

CABINET**Tuesday, 14th November, 2023**

Present:-

Councillor Gilby (Chair)

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

*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

36 APOLOGIES FOR ABSENCE

There were no apologies for absence.

37 MINUTES**RESOLVED –**

That the minutes of the meeting of Cabinet held on 17 October 2023 be approved as a correct record and signed by the Chair.

38 FORWARD PLAN

The Forward Plan for the four-month period December, 2023 to March, 2024 was reported for information.

***RESOLVED –**

That the Forward Plan be noted.

39 COUNCIL PLAN DELIVERY PLAN HALF YEAR PERFORMANCE REPORT

The Policy Officer presented a report on the Council's progress to the end of the second quarter of the current financial year against the milestones and measures identified in the 2023/24 Council Plan delivery plan.

Appendix 1 of the officer's report showed the Council's performance against the 38 milestones being tracked during 2023/24. The Council was expected to meet 79% of the milestones with the remainder rated as amber.

Fifteen of the milestones related to the priority 'Making Chesterfield a thriving borough'. The Council was currently expecting to deliver in full against 87% of the milestones during 2023/24.

Fourteen of the milestones related to the priority 'Improving the quality of life of local people'. The Council was currently expecting to deliver in full against 93% of the milestones during 2023/24.

The final priority 'Building a more resilient council' had 9 milestones. As at the end of the second quarter, the Council was expected to deliver in full against 44% of the milestones during 2023/24. This performance reflected the scale and nature of the in-year financial challenges faced by the Council, however, officers were resolved to secure delivery against more of the milestones by the close of 2023/24.

***RESOLVED –**

1. That the significant achievements made in quarters 1 and 2 of the current financial year achievements against the priority areas within the Council Plan Delivery Plan be noted.
2. That Corporate Leadership Team leads for all amber rated milestones be asked to meet with relevant key officers to develop improvement strategies to support further progress in quarters 3 and 4 of the current financial year.

REASON FOR DECISIONS

To progress delivery of the Council Plan 2023 – 2027 and maximise positive outputs and outcomes for our communities.

40 **PERIOD 5 BUDGET MONITORING REPORT**

The Service Director – Finance presented a report to provide Cabinet with an assessment of the Council's forecast outturn position for the General Fund Revenue Account and Capital Programme for the financial year 2023/24 based on activity to the end of period 5 (31 August 2023).

It was noted that the Council continued to face significant financial challenges. Government austerity since 2010, the ongoing risks and uncertainties over future funding arrangements for the sector, the legacy budgetary impacts of the Covid-19 pandemic and the more recent sustained period of exceptionally high inflation, had all impacted on the Council's in-year financial position.

The Local Government Employers pay offer of £1,925 per employee, made in February 2023 and now accepted, equated to a circa 5.6% increase to the 2023/24 pay budget for General Fund revenue funded staff. The 2023/24 base budget had only included provision for a 4% pay award. The additional 1.6% presented an in-year pressure of up to £300k.

The period 3 forecast was reported to Cabinet on 19 September 2023 and presented an adverse in-year position of £774k. This was based on activity to the end of June and an analysis of projected trends in income and expenditures.

As at the end of period 5, the adverse in-year position had improved by £440k to £334k. It was however noted that this position excluded the additional £300k that would be needed to meet the in-year pay award for General Fund revenue funded staff.

The table at section 4.19 of the Service Director's report provided a summary of the key variances across service areas.

The Council was committed to delivering services within the approved budget for 2023/24 and the Corporate Leadership Team (CLT) would continue to work collectively with budget managers to agree and implement clear, robust, and immediate management actions to address the adverse in-year forecast.

***RESOLVED –**

1. That the forecast position of the General Fund Revenue Account at the close of period 5 for the financial year 2023/24 and the continuing uncertainty associated with the outturn forecast resulting from the significant in year inflationary and demand led cost pressures be noted.
2. That the strategy for achieving, as a minimum, a balanced budget outturn position for the financial year 2023/24 be supported.
3. That the General Fund Capital Programme expenditure forecast at the close of period 5 for the financial year 2023/24 be noted.

REASONS FOR DECISIONS

1. This periodic monitoring report summarises the current assessment of the Council's forecast outturn for the current financial year and sets out the active management mitigations to be progressed to balance the 2023/24 budget. It also provides a robust basis for medium term financial planning.
2. This is the second formal monitoring report for the 2023/24 financial year and comes at a time when the Council is experiencing financial pressures due to the current economic situation, cost and pay inflation and the ongoing impact of the Covid-19 pandemic and the cost-of-living crisis.

41 BUDGET STRATEGY IMPLEMENTATION PLAN

The Service Director – Finance presented a report setting out the next stages in the Council's plans to achieve a balanced budget for 2024/25 and in time over the term of the Medium-Term Financial Plan (MTFP) through to 2027/28, and to enable a budget conversation to commence with the borough's residents..

The Council's Budget Strategy had been approved by Council on 19 July 2023. The Service Director's report set out the assumptions which had underpinned the construct of the General Fund Revenue element of the

MTFP at that time, the priority work now undertaken to establish new and emerging service pressures, and a detailed implementation plan for delivering the savings that would be needed to move the Council in the right direction towards achieving a balanced budget for 2024/25.

