council;
- Local market research and competition (where relevant);
- The impact of price changes on activity level of demand;
- Changes in taxation;
- Budget position and any associated gap;
- The cost of providing the service.

5.2 The new Corporate Charging Policy was approved at Finance and Management Committee in October 2024. Some of the charges are still under review following the approval of this policy, therefore the fees and charges for Trade Waste and Cemeteries in particular may change in the final budget.

5.3 Included at **Appendix 2** is the proposed charge position, together with of explanation of changes to individual charges.

## **6.0 Capital Programmes**

6.1 The proposed draft Capital Programme for 2025/26 – 2029/30 is set out in **Appendix 3**.

### **Environmental & Development Capital Schemes**

6.2 Proposals funded through ‘unsupported borrowing’ on the General Fund impact the ‘Minimum Revenue Provision’ (MRP) estimate for future years, which effectively is a method of calculating the estimated repayment of that internal borrowing. MRP is funded through revenue, and so an increase in capital expenditure plans funded through unsupported borrowing, increases expenditure on the General Fund in respect of MRP.

6.3 The total General Fund programme for 2025/26 is £8,119,718. The programme constitutes a continuation of existing capital schemes, the programme at **Appendix 3** includes capital programme items approved as part of previous the year’s budget process carried forward.

6.4 There is one new funding proposal relating to this Committee for £50,000 in 2025/26 and £50,000 per year thereafter in 2026/27 and 2027/28.

**Swadlincote Town Centre Grant Scheme** – The Scheme has been investing in the visual appearance of Swadlincote Town Centre since 2017. The capital grant scheme has been successful with the remainder of the earmarked reserve being utilised in 2024/25. Therefore, a proposal has been submitted to continue the scheme through

General Fund resources. A separate report will be presented to this Committee with additional details of the scheme.

## **7.0 Corporate Implications**

### **Employment Implications**

7.1 There are no direct employment implications arising from this report. However, a number of the indicative proposals will likely have employment implications through the creation of new posts to be added to the council's staffing establishment. These requests will be considered by the relevant committee in January/February 2025 and associated employment implications clearly set out.

### **Legal Implications**

7.2 There are no direct legal implications arising from this report. The draft budget has been developed on a series of requirements of the Council in line with legal and regulatory requirements around service provision. Should indicative proposals have specific legal implications, these will be clearly set out in the forthcoming reports on this Committee Agenda.

### **Council Plan Implications**

7.3 This draft budget has been prepared to support the delivery of the Council's new Council Plan.

### **Risk Impact**

7.4 This draft budget has been prepared to support the effective management of service risk. A full risk register will be presented as part of the Council Plan for 2025/26.

## **Community Impact**

### **Consultation**

8.1 As detailed in the report, relevant stakeholders in the business community will be written to and views on the budget proposals are sought, in line with the Council's statutory duty to consult ratepayers.

8.2 In addition, between (circa) the early-December 2024 and mid-February 2025 wider public consultation will take place via the Council's website and at Area Forums.

8.3 All consultation feedback received will be collated and reported as part of the final budget report in February 2025.

### **Equality and Diversity Impact**

8.4 A full Equalities Impact Assessment (EIA) will be undertaken on the budget and presented to the Finance and Management Committee and Council as part of the final budget approval process.

### **Social Value Impact**

8.5 Where relevant, the social value impact of proposals will be set out in the forthcoming reports on this Committee Agenda.

### **Environmental Sustainability**

8.6 Where relevant, the environmental impact of proposals will be set out in the forthcoming reports on this Committee Agenda.

### **9.0 Background Papers**

9.1 Report to Finance and Management Committee, 3 October 2024, "Budget Setting Approach 2025/26".

9.2 Consolidated Draft Budget Report 2025-26 and Medium-Term Financial Plan to 2029-30.



