

## London Borough of Hammersmith & Fulham

**Report to:** Social Inclusion and Community Safety Policy & Accountability Committee

**Date:** 1 February 2023

**Subject:** 2023 Medium Term Financial Strategy (MTFS)

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### SUMMARY

Cabinet will present their revenue budget and Council Tax proposals to Budget Council on 23 February 2023. In the face of worsening economic conditions and tightening financial constraints, the budget protects council services, particularly those that support the poorest and most vulnerable in society.

The London Borough of Hammersmith & Fulham (LBHF) is unique in providing free breakfasts to school children, abolishing home care charges, establishing a local Law Enforcement Team to keep our streets safe and clean, maintaining weekly bin collections across the borough, and stopping the use of bailiffs to collect Council Tax debt. Despite unprecedented levels of inflation eroding council spending power, the budget protects these key services.

The cost-of-living crisis is affecting residents across the borough. With rising inflation, energy bills, and food costs many residents will be struggling to get by, and in need of additional support. This is why the budget includes new provisions of nearly a million pounds to help tackle the increasing cost of living.

The Local Government Finance Act 1992 obliges the council to set a balanced budget, and this is what is proposed. Government resource assumptions that are used to calculate Government grant for LBHF, model the council increasing Council Tax by 2.99% in 2023/24. Over the last eight years, the council has cut or frozen Council Tax five times, with the Band D charge has reducing by 10% in real terms. As a result, Council Tax in LBHF is 35% lower than the London average. The council proposes to apply the 2.99% increase for 2023/24.

The government has modelled an adult social care precept since 2016/17. Government funding modelling assumes that this has been applied every year since its inception despite LBHF choosing to apply it for only two of the past eight years. Due to the continued high levels of demand and inflationary pressures in the social care market and the government's continued failure to propose a long-term funding solution to social care funding, the council proposes to apply the 2% adult social care levy for 2023/24.

This report sets out the budget proposals for the services covered by this Policy and Accountability Committee (PAC). An update is also provided on any proposed changes in fees and charges in the budget.

## RECOMMENDATIONS

1. That the Policy and Accountability Committee (PAC) considers the budget proposals and makes recommendations to Cabinet as appropriate.
2. That the PAC considers the proposed changes to fees and charges and makes recommendations as appropriate.

**Wards Affected:** All

| Our values                                 | Summary of how this report aligns to the H&F values  |
|--|--|
| Being ruthlessly financially efficient     | We need to always confirm that spend fits our council's priorities; challenge how much needs to be spent; and achieve results within agreed budgets. Finance is everyone's business and every penny counts.  |
| Creating a compassionate council           | As the Council's resources have been reduced, we have protected the services on which the most vulnerable residents rely. This budget continues all our previous policies to support residents and also proposes new spending on care packages for disabled children and additional resources to help residents through the cost-of-living crisis. |
| Building shared prosperity                 | A significant proportion of services are delivered in partnership with local and national companies, and this will continue to promote all business sectors to the benefit of residents. In addition, there will be increased investment in the Industrial Strategy Delivery and the development and promotion of the STEAM sector strategy.       |
| Doing things with residents, not to them   | The use of co-production across the Council is embedded and all service matters are developed with the engagement of residents. The Council is continuing the REAP Programme to improve residents' access to the services.   |
| Taking pride in H&F                        | The budget proposals include significant investment in public realm services especially waste collection, street cleaning and open/park spaces. Our new waste contract includes provisions to tackle fly-tipping and collection of food waste.   |
| Rising to the challenge of the climate and | The Council has established a Climate Change Team and the Team has developed a Climate and Ecology Strategy (and is making a significant contribution to the international   |

| <b>Our values</b>    | <b>Summary of how this report aligns to the H&amp;F values</b>  |
|----------------------|---|
| ecological emergency | and national policy debates). It is also securing grants from national programmes to help with improvements of the thermal efficiency of Council properties and homes). |

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## Background Papers Used in Preparing This Report

None

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## DETAILED ANALYSIS

### The Budget Requirement and Gap

1. The gross General Fund budget<sup>1</sup> rolled forward from 2022/23 to 2023/24 is £539.6m of which a **net budget requirement of £166.6m** is funded from council resources (such as Council Tax and business rates) and general government grant.

