

CABINET**Tuesday, 24th January, 2023**

Present:-

Councillor P Gilby (Chair)

Councillors	Blank	Councillors	Holmes
	D Collins		Sarvent
	J Innes		Serjeant
	Ludlow		Mannion-Brunt

Non-voting Members
P Innes

*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

79 APOLOGIES FOR ABSENCE

There were no apologies for absence.

80 FORWARD PLAN

The Forward Plan for the four month period February, 2023 to May, 2023 was reported for information.

***RESOLVED –**

That the Forward Plan be noted.

81 GENERAL FUND REVENUE BUDGET SUMMARY

The Service Director for Finance presented a report to provide Cabinet with an update on the development of the General Fund Revenue Budget for 2023/24 and future financial years.

The report included an updated assessment of the Council's forecast outturn for 2022/23 and noted the progress that had been made in addressing the in-year deficit position.

The report also set out the context of the financial environment within which the Council currently operated and provided a first cut of the Council's draft budgets for the period 2023/24 to 2026/27. It was acknowledged that further work was required to produce a balanced Medium-Term Financial Plan (MTFP).

It was noted that the Government's provisional settlement for local government was for one-year only i.e. 2023/24 (with some guiding principles and additional amounts identified for 2024/25) which made medium term financial planning very difficult.

A new four-year Council Plan had been developed for the same budgetary period, 2023/24 to 2026/27 and it was considered essential that sufficient budgetary provision was available to deliver on the Council's key priorities and objectives.

The report referenced the MTFP that Council had agreed on 22 February 2022 for the period 2022/23 through 2025/26. The MTFP was balanced for the first two financial years with an expectation that the gaps in the final two years, of £61k in 2024/25 rising to £458k in 2025/26 would be met from savings to be delivered through the Council's Organisational Development programme.

As a direct consequence of the pressures arising from pay and contract inflation, rising energy costs, increased demand for Council services and less income received, the MTFP was now in a very different position with deficit forecasts of £2.426m in 2023/24 rising to £4.192m in 2026/27.

To close the £2.426m budget gap for 2023/24, £1.120m of new savings proposals had been included within the draft MTFP

It was also noted that reserves were an important part of the Council's financial strategy and held to create long-term financial stability. The General Fund working balance would therefore be maintained at £1.5m to recognise the financial risks and uncertainties that the Council was currently facing. The Council had also established a Budget Risk Reserve, as a supplement to the General Fund Working Balance, to provide a further contingency for unforeseen items.

The Service Director noted that given the size and scale of the financial challenges the Council was facing, it was likely that c£990k of the budget risk reserve would need to be utilised to smooth the gap in 2023/24.

The Full Council would consider the final budget reports and set the Council Tax for 2023/24 at its meeting on 22 February 2023.

***RESOLVED**

1. That the updated budget projections for 2022/23 be noted.
2. That the progress made in the development of the budget for 2023/24 and the Medium-Term Financial Plan (MTFP) for years 2023/24 to 2026/27 be noted.
3. That it be noted that financial work continues to refine the draft estimates for 2023/24 and future years and identify ways in which a balanced budget can be achieved, and that these activities will form part of the MTFP Council report in February 2023.

REASONS FOR DECISIONS

1. This report presents an updated assessment of the Council's forecast outturn for 2022/23 and the progress made, in addressing the deficit in year.
2. This report also sets out the context of the financial environment for the medium-term and represents the Council's first phase of its draft budget and MTFP setting proposals for 2023/24 to 2026/27. It is acknowledged that further work is required to produce a balanced position for 2023/24 and for the subsequent financial years of the MTFP.

82 **HRA RENT AND SERVICE CHARGE SETTING 2023/24**

The Service Director for Housing presented a report to seek approval for proposed increases to housing rents and service charges for 2023/24.

Social housing rents were usually set according to the Government's National Social Rent Policy and the Welfare Reform and Work Act 2016. The latest National Social Rent Policy, which came into effect from 1st April 2020, provided for rents to increase by up to CPI plus 1%, each financial year until 1 April 2024. Based on the latest Consumer Price Index (CPI) i.e. 10.1%, (as at September 2022), the maximum rent increase for the financial year 2023/24 should be 11.1%.

Due to the high rate of inflation the Government had conducted a consultation on rent increases with all Registered Providers, which closed on 12 October 2022. This asked for comment on the effects on social housing business plans of either a 3%, 5% or 7% ceiling on rent increases for 2023-24. On 17 November 2022, the Chancellor of the Exchequer announced in the Autumn Statement that social housing rents, would have a ceiling of a 7% rise for 2023-24.

The effect of the Government's direction meant that in Chesterfield an average social rent in 2023/24 would increase to £88.77 per week and an average affordable rent to £109.43 per week.

The Service Director referenced Appendix 1 of her report, where full details of the proposed increases in service charges for 2023/24 were provided. This set out increases to heating charges, garage rents, garage site rents, the garden assistance scheme, water charges, community room charges and warden services.

***RESOLVED**

1. That individual social rents for 2023/24 for current general needs tenants be set based on the current national social rent policy, giving a rent increase of 7.0% with effect from 3 April 2023.
2. That in 2023/24 and onwards a social rent property is re-let to a new or transferring tenant the rent level be increased to the target rent for that property. Target rents are to increase by 11.1%.
3. That individual social rents for 2023/24 for current sheltered housing scheme tenants be set based on the current national social rent policy, giving a rent increase of 11.1% with effect from 3 April 2023. This increase will also apply to new and transferring tenants.
4. That individual affordable rents for 2023/24 be set based on the current national social rent policy, giving a cash rent increase of 7.0% with effect from 3 April 2023.
5. That where an affordable rent property is re-let to a new or transferring tenant in 2023/24 and onwards, the rent level be set by reference to 80% of the market rent (including service charges where applicable) for a similar property at the time of letting or the formula rent for the property, which is greater.

6. That the principle of putting the true costs of delivering services onto tenants be approved and therefore, service charges should be increased to ensure services break even. It is recommended that the service charges be increased as set out in Appendix 1 Housing Revenue Account Service Charges 2023/24 of the officer's report.

REASONS FOR DECISIONS

1. To enable the Council to set the level of council house rents in accordance with Government guidelines and the Rent Standard.
2. To enable the Council to set service charges for 2023/24 and ensure the cost of delivering services continues to break even.
3. To contribute to the Council's corporate priority 'to improve the quality of life for local people'.