

Surrey Heath Borough Council
Executive
18 July 2023

Base Budget Review Outcome Report

Portfolio Holder:	Cllr Leanne MacIntyre
Strategic Director/	Bob Watson – Finance and Customer Service
Report Author:	Parav Degun – Support Officer
Key Decision:	Yes
Date Portfolio Holder signed off the report	5 July 2023
Wards Affected:	All

Summary and purpose

This report presents the background and initial findings of the current Base Budget Review process at Surrey Heath Borough Council (SHBC). It puts forward the efficiencies, savings and income generation options that have been identified by officers, detailing the suggested proposals and the projected savings.

The proposed savings will enable the Council to meet its budget targets for 2023/24 as set out in the Council's Medium Term Financial Strategy (MTFS), as well as ensuring the Council continues to pursue the policy agreed with members that rather than cutting services, the Council should deliver efficiencies and increase income where possible.

Recommendation

The Executive is advised to RESOLVE that

- (i) the proposals set out in section 4 of this report be agreed; and
- (ii) responsibility for the implementation of the proposals agreed by the Executive and the associated adjustment of relevant in-year budget totals and Medium Term Financial Strategy totals be delegated to the Director of Finance and Customer Service.

1. Background and Supporting Information

- 1.1 Surrey Heath Borough Council, along with most local authorities, continues to face significant challenges in providing essential services to meet the needs of residents within the level of resources it has at its disposal. This is exacerbated by a combination of increasing and more complex local demand and uncertainty over future government funding arrangements. In addition, these issues took on a new dimension with the impact of the cost of living crisis and high inflation across many of the Council's base-budget costs.
- 1.2 Surrey Heath Borough Council has traditionally set budgets that have been balanced and allowed for a small return of in-year surpluses to the general fund balance. However, since 2018/19 there has been a budgeted drawdown on reserves. The impact of Covid-19 and the current cost of living crisis has also required additional larger in-year drawdowns of the general fund balance.
- 1.3 In 2022/23, the Council had an efficiencies target of £475,000, to be achieved through a combination of services efficiencies, increases in income and potentially service reductions. During that year, the Council services identified £647,500 of in-year base budget savings, which were agreed at its Executive in June 2022.
- 1.4 As outlined in the Council's Medium Term Financial Strategy for 2023/24 to 2026/27, the Council has a further efficiencies target of £1.200 million, to be achieved through a combination of further services efficiencies, increases in income and potentially service reductions.
- 1.5 This target is spread over the four years of the strategy as follows:

£'000	2023/24	2024/25	2025/26	2026/27
Budget Review	(500)	(350)	(200)	(150)

- 1.6 The proposals to meet these targets have been identified through the Council's current Base Budget Review, involving a root and branch, output-based budget review for all services of the Council which commenced in April 2023.

2. Reasons for Recommendation

- 2.1 The Council is required to meet the targets outlined above to ensure it can progressively bring expenditure back to a sustainable position and not have to continue to be reliant on its reserves to balance the budget.

3. Process Followed

- 3.1 A Base Budget Review process was proposed in order to generate the £1.200 million of savings as recommended in the MTFs, with an aspiration to stretch as many savings as possible, with the intention to progressively bring the budget back to a sustainable position by maximising the delivery of efficiencies and income generation.
- 3.2 There was a need to begin the process immediately to gain the full effect in the current financial year.
- 3.3 The process involved a series of meetings across all service areas in the Council. Present at each meeting was the Leader of the Council, the Finance Portfolio Holder, and the relevant Portfolio Holder for the service area being considered; these were supported by the Chief Executive, the Strategic Director Finance and Customer Services and the relevant heads of service and officers for each service area.
- 3.4 In these meetings, officers presented a summary of their service, their deliverables and potential efficiency, savings, and income generation proposals, including the possible implications of these proposals being taken forward. These were discussed with members who then indicated which proposals were favourable and had the potential to be taken forward.
- 3.5 The outputs from these meetings are summarised in the table below and in more detail in Section 4.

	2023/24	2024/25	2025/26	2026/27
Finance and Customer Service	(156,000)	49,000	24,000	(1,000)
Planning Services	(4,750)	(5,000)		
Legal and Democratic Services	(3,600)	(4,000)		
Environment and Community	(317,750)	(266,500)	(52,000)	(76,000)
HR, Performance and Communications	(17,700)	(10,000)		
Investment and Development	(30,000)	(50,000)	(30,000)	
Total	(529,800)	(286,500)	(58,000)	(77,000)

4. Proposals

4.1 The following tables outline only those proposals which were recommended through the Base Budget Review process, which involved both service managers and relevant Portfolio holders as well as the Chief Executive and Director of Finance and Customer Service.