**Table 1 – Budget rolled forward from 2022/23**

| <b>2022/23 Budgeted Expenditure</b>   | <b>£m</b>    |
|---|--------------|
| Housing benefit payments  | 91.2         |
| Social care and public health   | 118.1        |
| Children's services   | 123.6        |
| Economy   | 49.4         |
| Environment (includes parking)  | 108.1        |
| Corporate (Finance, Resources and council wide)                                     | 49.2         |
| <b>Gross budgeted expenditure</b>   | <b>539.6</b> |
| Less:   |              |
| Specific government grants (including housing benefits and dedicated schools grant) | (239.8)      |
| Fees and charges  | (68.0)       |
| Contributions (e.g. health)   | (47.0)       |
| Other income (e.g. investment interest, rentals, and recharges)                     | (18.2)       |
| <b>Budget requirement rolled forward from 2022/23</b>                               | <b>166.6</b> |

2. The budget proposals for 2023/24, and forecast to 2026/27, are summarised in Table 2. A balanced budget is projected for 2023/24 based on several key assumptions regarding resources and expenditure.

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<sup>1</sup> Figures exclude capital charges and internal service level agreements. These have a net nil impact on the budget.

**Table 2 – Budget summary**

|   | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> |
|---|----------------|----------------|----------------|----------------|
|   | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| <b>Base budget</b>  | <b>166.6</b>   | <b>164.9</b>   | <b>163.2</b>   | <b>161.5</b>   |
| Pay and price inflation   | 13.6           | 21.6           | 27.6           | 33.6           |
| Additional pay inflation (on-going effect of award in 2022/23)                | 3.8            | 3.8            | 3.8            | 3.8            |
| Additional investment in key services and priorities                          | 10.7           | 16.7           | 22.7           | 28.7           |
| Contribution to cost-of-living support (one-off) / Council Tax support scheme | 0.9            | 0              | 0              | 0              |
| Increase in the net cost of borrowing   | 0.6            | 1.0            | 1.0            | 1.0            |
| Concessionary fares demand  | (2.2)          | 1.1            | 3.1            | 3.1            |
| Recognition of current income projection                                      | (2.0)          | (2.0)          | (2.0)          | (2.0)          |
| Income from investment of cash balances (one off in 23/24)                    | (5.0)          | 0              | 0              | 0              |
| Employee budget management  | (2.5)          | (2.5)          | (2.5)          | (2.5)          |
| Reversal of employers National Insurance Contributions (1.25%)                | (1.3)          | (1.3)          | (1.3)          | (1.3)          |
| Efficiencies and Savings Proposals  | (2.9)          | (4.0)          | (4.8)          | (5.5)          |
| Contribution to contingencies   | 5.3            | 5.3            | 5.3            | 5.3            |
| <b>Gross budget requirement</b>   | <b>185.6</b>   | <b>204.7</b>   | <b>216.2</b>   | <b>225.8</b>   |
| General grants  | (53.0)         | (54.1)         | (54.7)         | (55.2)         |
| Locally retained business rates   | (59.4)         | (59.5)         | (60.7)         | (61.9)         |
| Council Tax (4.99% increase in year 1 assumed then freeze)                    | (73.3)         | (73.9)         | (74.6)         | (75.2)         |
| <b>Gross budget gap – cumulative</b>  | <b>0.0</b>     | <b>17.1</b>    | <b>26.1</b>    | <b>33.2</b>    |

### **Budget assumptions**

#### **Inflation**

3. The Consumer Price Index (CPI) for October 2022 is 11.1%, its highest level for 40 years, in part due to the recovery from the pandemic, the impact of Brexit and recent global events such as the invasion of Ukraine. The Office of Budget Responsibility is forecasting inflation of 7.4% during 2023 which will impact both Hammersmith and

