

CABINET**Tuesday, 27th February, 2024**

Present:-

Councillor Gilby (Chair)

Councillors	Holmes	Councillors	J Innes
	Sarvent		Staton
	Baldauf-Good		Stone
	Davies		

*Matters dealt with under the Delegation Scheme

**73 DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS
RELATING TO ITEMS ON THE AGENDA**

No declarations of interest were received.

74 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Serjeant.

75 MINUTES**RESOLVED –**

That the minutes of the meetings of Cabinet held on Tuesday 16th January and Monday 5th February be approved as a correct record and signed by the Chair.

76 FORWARD PLAN

The Forward Plan for the four-month period March, 2024 to June, 2024 was reported for information.

***RESOLVED –**

That the Forward Plan be noted.

77 BUDGET AND MEDIUM TERM FINANCIAL PLAN 2024/25

The Service Director – Finance presented a report asking Cabinet to consider the General Fund revenue budget report for the financial year 2024/25 and the Medium-Term Financial Plan (MTFP) for the period 2024/25 to 2027/28 and to make recommendations to full Council on the budget allocations and Council Tax level.

The Council's Budget Strategy was approved by Council on 19 July 2023. The Budget Strategy report set out the need to drive out savings of at least £2.5m at pace, within a framework that was prudent, responsible, and sustainable.

The Budget Strategy Implementation Plan was presented to Cabinet on 14 November 2023. This report set out a detailed approach to addressing the budget gap following extensive work with the Council's Corporate Leadership Team (CLT) and Cabinet Portfolio Holders, drawing on the thematic interventions set out in the Budget Strategy.

The resulting implementation plan was split into 2 stages. Cabinet approved £539k of stage 1 savings proposals but the Stage 2 savings proposals required further development, including where appropriate engagement or consultation with service users, stakeholders, staff, and trade unions. These proposals were expected to deliver potential savings of between £1.690m and £2.460m.

The Council approved the General Fund Revenue Budget for 2023/24 on 22 February 2023. The budget was constructed in accordance with the Council's budget principles and the 2023/24 budget was balanced with the use of £1.000m from the Budget Risk Reserve.

The period 5 forecast was reported to Cabinet on 14 November 2023 and presented an adverse position of £334k. This forecast deficit for 2023/24 had reduced to £282k at the end of period 8 and included the impact of the Local Government Employers pay offer, which was made in February 2023 and accepted late 2023.

Despite the improved position in the forecast adverse position the Council would need to continue to monitor the financial position carefully over the next month to identify areas where spending could be contained, and

income maximised to ensure projected service expenditures were managed, as a minimum, within approved budgets.

The provisional Local Government Funding Settlement for 2024/25 had been published on 18 December 2023 and proposed an overall increase in Core Spending Power (CSP), of 6.5%. The Government had then announced in January 2024 an additional £600m funding for local authorities. The final Local Government Funding Settlement published on 5 February 2024 confirmed this figure with total CSP for local authorities set at £64,706m. This was an increase in cash terms of 7.5% compared to 2023/24.

Since publication of the Budget Strategy Implementation report, work had been ongoing in relation to reviewing service pressures and updating the budget assumptions to be included within the MTFP. These budget assumptions had been reviewed and updated to take account of known changes, new and emerging service pressures, and inflationary increases. Table 1 in the officer's report detailed the new emerging service pressures.

It was noted that £539k of new stage 1 savings proposals were already built into the draft MTFP. These were largely officer operational decisions or decisions delegated to Cabinet members. The ongoing impact of these savings proposals would be £269k in 2027/28. Details of the individual proposals were set out in Appendix A of the officer's report.

It was also noted that £2,407m of Stage 2 savings proposals had already been achieved for 2024/25, with the ongoing impact set to rise to £2,791m in 2027/28, although some of these were still subject to appropriate consultation and decision making. The full list of savings proposals were detailed in Table 2 of the officer's report.

The overall Council Tax base for 2024/25 had been calculated and set at 30,443.17, an increase of just over 0.7% from 2023/24. To help maintain and protect current levels of service provision the MTFP assumed a Council Tax increase of 2.99% in 2024/25, in line with the referendum limit set by the Government. The Band D Council Tax would increase by £5.54 per annum in 2024/25. For a Band 'A' property (more than half the properties in the Borough), the increase was equivalent to an extra £3.69 per annum.