Finance and Customer Service

4.2 Accountancy and Procurement

Proposal	2023/24	2024/25	2025/26	2026/27
Increase in treasury income from short term deposits. Rising interest rates are generating better returns on cashflow management treasury investments. This is expected to drop back as rates start to decrease in later years.	(100,000)	50,000	25,000	

4.3 Revenue & Benefits

Proposal	2023/24	2024/25	2025/26	2026/27
Increase in take-up in self-service through continued roll out of Citizens Access software purchased from NEC (R&B supplier), Increased take-up will result in channel shift away from hard copy bills generating an efficiency in printing and postage costs.	(1,000)	(1,000)	(1,000)	(1,000)
Surplus on grant income over costs when receiving new burdens (s.31 grant) by flexible use of work force and appropriate reward strategies.	(15,000)			

4.4 Customer Service

Proposal	2023/24	2024/25	2025/26	2026/27
Review of staffing requirements based on current opening hours and given that face-to-face visitor numbers have not returned to pre-Covid levels while use of other channels has increased.	(40,000)			

Planning Services

4.5 Development Management

Proposal	2023/24	2024/25	2025/26	2026/27
Improve internal processes, including consultee responses and role of Validation Team.		(5,000)		

4.6 Technical Services & Land Charges

Proposal	2023/24	2024/25	2025/26	2026/27
To charge for an admin fee when validating planning applications if applications remain invalid and are fully returned back to the applicant on a sliding scale 25% to 50%. (figure based on retaining 25% of fees returned 2022/23)	(4,750)			

Legal and Democratic Services

4.7 Legal and Democratic Services

Proposal	2023/24	2024/25	2025/26	2026/27
Member Training - reduction of budget		(4,000)		
Fully paperless meetings (approx. cost of £75 per councillor in 3 months) - 12 Cllrs currently not opted for paperless. This would be a corporate saving.	(3,600)			

Environment and Community

4.8 Recreation and Leisure

Proposal	2023/24	2024/25	2025/26	2026/27
Removal of the power station at London Road Rec. (spend to save) c.£15k (funding to be identified) cost to remove annual standing charges of £10,560, £880 per month) Lead in time for work means a partial saving this year.	(2,600)	(7,900)		

Bring forward further concessions within the parks (partial income possible this year).	(1,500)	(1,500)		
Increase income for events in Frimley Lodge Park as demand for events has increased and repeat bookings are being made. (Full year as events are only in the summer).	(5,000)	(5,000)		
Increase income for sports bookings	(10,000)			
Reduce number of grass cutting in the borough (£1.5k per cut, assumption of removing 1 cut per annum)	(1,500)	(1,500)		

4.9 Climate Change

Proposal	2023/24	2024/25	2025/26	2026/27
Install two additional EV chargers at Main Square carpark with an expected income of £3,000 income per charger. (NB: if install too many, that will reduce this value)		(6,000)		
Change ground Floor SHH lighting to LED's and install sensors in hallways/offices to turnoff when not in use, quote for work pending. (Initial one-off funding would need to be sourced).		(2,000)		

4.10 Housing

Proposal	2023/24	2024/25	2025/26	2026/27
Temporary accommodation - Temporary accommodation is provided by Accent. The Council is now working with Accent to be more efficient in meeting the needs of the community for temporary accommodation and based on current levels of demand.		(15,000)		

<p>Improved use of Private Rental Sector - Emergency accommodation costs can be reduced with improved access to the private rented sector. £50,000 grant funding has been identified to cover rent 'guarantees'. This will overcome residents being unable to enter the sector due to not having a guarantor. The ringfenced funding will need to be held for the term of the liability across financial years. Additional grant can be added to the fund if successful. This ongoing commitment is more attractive to landlords than one off incentives. If 12 families are diverted from B&B placements lasting 6 weeks this will save c.28,190 p.a.</p>	<p>(10,000)</p>	<p>(15,000)</p>		
<p>Home Improvement Agency (private commissions and Occupational Therapy work) Occupational Therapy (OT) private work: once the OT is established in the Team there is an option to offer additional services to residents who need help adapting their homes who are able to fund works themselves and do not qualify for Disabled Facilities Grant. This could be from one off OT reports (something social landlords and Surrey County Council may be interested in commissioning as well as individuals. Private firms charge £200-500 per assessment) to managing projects from recommendation to completion (current fee structure means that every £50,000 worth of work would generate £4,500 income, an extension at £120,000 when generate £10,800). If this part of the business was successful greater fee income would be generated by additional inhouse skills.</p>		<p>(20,000)</p>		