Fulham staff costs and suppliers. The 2023/24 budget includes a **£13.6m provision for inflation**. This allows for:

- Contract and external services inflation of £7.6m.
  - £6.0m provision for a 2023/24 pay award (this equates to a 5.0% pay award)
  - Beyond 2023/24, headroom of £8m per annum is modelled for future inflation in 2024/25 and a further £6m in 2025/26 and 2026/27.
4. The on-going impact of the pay award from April 2022 will cost £3.8m (this was funded from the one-off use of policy contingencies in 2022/23).
  5. In September 2022, a previously agreed 1.25% increase in employers' National Insurance Contributions was withdrawn by the Chancellor of the Exchequer, with effect from the 6th of November. The impact of this for the council is a reversal of the £1.3m set aside in the MTFS from 2023/24.
  6. A reduction of £2.5m is proposed on our employee spend (this is 2% of total estimated spend and represents about 40 posts). It is expected that this will be managed through natural turnover, management of recruitment and review of the use of agency staff. It is not expected that this will require any voluntary or compulsory redundancies.

### **Fees and Charges**

7. For **fees and charges** levied by the council, the inflation assumption is:
  - They are frozen for Adult Social Care, Children's Services and Housing in line with administration policy.
  - Commercial services that are charged on a for-profit basis, will be reviewed on an ongoing basis in response to market conditions and changed as appropriate, with due authorisations according to the Council constitution.
  - Parking charges and fines are to be set in line with transport policy objectives and not considered as part of the budget process.
  - A standard uplift of 10% is applied for other non-commercial and non-parking fees. The RPI indication for October 2022 was 14.2%.
  - The exceptions to these assumptions for this committee are attached in **Appendix 1**.

### **Other Measures**

8. In addition, further short-term contributions of £2.2m are expected to arise from lower than budgeted contributions to the concessionary fares (freedom pass) scheme. This is due to the impact of passenger usage on public transport in response to the pandemic and changes to ways of working. This is not expected to continue beyond 2023/24 as demand is forecast to return to pre pandemic levels and fares increase.
9. A further one-off saving £5.0m relating to income from investing cash balances as favourable interest rates is assumed (cash balances are expected to be a minimum of £250m during 2023/24 and lower than current levels of more than £300m). This income will be used to balance the budget in 2023/24 and is not expected to continue beyond 2023/24.

## **Government Grant Funding**

10. **General government grant funding** of £53.0m is forecast for 2023/24. This is an increase of £7.8m from 2022/23, however historically, government funding has reduced by £48m from 2010/11 to 2023/24, which represents in real terms a cut of 56%. £5.1m of the increase is not new money but compensation for the government decision not to increase business rates. The level of compensation is linked to the standard CPI rate of inflation. The Revenue Support Grant has increased by £2.2m.
11. No grant allocations are confirmed beyond 2023/24 following the government decision to announce a single year local government finance settlement (LGFS). The lack of future certainty continues to undermine effective medium-term financial planning and the risk of future funding reform and levelling up remains.
12. Ringfenced grants, which can only be used for a specific purpose, are currently forecast to have increased by £3.245m from 2022/23 to 2023/24. This forecast will be updated as further announcements are confirmed. It is assumed that such grants will have a neutral impact on the budget requirement as they will be matched against spend commitments, particularly given the current inflation risks.
13. The 'services grant' which was first allocated in 2022/23 has reduced by over 44% in 2023/24. For modelling purposes the future grant forecast assumes that the services grant will be reduced for future years also. The future of the new homes bonus grant scheme is also uncertain, and the council's allocation has reduced by 43% in 2023/24 compared to 2022/23 and by 77% compared to 2021/22.
14. As part of the LGFS, the government calculated that Hammersmith & Fulham spending power will increase by 9.5% in 2023/24. The government spending power calculation also assumes that authorities will increase Council Tax (including the adult social care precept) by 4.99% and that business rates collection is not adversely impacted by rating appeals or lower collection rates experienced during the Covid-19 pandemic. Taking these into account the Hammersmith & Fulham calculation is that spending power has increased by 2.5%