A 2.99% increase together with the increase in tax base would contribute an additional £72k per annum, over and above that which had been assumed in the original MTFP assumptions, to be invested in local service provision.

The final budget position, showing the movements (increases and decreases) from the original estimates within the MTFP approved in February 2023, was set out in Table 4 of the officer's report. The 2025/26 budget process would require an early focus to allow maximum time for the development and delivery of further budget savings.

Reserves were an important part of the Council's financial strategy and were held to create long-term financial stability. They enabled the Council to manage change and were a key element of its financial standing and resilience. The Council's Reserves Policy was set out in Appendix F of the officer's report, with further details on individual reserves being provided in Appendix G.

The Local Government Act 2003 (section 25) required the Chief Financial Officer (CFO) to report on the robustness of estimates and the adequacy of financial reserves when the statutory calculations to determine the Council Tax were reported. The Council had well established and robust budget processes which had been followed when compiling the 2024/25 budget and medium-term projections.

The savings proposals had also been subject to robust challenge and the MTFP assumed that they would be delivered in full.

As part of the Provisional Local Government Settlement, the Government announced in December 2023 that there would be a continuation of the capital receipts flexibility programme until March 2030, to give local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings.

The Council intended to utilise £1.141m of capital receipts flexibility in 2023/24 and £1.334m in 2024/25. Full details could be found in the Flexible Use of Capital Receipts Strategy Revised 2023/24 and 2024/25 which was attached at Appendix C of the officer's report.

In preparing the budget estimates for the coming financial year and updating the MTFP, detailed consideration had been given to the need for

the Council's finances to be at levels appropriate to enable the Council to deliver in full on the priorities and objectives that it had set out within the Council Plan for the period 2023 to 2027.

***RESOLVED –**

1. That the budget savings proposals described in paragraph 4.54 of the officer's report are approved for immediate implementation.

That it be recommended that Council;

2. Notes the forecast outturn for 2023/24 which presents a deficit for the year of £282k to period 8 (paragraph 4.18) and the further management controls proposed to achieve a balanced outturn position for 2023/24 by year end.
3. Approves the overall revenue budget for 2024/25 (table 4 and Appendix B in the officer's report).
4. Approves the use of £214k from the Budget Risk Reserve to balance the 2024/25 revenue budget (paragraph 4.66)
5. Approves the submission of a proposal to employ flexible use of capital receipts in the financial years 2023/24 and 2024/25 and to delegate the amendment and final approval of this proposal to the Service Director – Finance (CFO), in consultation with the Deputy Leader and Cabinet Member for Finance and Asset Management (paragraph 4.90 to 4.92).
6. Approves the 2024/25 Council Tax Requirement and financing (Appendix H and I in the officer's report).
7. Increases the Council's share of Council Tax for properties in each band, a 2.99% increase for a Band 'D' property in 2024/25 to £190.81 (paragraph 4.61).
8. Approves the Local Council Tax Support scheme which remains unchanged for 2024/25 (paragraph 4.64).
9. Notes the Collection Fund and the Tax Base forecasts (paragraphs 4.60, 4.63 and 4.33).

10. Notes the financial projections in the Medium-Term Financial Plan (MTFP) for 2025/26 to 2027/28 (Table 4 and paragraph 4.68).
11. Approves the estimates of reserves including maintaining the General Working Balance at £1.5m (paragraphs 4.70 – 4.72).
12. Notes the budget risks and sensitivity analysis (Appendix D) and the Chief Finance Officer's assurances (paragraphs 4.73 – 4.88).
13. Notes that Cabinet (or the Joint Cabinet and Employment and General Committee) has still to make final decisions on the budget savings proposals described in paragraph 4.55 of the officer's report.

REASON FOR RECOMMENDATIONS

For the Council to meet the statutory requirements relating to setting the General Fund revenue budget and the level of Council Tax for 2024/25.

78

GENERAL FUND CAPITAL PROGRAMME 2024/25

The Head of Accountancy and Finance presented a report asking Cabinet to consider the General Fund Capital Programme for the financial year 2024/25 and to make recommendations to full Council on the financing and expenditure arrangements.

The officer's report set out the draft General Fund Capital Programme, incorporating capital expenditure and financing arrangements for the financial years 2023/24 through 2027/28. The Capital Programme was aligned to the Capital Strategy and presented, in financial terms, the Council's plans for investment related purchasing, building and improvement of capital assets.