4.11 Family Support

Proposal	2023/24	2024/25	2025/26	2026/27
A decision has been made not to re-recruit to a vacancy, and to share the workload amongst the current officers .	(35,000)	(7,000)	42,000	
The Resettlement Team Leader role was expected to be a cost to 23/24, however the decision was made to end this role in January 2023 and not re-recruit to this post.	(59,000)	59,000		
Homes for Ukraine (H4U) Team Leader temporary secondment will be returning to permanent position and budget will be saved until funding expired.	(29,000)	29,000		

4.12 Environmental Health and Licensing

Proposal	2023/24	2024/25	2025/26	2026/27
New service offered - new fee income for export health certificates	(300)			
Do not renew the Out of Hours (OOH) Noise Service when current 1 year contract ends based on very low levels of demand. Current costs £22,000 p.a. The Council will retain £2,000 for overtime payments for OOH visits covered by in-house officers..		(20,000)		

4.13 Community Services

Proposal	2023/24	2024/25	2025/26	2026/27
Use Disabled Facilities Grant money to replace the revenue budget provided to Community Alarm service to purchase digital technology.	(20,000)			
Review of staffing arrangements at Windle Valley Centre/Saturday Club		(20,000)		

Provision of meals to voluntary and community organisations, support with homelessness, school holiday provision	(2,000)	(4,000)		
Review the viability of and requirement for a commercial kitchen to deliver meal provision			(20,000)	

4.14 Camberley Theatre

Proposal	2023/24	2024/25	2025/26	2026/27
Replace old boilers in theatre with new efficient boiler or air source heat pumps. Cost of £75,000 (funding to be identified) payback of 7.5 years. Options to be explored as gov. grant available for additional improvements if the air source heat pumps are invested in e.g. they pay for solar panels and insulation, meaning much greater payback than above.		(10,000)		
Install inverters to air handling units, cost estimate from April last year was £8k payback of 5.5 years.	(1,500)			
Introduce charging for private functions and events – these were suspended during the Covid pandemic and demand has now re-emerged for these events..	(5,000)	(8,000)		
Combine Comedy Festival with Frimley Lodge Live - Higher profile artist for the festival. More up-front cost for artist, ticket prices higher, stall holder fees higher and attendance higher. Costs shared between events.		(10,000)		

4.15 Parking

Proposal	2023/24	2024/25	2025/26	2026/27
Car Wash at Main Square Net Income (based on 2018 figures) *current market rates are being evaluated.	(14,500)			
Town Centre – Sunday charges increase to flat rate of £2.50.	(3,750)			
Increase ALL car parks by 5% (effective from 1st October 2023)	(47,300)	(47,300)		

4.16 Corporate Enforcement

Proposal	2023/24	2024/25	2025/26	2026/27
Salary underspend as a result of change in Structure - Grade 6 replaced with Grade 4 on part-time basis	(13,100)			
Out of Hours Service. Reduce security budget by £5k *Note - Total Security costs for 2022 (two unauthorised encampments) = £7,485.88 against a budget of £22,500.	(5,000)			
Fixed Penalty Notices (payments received)	(1,300)			
His Majesty's Courts & Tribunal Services (Court costs, fines, repaid to SHBC following successful prosecutions at Court).	(2,900)			

4.17 Joint Waste Solutions

Proposal	2023/24	2024/25	2025/26	2026/27
JWS office move - JWS downsizing office space as a result of more agile working post-pandemic (c£5kpa from 2024/25)		(5,000)		

Fees and charges - Increase of fees and charges for existing paid-for services (garden waste, bulky waste) – including progressive alignment with the other Councils in the Joint Waste contract.	(35,000)	(139,000)	(69,000)	(76,000)
Bring sites - Increased income could be sought by introducing additional banks at new or existing locations or adding alternative material stream. (c£2kpa from 2024/25).		(2,000)		
Material Focus funding - Grant funding successfully secured from the Material Focus Electrical Recycling Fund (c£12.5k in 2023/24).	(12,500)			
Additional grant income - More active pursuit of grant income to support expansion of services and street cleaning (£5kpa in 2025/26)			(5,000)	
Sack provision - Stop and/or reduce provision of refuse and recycling sacks to properties that cannot accommodate a wheeled bin (£2-10kpa).		(5,800)		
Consistent approach to cost recovery for the provision of bins for community events, such as Windlesham Fete and Chobham Carnival.		(2,500)		

HR, Performance and Communications (including ICT and Digital)

4.18 ICT and Digital

Proposal	2023/24	2024/25	2025/26	2026/27
Reprographics savings (due to reduction in print usage).	(4,000)			

4.19 Organisational Development

Proposal	2023/24	2024/25	2025/26	2026/27
Internship Programme option 2 – reduce scale of summer internship programme from seven interns for approx. 8 – 10 weeks to four interns for approx. 8 weeks.		(10,000)		