## **Council Tax**

15. The Council is proud to have the third lowest Council Tax in the country, and to have cut or frozen Council Tax in five of the last eight years. LBHF also has one of the most progressive Council Tax support schemes in the country, with almost half of residents not paying the full amount, and those least able to pay facing no charge at all.
16. The current major national fiscal conditions of high inflation and interest rates have made a Council Tax increase in 2023/24 unavoidable and a 2.99% increase in the LBHF element of Council Tax is proposed. This level of Council Tax increase reflects the assumption that has been made by the government in the Autumn Statement on the 17 November by the Chancellor and assumed in the funding settlement for local authorities. The additional income will fund increasing costs and support investment in, and protect, key services for residents and strengthen future financial resilience. The

increase is equivalent to £25 for 2023/24 (at Band D). The Council Tax charge for LBHF is the third lowest in the country and 35% below the London average charge.

17. The council is also proposing to levy a 2% adult social care precept (again in line with government funding assumptions). The increase is equivalent to £16 per annum for 2023/24 (at Band D) and will be used to support Adult Social Care services. The continued delay in the national review of the funding of adult social care is a major concern and the government is continuing with its strategy of using an adult social care precept (since 2016/17). In the first years of the levy, the council were determined not to apply the levy despite the fact the council's funding from the government was modelled on the assumption that it would. Due to the continued high levels of inflation and instability in the social care market, the impact of the Covid-19 pandemic and the government's continued failure to propose a long-term funding solution to social care funding, the council accepted the need for a 3% adult social care levy for 2021/22 but it was not applied in 2022/23.
18. As set out in table 4 below, it is estimated that 47% of residents will not be required to pay the full increase (as they will be supported through the single person household discounts, Council Tax support and exemptions).
19. Due to the anticipated impact of Covid-19 the budgeted Council Tax collection rate reduced from 97.5% in 2020/21 to 97% in 2021/22 and 2022/23. A 97% collection rate is modelled for 2023/24. For years beyond 2023/24 a tax freeze is modelled with the tax base increasing in line with trend data for increases in dwelling numbers.

**Table 4: Liability for Council Tax at October 2022**

|   |               |
|---|---------------|
| Total dwellings in the borough  | 93,165        |
| Reductions:   |               |
| Exemptions (mainly students, includes care leavers and vacant properties) | (3,871)       |
| Council Tax support claimants (elderly & working age on low income)       | (10,143)      |
| Single person discount (25% discount)                                     | (29,505)      |
| <b>Dwellings liable for 100% of Council Tax</b>                           | <b>49,646</b> |
|   | <b>53%</b>    |

### **Business Rates**

20. The current estimate for business rates assumes that the business rates income will be the minimum guaranteed within the business rates retention system (the safety net threshold). The government have confirmed that they will compensate local authorities for all changes they make to the business rates system.
21. The forecast assumes that LBHF will receive the minimum amount guaranteed, the safety net threshold, by government. This is £59.4m for 2023/24. For years beyond 2023/24 a 2% inflationary increase to the safety net is modelled.
22. As part of the Autumn Statement the Chancellor of the Exchequer announced that a new temporary 50% business rates relief will apply for eligible retail, hospitality and leisure properties. In addition, a new 100% improvement relief will be available where

eligible improvements increase rateable value. There will also be a business rates freeze in 2023/24 (no increase in line with the multiplier). Local authorities will be compensated by the government for the resultant loss of income from these measures.

## Investment, savings and risks

23. There are no proposed investments (increasing the available budget) or savings (reducing the available budget) for the services covered by this PAC.

### Investment

24. Across the Council, additional investment of £10.7m is being provided following the budget setting and review process, as summarised in Tables 5 and 6.

