

**For publication**

**Budget Strategy Implementation Plan**

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Meeting: Scrutiny Select Committee – Resilient Council

Date: 25 January 2024

Cabinet portfolio: Deputy Leader

Report by: Service Director Finance

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<b>Purpose of reviewing the topic</b>	To consider the budget challenge faced by the Council and the progress in delivering the budget strategy and implementation plan.
<b>What are the objectives of the review?</b>	<p>To consider the next stages in the Council’s plans to achieve a balanced budget for 2024/25 and for developing the Medium-Term Financial Plan through to 2027/28.</p> <p>To consider the initial findings of the budget conversation and update on specific consultation activity linked to the budget strategy implementation plan.</p>
<b>Progress to date</b>	<ul style="list-style-type: none"><li>• Budget Strategy agreed by Council in July 2023</li><li>• Budget Strategy implementation plan developed and approved by Cabinet in November 2023</li><li>• Budget conversation took place between November and December 2023</li><li>• Specific focused consultation activity taking place between November 2023 and February 2024</li></ul>

**1.0 Background**

- 1.1 Like all local authorities, Chesterfield Borough Council continues to face significant financial challenges. The sustained period of austerity since 2010, the ongoing risks and uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic, the cost-of-living crisis and a sustained period of exceptionally high inflation, have all impacted on the Council’s financial position.
- 1.2 Longer-term reform of local government funding has been delayed until the next Parliament and a structural solution is needed to meet

the many statutory duties and demands placed on local authorities. Local authorities continue to lobby strongly for a long term sustainable financial settlement, but it is becoming less likely that this will occur in the short term.

- 1.3 Recent analysis by the Local Government Association (LGA) reveals that Councils in England face a funding gap of £4 billion over the next two years. This is a £1 billion increase since the LGA's initial analysis in July 2023 as cost and demand pressures continue to rise:

*Councils are facing an "inflationary storm" which is adding unsustainable costs onto council budgets. Some councils have warned these costs are threatening their financial sustainability, not least because councils have already absorbed a 27 per cent real terms cut in core spending power since 2010/11.*

- 1.4 In response to these challenges, the Council has already made significant savings over many years and taken steps to manage demand and deliver services in the most economic, efficient, and effective way. It is against this context that the Council developed its approach to balancing the 2024/25 budget and to achieving the same over the period of the MTFP.
- 1.5 The Council's Budget Strategy was approved by Council in July 2023. The accompanying report detailed 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, stabilising the Council's financial position and establishing affordability of Council services.

## **2.0 Budget Strategy Implementation Plan**

- 2.1 Following the Budget Strategy approval, a detailed approach to addressing the £2.5m budget gap was developed and approved by Cabinet in November 2023. The implementation plan was developed in line with the thematic interventions set out in the Budget Strategy:
- 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
- 2.2 Given the considerable size of the budget gaps all Council services, were asked to develop savings proposals in relation to the above thematic interventions. These proposals formed the key activities within the Budget Implementation Plan.

- 2.3 Stage 1 of the plan included largely officer operational decisions or decisions delegated to portfolio holders. These are proposals that will have little or no impact on service delivery and limited policy implications if at all. They are as a direct result of in year budget reviews, the appropriate charging out of service costs to grant funding or bespoke reserves, services' behaving more commercially or implementation of limited-service transformation measures.
- 2.4 £539k of new Stage 1 savings proposals have been included within the draft MTFP. Some of these proposals are one off and, as such, will fall out in future financial years. The ongoing impact of these savings proposals is £269k in 2027/28. The full list of Stage proposals is shown in Appendix 1 – Table 1. Service Directors are currently working to maximise the impact of these proposals and drive out the savings for 2024/25 and beyond.
- 2.5 Appendix 1 –Table 2 details the Stage 2 proposals. These proposals require further development, including engagement or consultation with service users, stakeholders, staff and trade unions. Officers are currently progressing these proposals through to appropriate decision-making, in line with the Council's constitution, including carrying out specific engagement and consultation activities as required to support decision making. These proposals could drive out between £1.690m and £2.460m of savings. Some of the proposals may be one off and, as such, will fall out in future financial years, others will not be implemented in full during 2024/25.
- 2.6 Based on current assumptions the forecast budget shortfall in 2024/25 is £4.066m, rising to £5.941m in 2025/26. The inclusion of the Stage 1 savings proposals of £539k would reduce the budget gap to £3.527m in 2024/25 and £5.412m in 2025/26. The Stage 2 proposals are likely to drive out savings of between £1.690m and £2.460m and, even at the top end of the range, these are still insufficient to address the gap for 2024/25. Further ongoing, sustainable savings proposals will need to be put forward at pace to address the gap for 2024/25.

### **3.0 Barriers/obstacles**

- 3.1 Like all local authorities, the Council's financial position over the coming years is challenging. The sustained period of austerity since 2010, the ongoing risks and uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic, the cost-of-living crisis and a sustained period of exceptionally high inflation, have all impacted on the Council's financial position. This new economic reality has already brought and is expected to bring significant financial challenges to the Council over the medium term.
- 3.2 Further work will be undertaken to check and challenge the budget

assumptions for 2024/25 and over the medium term in light of new information and the volatile environment that the Council is operating in. This work is important to enable the current budget gaps to be updated and ensure that the size and scale of the gaps represent the best estimate of the level of savings that will need to be delivered.

#### **4.0 Suggested scrutiny activity.**

- 4.1 Comments and suggestions are welcomed on the overall Budget Strategy approach and any further suggestions for savings to be considered.
- 4.2 Each Scrutiny Select Committee Chair has selected a number of items from the Stage 2 proposals to take a deeper look into at their January meetings. For Scrutiny Select Committee Resilient Council this includes:
- Budget conversations / consultation consideration
  - Effective asset management – cultural / community / commercial spaces proposals
  - Transforming how we deliver services – moving towards being a cashless council.

#### **Document information**

<b>Report author</b>	<b>Contact number/email</b>
Theresa Channell - Service Director Finance	<a href="mailto:Theresa.channell@chesterfield.gov.uk">Theresa.channell@chesterfield.gov.uk</a>
<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>None</i>	
<b>Appendices to the report</b>	
Appendix 1	Savings proposal tables