It was noted that the Capital Programme was an ambitious one, evidencing investment of £12.9m in 2023/24 and plans for a further £39.4m of investment from 2024/25 through 2027/28, enabling substantial regeneration to take place in and around the Borough and allowing the Council to meet all necessary capital expenditure requirements to support delivery of its vision and priorities.

The Capital Programme for 2023/24 was approved as part of the budget setting process for that financial year, in February 2023, and an updated Capital Programme forecast (expenditure and financing) was included at Appendix A of the officer's report. The updated programme included schemes that had already been approved by Cabinet.

The main sources of capital finance and how they were being used to fund the current Capital Programme were summarised as:

- Borrowing – The current Capital Programme included borrowing that the Council had previously approved of £8.1m
- Grants and contributions - Grant funding of £38.7m was a significant element of how the General Fund Capital Programme was currently resourced and included:
 - 2023/24 - £8.5m in total including £4.7m Levelling Up Fund grant, £1.4m Staveley Town Deal grant and £1.7m Better Care Fund grant
 - 2024/25 - £23.9m in total including £13.0m Levelling Up Fund grant, £6.8m Staveley Town Deal grant and £2.2m Better Care Fund grant
 - 2025/26 - £3.3m in total including £2.1m Better Care Fund grant (for DFGs)
 - 2026/27 - £2.1m of Better Care Fund grant (for DFGs).
 - 2027/28 - £0.8m of Better Care Fund grant (for DFGs).
- Reserves - these were contributions from earmarked reserves towards vehicle and plant replacements and match funding contributions towards other grant funded schemes.

Capital Receipts were only included once potential land and property assets had been identified for disposal and the assets concerned were being actively marketed. The following Capital Receipts were identified in Appendix A:

- 2023/24 - this mainly comprised the receipt achieved in respect of council land sold at Linacre Road. Total forecast receipts for 2023/24 were £1.8m
- 2024/25 – receipts of £3.8m had been assumed
- 2025/26 – receipts of £1.5m had been assumed
- No capital receipts had yet been identified for 2026/27 or 2027/28

All capital expenditure which was not financed through grants, capital receipts or reserves would need to be financed over time by making a Minimum Revenue Provision (MRP). A MRP is a revenue cost to the General Fund Revenue Budget and the revenue implications of any additional MRP contributions would be considered before schemes were included in the Capital Programme.

***RESOLVED –**

That it be recommended to Full Council that the updated General Fund Capital Programme expenditure and financing be approved, as detailed in Appendix A of the officer's report.

REASON FOR RECOMMENDATION

To ensure the Council is able to make capital investments to support delivery of its stated vision and priorities, as set out within the Council Plan 2023 – 2027, and to evidence that such expenditure is appropriately funded.

79 HRA BUDGET 2024/25

The Service Director – Housing presented a report asking Cabinet to consider the forecast outturn for the Housing Revenue Account (HRA) for the current financial year, 2023/24, the draft HRA budget for 2024/25 and the Medium-Term Financial Plan (MTFP) for the years 2024/25 to 2028/29.

The deficit for 2023/24 was forecast to be £858k (as at period 8), which was an improved position of £2.223m against the original budget, primarily due to a number of funding and financing adjustments such as removing the planned £3.389m revenue contribution to fund the capital programme and pausing the voluntary repayment of debt (£1.841m).

Table 1 in the officer's report summarised the forecast outturn for 2023/24 against the original budget. The main variances included:

- Rents
- Repairs and maintenance

- Depreciation charges
- Provision for the repayment of debt
- Direct Revenue Financing

The financial strategy for the HRA was to deliver a balanced and sustainable budget which was self-financing in the longer term, and which reflected both the requirements of tenants and the strategic vision and priorities of the Council.

The HRA was not permitted to run at an overall deficit and risks would need to continue to be identified and managed effectively. A minimum working balance of £3.5m (increased annually by inflation) was maintained to avoid the risk of the HRA moving into a position of negative balance in the event of an exceptional cost(s) arising.

The MTFP, in Appendix 1 of the officer's report, showed that the HRA balance was anticipated to fall to £5.071m in 2024/25.

New service pressures of £3.673m had been included within the budget for 2024/25, some of which were one off, whilst £1.625m were ongoing and had been built into budgets from 2025/26. These pressures were essential activities but in the short-term represented costs over and above the base budget. However, many of the activities would deliver savings in future financial years. A full breakdown of the service pressures was set out in Appendix 2 of the officer's report.