**Table 5: 2023/24 Investment Proposals**

| <b>Proposal</b>   | <b>£'m</b>  |
|---|-------------|
| Social Care (including hospital discharge and demographic growth)         | 4.1         |
| Waste collection (fly tipping and food waste)                             | 1.7         |
| Free breakfasts (and extension for secondary schools)/Out of term support | 1.7         |
| Homelessness services (temporary accommodation)                           | 0.9         |
| Disabled children care packages/Care leavers and family hubs              | 0.5         |
| Other policy priorities   | 1.3         |
| Other unavoidable pressures (loss of advertising income, audit fees)      | 0.5         |
|   | <b>10.7</b> |

**Table 6: Categorisation of investment proposals**

| <b>Analysis of Investment</b>           | <b>£m</b>   |
|---|-------------|
| Increase in demand / demographic growth | 6.9         |
| Resident priority                       | 2.4         |
| Budget pressure                         | 1.0         |
| Government related/Other Public Bodies  | 0.4         |
| <b>Total</b>                            | <b>10.7</b> |

25. A provision of £0.9m has been set aside to support residents on the cost-of-living pressures and to consider further developing the Council Tax support scheme for those least able to afford Council Tax.

### Savings and Income Generation

26. After ten years of austerity, it is increasingly difficult to identify and deliver substantive savings. However, further savings are necessary if the financial challenge of real terms government funding cuts, unfunded burdens, inflation, and demand and growth



pressures is to be met and the council has been able to find these. In the future, the council must consider all available options to operate within the funding available to it.

27. The proposed savings for the Council (including additional income) for 2023/24 are set out in Table 7.

**Table 7: 2023/24 firm savings and additional income**

| <b>Proposal</b>  | <b>£m</b>    |
|--|--------------|
| Improving commissioning of children's services   | (0.7)        |
| Greater use of digital technologies to improve support and services in social care (e.g. timely return of equipment) | (0.5)        |
| Working with NHS to improve hospital discharge and independent living)   | (0.4)        |
| Resident Engagement and Access Programme   | (0.2)        |
| Lower waste tonnages (impact of awareness programmes)  | (0.2)        |
| Joint commissioning of extra care services   | (0.2)        |
| Other (mainly social care procurement, Direct Payments)  | (0.7)        |
| <b>Total savings</b>   | <b>(2.9)</b> |

28. The savings proposals are categorised by type in Table 8.

**Table 8: Categorisation of 2023/24 savings**

| <b>Savings categories</b>                                 | <b>£m</b>    |
|---|--------------|
| Commercialisation / income                                | (0.1)        |
| Procurement / commissioning                               | (0.9)        |
| Service reconfiguration                                   | (1.5)        |
| Service rationalisation/budget reduced in line with spend | (0.2)        |
| Prevention  | (0.2)        |
| <b>Total savings</b>                                      | <b>(2.9)</b> |

### **Risk and financial resilience**

29. An updated reserves strategy and action plan will be included within the suite of finance reports presented to Budget Council.
30. The current reserves forecast is set out in Table 9 and models a fall in overall general fund reserves and balances to £76.1m by 2027/28. This assumes a balanced budget is set each year with no further call on reserves.

**Table 9 – Reserves and general balances - cash flow forecast to 2027/28**

|   | <b>April 2023<br/>£m</b> | <b>April 2024<br/>£m</b> | <b>April 2025<br/>£m</b> | <b>April 2026<br/>£m</b> | <b>April 2027<br/>£m</b> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Opening Balances</b>                         |                          |                          |                          |                          |                          |
| General balance (recommended range £19m - £25m) | 23.3                     | 23.3                     | 23.3                     | 23.3                     | 23.3                     |