4.20 Communications

Proposal	2023/24	2024/25	2025/26	2026/27
Delete Celebrate Camberley event budget - event last ran in 2021	(5,000)			
Business Breakfast - run on a smaller scale and move line to I&D (this year the event cost £350)	(3,200)			

4.21 Community Development

Proposal	2023/24	2024/25	2025/26	2026/27
Surrey Youth Games- withdraw from games and create a local offer during summer term. Cost for 23/24 not finalised as dependent on number of districts and boroughs joining the games. We know that two have withdrawn and others may follow. If we withdraw a local summer of sports tasters could be programmed from existing budget, drawing on staffing resource from apprentice role and this would ensure commitment continues to engaging deprived communities and those with limited access to sports opportunities in physical activity.	(5,500)			

Investment and Development

4.22 Investment and Development

Proposal	2023/24	2024/25	2025/26	2026/27
Commercialisation of entire Surrey Heath holdings: advertising and promotional sites, sponsorship, etc.	(10,000)	(30,000)	(30,000)	
More robust, planned approach for effective property portfolio management around vacancies and voids.	(15,000)	(15,000)		
Pop up and temporary kiosk licences to generate footfall and income within central mall space and Cambridge Square inc. Amazon (or similar operator) lockers.	(5,000)	(5,000)		

5. Outcome

- 5.1. As it currently stands, the budget target has been exceeded for the current financial year (2023/24) and **£529,800** of efficiencies, savings and extra income have been identified based on the proposals considered in the Base Budget Review process.
- 5.2. It should be noted however, that some of these are 'one-off' savings only. In addition, some of the initiatives will require 'pump priming' as invest to save/spend less projects. The viability and business case for each of these will be assessed before any funds are released.
- 5.3. It is not anticipated that there will be any redundancy costs from the measures highlighted above.
- 5.4. All proposals have been assessed for deliverability and after taking into account the potential for some one-off costs associated with delivery, and the inevitable risk of under-delivery of income proposals, the savings identified in this paper should enable the budgeted target for 2023/24 to be delivered in full.
- 5.5. For the next year (2024/25), the current figure stands at **£286,500**, which includes the reversal of the one-off savings.

- 5.6. The following years, 2025/26 and 2026/27, the current figure stands at **£58,000** and **£77,000**.
- 5.7 In addition to the efficiencies, additional income and service reductions listed in section 4 above, the base budget review panels identified a number of additional options, for which the amounts were still to be confirmed or fully identified. Work on these will continue throughout the current financial year with a view to incorporating any of these in the next iteration of the Medium Term Financial Strategy and the annual budget plan being presented to Council in February 2024. Any in-year efficiencies will be reported as part of the regular budget monitoring and forecast of outturn.
- 5.7. Therefore, while implementing the savings for 2023/24, consideration will need to be given to identifying further savings that are still needed over the remainder of the medium term financial strategy period i.e. 2023/24 to 2026/27.

6. Other Considerations – Corporate Initiatives

- 6.1. In addition to the proposals outlined in the tables above, the Council will take a corporate review of the following:
- 6.1.1. Increasing the commercial culture within the Council to include:
- 6.1.1.1. A review of its fees and charges, with the intention of a full cost recovery and benchmarking exercise to be undertaken.
 - 6.1.1.2. Developing a complete understanding of our cost drivers.
 - 6.1.1.3. A review of all Council procurements and contract management. Better procurement practices will generate potential contract efficiencies in other services; the Council has recently developed its procurement strategy and process. This will include better tender specification and review of current contracts.
- 6.1.2. A review of its business and administrative support functions, looking into the possible development of a business support hub for SHBC, centralised in Finance and Customer Service. This will not generate efficiencies in Finance and Customer Service, but would lead to a corporate increase in professional officer capacity and potentially future cost reduction.

7. Section 151 Officer Comments

- 7.1. The Base Budget Review process has proved very successful in identifying a combination of base budget and one-off budget reductions/increases in income for 2023/24 and Council officers have worked hard to identify

efficiencies, savings and income. There is still some work to be done in the later years of the MTFs, but this is an excellent starting point.

- 7.2. Where there have been budget reductions identified as efficiencies, then these will be taken as budget reductions as there is no impact on service delivery or services to residents and businesses.
- 7.3. The delivery of the efficiencies, savings and income will be monitored throughout the year.

8. Legal and Governance Issues

- 8.1. For each proposed efficiency, budget holders should consider the extent to which consultation is desirable or required and whether there is any need for equality impact assessments. Budget holders should also consider whether any contract variations are needed in relation to contracts with third parties.

9. Monitoring Officer Comments:

- 9.1. The Monitoring Officer has no comments.

Background Papers

Medium Term Financial Strategy 2023/24 – 2026/27