The July 2023 Budget Strategy report had set out the need to drive out savings of at least £2.5m at pace, within a framework that was prudent, responsible, and sustainable, and optimised to secure savings in the short and medium-term to reduce and remove reliance on reserves, stabilise the Council's financial position and establish affordability of Council services.

A detailed approach to addressing the £2.5m budget gap had been worked through between the Council's Corporate Leadership Team (CLT) and Labour Cabinet members over the past few months drawing on the thematic interventions set out in the Budget Strategy. The interventions were as follows:

- Identifying General Efficiencies
- Increasing Income and Establishing Stronger Commercial Operating Principles
- Transforming how we Deliver Services
- Reducing Service Offers / Stop Doing – Statutory and Non-Statutory Services
- Rightsizing the Organisation
- Asset Rationalisation and Effective Asset Management

There were a number of key factors that would influence and shape the next phase of the Council's budget-setting process, for example, the Provisional Local Government Settlement expected in December 2023 should provide greater certainty around funding levels.

The underpinning assumptions had been reviewed and updated to take account of known changes (paragraph 4.14), and new and emerging service pressures assessed. Table 1 in the Service Director's report set out a summary of the new and emerging service pressures, which quantified at £2.137m for 2024/25 rising to £2.340m by 2027/28.

The updated assumptions and assessment of new and emerging service pressures had increased the budget gap relating to the General Fund

Revenue element of the MTFP to £4.066m in 2024/25 rising to £5.941m in 2025/26, with further significant increases in future financial years.

It was acknowledged that the Council would not be in a position to set a balanced MTFP over the 4-year period. The 2025/26 budget-setting process would, therefore, require an early focus to allow maximum time for the development and delivery of future budget savings.

Given the considerable size of the budget gap all Council services, corporate and front line, had been asked to develop savings proposals in relation to each of the first 5 thematic interventions set out within the Council's Budget Strategy. The resulting Implementation Plan had then been split into 2 stages.

The Stage 1 proposals were largely operational decisions that officers could get on and implement or decisions that could be taken by portfolio holders. These were proposals that would have little or no impact on service delivery and limited policy implications if at all. The proposals would deliver £539k of savings in 2024/25. Some of the savings were however one off and, as such, would fall out in future financial years. The ongoing impact of the proposals was £269k in 2027/28. Details of the individual proposals were set out in Appendix A of the Service Director's report.

The Stage 2 proposals would require further development, including where necessary engagement or consultation with service users, stakeholders, staff, and trade unions. Officers would be required to progress the development of the proposals through to appropriate decision-making, in line with the Council's constitution.

Appendix B of the Service Director's report set out the Stage 2 proposals in detail and the range of potential savings that would potentially be delivered, of between £1.690m and £2.460m, in 2024/25. Some of the savings would again be one off and, as such, would fall out in future financial years, others might not be implemented in full in 2024/25.

Approval was also sought for the Council to commence a 'budget conversation' with its residents. This would be launched in November, providing a general update on the Council's budget position, and capturing feedback on the thematic interventions and the generality of the savings proposals proposed via a questionnaire. A budget conversation webpage would also be established with key information.

There would also be focussed pieces of consultation and engagement on specific savings proposals with relevant stakeholder audiences as part of the budget conversation process.

Reserves were an important part of the Council's financial strategy and were held to create long-term financial stability. The General Fund Revenue Account Working Balance had been set at £1.5m and was informed by a detailed risk assessment undertaken as part of the annual budget setting process. The on-going financial challenges and risks set out in the Service Director's report suggested it imprudent to consider reducing this amount from its current level.

A full review of the Council's reserves was underway, and a refreshed Reserves Policy would be considered as part of the MTFP report at full Council in February 2024.

Developing the savings proposals set out in Appendix B, and taking them through the appropriate Council decision making route, would be a core activity for officers for the remainder of this financial year, with the aim for the proposals to be implemented from 1 April 2024.

Internal senior officer working groups had also been set up to lead and manage delivery of the MTFP, to oversee Workforce Planning including implementation of the VR / VER scheme, to take forward Digital Transformation, and to develop a detailed action plan to give effect to the Asset Management Strategy. These working groups would continue to develop further savings proposals to supplement those listed in Appendix B.

***RESOLVED –**

1. That the financial operating context, updated budget assumptions and the current Medium Term Financial Plan (MTFP) gaps be noted.
2. That officers be authorised to progress with the delivery of the operational savings proposals set out in the Budget Strategy Implementation Plan – stage 1 (Paragraph 3.29 and Appendix A).

3. That the proposals set out in the Budget Strategy Implementation Plan – stage 2 (Paragraphs 3.30 and Appendix B) be approved in principle.
4. That officers be authorised to progress the development of the proposals through to appropriate decision-making, in line with the Council's constitution and statutory requirements, including carrying out more specific engagement and consultation activities where required by law and best practice.
5. That a Budget Conversation with residents, businesses, and stakeholders across the borough be launched to set out the challenges that the Council is facing and to seek feedback on the proposed strategic approach to achieving a balanced budget for 2024/25 and over the period of the MTFP.

REASON FOR DECISIONS

To respond to the scale of the challenging financial environment within which the Council is operating and to 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.