|                                   | <b>April<br/>2023<br/>£m</b> | <b>April<br/>2024<br/>£m</b> | <b>April<br/>2025<br/>£m</b> | <b>April<br/>2026<br/>£m</b> | <b>April<br/>2027<br/>£m</b> |
|-----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Opening Balances</b>           |                              |                              |                              |                              |                              |
| Earmarked reserves – unrestricted | 41.7                         | 40.7                         | 43.2                         | 43.2                         | 43.2                         |
| Earmarked reserves – restricted   | 7.5                          | 7.5                          | 7.5                          | 7.5                          | 7.5                          |
| <b>Sub-total</b>                  | <b>72.5</b>                  | <b>71.5</b>                  | <b>74.0</b>                  | <b>74.0</b>                  | <b>74.0</b>                  |
| Covid related                     | 2.3                          | 2.1                          | 2.1                          | 2.1                          | 2.1                          |
| <b>Total</b>                      | <b>74.8</b>                  | <b>73.6</b>                  | <b>76.1</b>                  | <b>76.1</b>                  | <b>76.1</b>                  |
| <i>Developer contributions</i>    | 46.0                         |                              |                              |                              |                              |

31. The Covid-19 pandemic has emphasised that councils need an adequate safety net to manage increased levels of financial risk. The experience of several councils over recent years, including Thurrock, Croydon, and Bexley in London, has shown the difficulties that can arise when reserves are not maintained at a sufficient level. The Council’s reserve forecast includes a general balance of £23.3m at the start of 2023/24 which represents 4.3% (equivalent to 16 days spend) of the Council’s gross spend of £539.6m. The Director of Finance has recommended that the optimal range for the general balance is between £19m and £25m.

### **Key Risks**

32. The key financial risks that face the Council have been identified. Other substantive risks include:
- The Covid-19 recovery and addressing pent-up demand
  - An upturn in inflation post Brexit and Covid-19
  - Higher pay inflation particularly given current labour shortages
  - The stabilisation and restoration of Hammersmith Bridge, with the Council incurring revenue and capital costs at risk until government funding is confirmed
  - The future impact on London of the government’s ‘levelling-up’ agenda and wider local government finance reform (such as business rates)
  - The impact of the wider economy on major council development projects and future contributions from developers
  - The impact of, and costs of, tackling climate change
  - The challenge of identifying further significant future savings that balance the budget over the longer-term.

Departmental risks for the services covered by this PAC are set out in Appendix 2.

33. Reserves are also a key enabler for future service transformation. The financial challenge facing the council will require investment to deliver future efficiencies to enable the council to balance the budget in future years.

## **Comments of the Strategic Director of Environment on the Budget Proposals**

### Strategic service context

34. The Environment department is responsible for the delivery of a wide range of universal services to the residents of Hammersmith & Fulham including:
- Safer Neighbourhoods and Regulatory Services - Community Safety, Regulatory Services, Building Control, Technical Support
  - Public Realm - Climate Change, Highways, Transport, Parking, Street Environment Services,
  - Leisure, Sport and Culture - Libraries, Parks, Cemeteries, Leisure Centres, Sports Bookings, Events and Filming; and
  - Resident Services - Customer Services, Benefits and Revenues.
35. The Environment department continues to review and challenge current service delivery models and budgets, to ensure that services are effective and efficient, and reflect the council's priorities. Some notable examples are:
- Actively working with the council's Contract Assurance Board to reprocure and review some of our major external service contracts. For example, selecting a new waste and street cleansing contractor following a full reprocurement process on the open market (£15m annual contract value), that both protects current service levels and also provides for new services (such as food waste collections).
  - Securing the continuation of a reduced waste disposal fee for recycling (saving £0.3m annually), and insourcing the sports bookings service.
  - Maximising external income. Targeting £12m in commercial income from a broad range of services, including commercial waste, highways, sports bookings and leisure centres, building control, events, filming and markets.
  - Tackling crime and antisocial behaviour through the Law Enforcement Team and Gangs Unit, at no extra cost to residents (£2.2m annual funding from secured developer contributions)
  - Tackling the Climate Change emergency by securing the biggest grant awarded to date by The Office of Zero Emission Vehicles for the installation of more than 2,000 electric vehicle charging points across the borough (£4.2m)
  - Implementing the council's ethical debt policy to support those unable to pay their council tax, helping them get into a position where they can pay rather than sending in bailiffs.
  - Continuing our programmes of service improvement. For example, investing in technology to improve resident experience and access to our services (notably via the Resident Experience and Access Programme which will save more than £0.8m per year while improving residents' access to key council services) and restructuring a number of services such as environmental health and regulatory services.