It was reported that savings proposals for 2024/25 included:

- Savings from Vacant Posts
- Phasing out Voluntary Sector Advice Agency Grants
- Changes to Careline

The budget estimates for 2024/25 were shown in Table 2 of the officer's report and compared the movements to the original budget estimates for 2023/24. The MTFP shown at Appendix 1 evidenced a working balance, over and above the minimum of £3.5m (updated by inflation), in all years through 2028/29. However, the 2024/25 budget had a gap of £729k which had been covered by an allocation from the working balance and, whilst the deficits over the MTFP reduced year on year, it was not until 2028/29 that the MTFP did not rely on the use of the working balance to achieve a balanced budget position.

***RESOLVED –**

1. That the forecast outturn for the Housing Revenue Account for the current financial year, 2034/24 be noted.

That it be recommended to Full Council that:

2. The draft estimates for the Housing Revenue Account for 2024/25 and future financial years be approved.
3. That authority be delegated to the Service Director – Housing, in consultation with the Cabinet Member for Housing and the Service Director – Finance, within the total funding provision of £700k to identify and progress service transformation projects and spend to save initiatives, and to respond to possible in-year changes in legislation or national housing policy to ensure that the authority continues to meet its statutory obligations and has a social housing offer which is fit for purpose.
4. That authority be delegated to the Service Director – Housing, in consultation with the Cabinet Member for Housing, within the total funding provision of £1m (£750k revenue and £250k capital), to progress the immediate procurement of contractors to undertake the work on void properties as set out in paragraph 4.18 of the officer's report.

REASONS FOR RECOMMENDATIONS

1. To provide an updated assessment of the Council's Housing Revenue Account forecast outturn for the financial year 2023/24 and report on the progress made in addressing a number of financial challenges facing the council's Housing Service.
2. To provide the necessary authority for the council's Housing Service to take forward a number of transformation projects and other response measures to address the ongoing financial challenges facing the social housing sector.
3. To present a balanced Housing Revenue Account for the financial year 2024/25 for recommendation to Full Council.

80 HRA CAPITAL PROGRAMME 2024/25

The Service Director – Housing presented a report seeking approval for the Housing Capital Programmes for 2023/24 and 2024/25 and an indicative programme for 2025/26 to 2028/29.

The 2023/24 Programme had been revised to recognise changes during the financial year. The principal change was the delayed start of major new build schemes at Staveley and Middlecroft, due to the Covid pandemic and a main contractor going into liquidation. The delayed works had been incorporated into the revised 2023/24 and 2024/25 Programmes, as shown in Appendix 1 of the officer's report.

The 2022 Stock Condition Survey, carried out by Savills, had identified that the condition of the Council's housing stock had improved since the previous survey undertaken in 2017. The proposed 2024/25 Programme had been designed to ensure stock achieved and maintained 100% decency. Currently, 99.7% of the housing stock met the Decent Homes Standard (as of December 2023) and it was anticipated this would reach 100% during 2024/25.

One of the main focusses of the Programme remained the modernisation of properties, with the majority of activity over the next 12 months concentrated on building elements such as new kitchen, heating renewals, roof and window replacement programmes, alongside further improvements to external estate environments.

The work programmes for 2024/25 until 2028/29 continued to be prioritised in line with the level of investment needed according to the 2022 stock condition survey, and the amount of recent expenditure incurred on responsive repairs and maintenance.

Investment in blocks would continue through the block refurbishment programme, with the next scheme to be completed being Newland Dale (expected in February 2024) and Loundsley Green commencing in 2024/25.

The investments proposed in the Programme would also make a significant contribution to improving the energy efficiency of the Council's housing stock whilst also contributing to the Council's overall decarbonisation targets. For example, a decarbonisation feasibility study

had been undertaken for a pilot scheme at one of the sheltered schemes, Brocklehurst Court.

The Council's new build programme would continue with new homes at Middlecroft and Westwood Avenue due to complete in 2024/25. An additional new site at Mastin Moor had been identified and the designs submitted to planning. Development was planned to start in 2024/25. All existing and proposed new build schemes were shown in the Table at paragraph 4.14 of the officer's report.