36. As well as maximising efficiency from current service budgets, the Environment department is helping to mitigate the significant medium-term financial challenges faced by the council by minimising the need for new budget growth.

### Financial Performance

37. The Environment department continues to have a strong financial management record including reacting to in-year spending pressures as necessary. Spending in 2021/22 was under budget (£0.067m underspend compared to the budget, excluding Parking services), allowing for a positive contribution to council balances. For 2022/23 the department is facing financial challenges relating to the cost-of-living crisis (particularly relating to high inflation on external contracts and rising energy costs), and also relating to vital works on Hammersmith Bridge to ensure the bridge can be reopened to traffic at the earliest opportunity (works being undertaken at risk as funding has not yet been confirmed by the Department for Transport). Officers are working hard to balance the year-end outturn in line with budget (forecast overspend of 6% at month 6). It is expected that the cost-of-living crisis will continue to have a major impact on both the demand for the department's services and its budget in 2023/24.

### Budget 2023/24

38. The Environment department revenue budget for 2023/24 is summarised at directorate level in the table below.

**Table 10 – Environment department budget 2023/24**

| <b>Service</b>                               | <b>Expenditure<br/>£000</b> | <b>Income<br/>£000</b> | <b>Net Budget<br/>£000</b> |
|--|-----------------------------|------------------------|----------------------------|
| Safer Neighbourhoods and Regulatory Services | 17,740                      | (8,673)                | 9,067                      |
| Public Realm                                 | 50,606                      | (9,302)                | 41,303                     |
| Leisure, Sport and Culture                   | 10,262                      | (4,059)                | 6,203                      |
| Resident Services                            | 17,824                      | (6,874)                | 10,950                     |
| <b>Total</b>                                 | <b>96,431</b>               | <b>(28,908)</b>        | <b>67,523</b>              |

39. The net budget is £67.523m and will ensure the continued investment of resources in key services for residents. In particular, the following matters should be noted:
- additional investment of £1.7m will be made in the new waste and street cleansing contract, following expiration of the existing contract. Service costs have increased due to a number of factors, including inflationary pressures on all operational costs, extra resource requirements from additional services (such as food waste collections) and growth in the number of properties in the borough (meaning increased waste collection requirements). None of the existing services residents currently enjoy will be lost in the new contract, and at least weekly bin collections will be maintained.
  - contractual inflation on externally provided services has been allowed for in the budget (£1.4m in total). It should be noted that inflation is continuing to rise at unprecedented levels, and so a significant budget risk exists in relation to this for

2023/24. The council will continue to work with contractors and suppliers to minimise any adverse impact and secure agreement to temporarily vary contract conditions where possible.

- savings of £0.5m will contribute to the setting of a balanced budget for the council. These are intended to preserve and improve front line services and will be delivered through the transformation and reconfiguration of services, procurement savings and increased income generation.

#### Environment fees and charges

40. The Environment department provides an extensive range of services to local businesses and residents that are chargeable, such as commercial waste, building control, licensing, and leisure centres. The department is proposing the recommended council inflationary uplift of up to 10% on fees and charges from April 2023, except for the fees and charges relevant to this PAC set out in Appendix 1. Statutory charges which the department cannot influence, will be set according to the relevant statute. Where proposed changes require consultation under statute, this will be undertaken, as necessary.

#### **Equality Implications**

41. A final Equality Impact Analysis (EIA), which assesses the impacts on equality of the main items in the budget proposals will be reported to Budget Council in February 2023.

#### **LOCAL GOVERNMENT ACT 2000** **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

| <b>No.</b> | <b>Description of Background Papers</b> | <b>Name/Ext. of holder of file/copy</b> | <b>Department/ Location</b> |
|------------|---|---|-----------------------------|
| 1.         | None                                    |   |                             |

#### **List of Appendices:**

Appendix 1 – Fees & charges not increasing at the standard rate

Appendix 2 – Risks