It was also proposed that the council's successful programme of strategic housing acquisitions would continue, to allow the purchase of properties which met housing need, thus increasing the Council's housing stock. Seven new units had been acquired at Newhall Road in August 2023.

The Table shown at paragraph 6.1 of the officer's report showed the level of planned investment in the council's housing stock, over the 5-year Programme to 2028/29.

***RESOLVED –**

1. That it be recommended to Full Council that the Housing revised Capital Programme for 2023/24 be approved.
2. That it be recommended to Full Council that the Housing Capital Programme for 2024/25 be approved and its procurement, as necessary, be authorised.
3. That it be recommended to Full Council that the Housing Capital Programme for 2025/26 to 2028/29 be provisionally approved.
4. That authority be delegated to the Service Director – Housing, in consultation with the Cabinet Member for Housing and the Service Director – Finance, to vire between programmes and budgets as necessary, to manage and deliver the Capital Programme for 2024/25 as set out in the officer's report.

REASON FOR RECOMMENDATIONS

The Council as a social landlord has a legal duty to ensure that all its properties are fully compliant and maintained to Decent Homes standards.

81 **CULTURAL SERVICES REVIEW – WINDING WHEEL THEATRE**

The Cabinet Member for Town Centres and Visitor Economy presented a report setting out detailed proposals to reduce the financial subsidy that the Council currently provides to The Winding Wheel Theatre, to support the Council's budget position for 2024/25.

The officer's report responded to the specific proposal set out in the Budget Strategy Implementation Plan, which had been approved by Cabinet in November 2023, for a "Fundamental review of The Winding Wheel Theatre's operations focussed on achieving a cost neutral budget position". The proposal had an annual savings target of over £200,000, as part of the thematic intervention of "Increase income / behave commercially".

Table 1 in the officer's report showed that in the financial year 2023/24 the Winding Wheel Theatre was budgeted to run with a net operational cost of approximately £378,000.

Officers had reviewed in detail the Theatre's operation in 2023, to see how a cost neutral position could be achieved.

It was therefore proposed that as from 1 April 2024 (for all new bookings), the Council would only proceed with the booking of productions, where the anticipated income from ticket sales would be sufficient to cover the Theatre's operating costs.

As a more commercial approach was taken, it was anticipated that the number of productions programmed at the Theatre would be reduced.

Also, in line with taking a more commercial approach, it was proposed that fees and charges be increased to a level which would enable the Council to cover the costs of providing the venue to any hirer. The proposed levels of fees and charges for the financial year 2024/25 were set out in Appendix B of the officer's report.

As part of the development process for the fees and charges proposals, officers had contacted the regular hirers of The Winding Wheel Theatre and invited them to complete a short engagement survey regarding their views on how they thought any significant price changes would affect them and their groups. A summary of the responses received was attached in Appendix A of the officer's report.

As a result of the planned changes and the anticipated reduction in opening times of the building, there would be operational savings in staffing and premises management costs. There were HR implications, as less staff hours would be required, but it was expected that this reduction in staff hours would be achieved without any implications for staff on permanent contracts. A number of staff had already chosen to take voluntary redundancy or early retirement.

The proposals, as set out in the report, would generate ongoing savings of circa £172,000 per annum. This would reduce the net controllable budget to circa £207,000 in 2024/25, as set out in Table 2 of the officer's report.

***RESOLVED –**

1. That a more commercial approach be taken to both the programming and the hiring of the Winding Wheel Theatre to reduce the financial subsidy provided to the venue.
2. That alternative operational arrangements be put in place to support the commercial approach, including focussing opening hours around planned commercial events, and making changes to the availability of the venue for hire.
3. That the proposed changes to fees and charges for room hire, equipment hire and staffing cost at the Winding Wheel Theatre, as detailed in Appendix B of the officer's report, be approved for implementation from 1 April 2024.
4. That authority be delegated to the Service Director for Leisure, Culture and Community Wellbeing, in consultation with the Cabinet Member for Town Centres and Visitor Economy, to apply appropriate negotiated fees for new activities and opportunities that are introduced during the period covered by the officer's report.

REASON FOR RECOMMENDATIONS

The proposals have been brought forward to respond to the savings targets identified in the Budget Strategy Implementation Plan, which was approved in November 2023. This will enable the Council to work towards developing a balanced 2024/25 budget and MTFP, which will support the Council to continue to deliver against the vision and priorities set out in the Council Plan.