

Minutes of a meeting of the Cabinet on Wednesday 7 February 2024

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Committee members present:

Councillor Brown

Councillor Turner

Councillor Chapman

Councillor Hunt

Councillor Lygo

Councillor Munkonge

Councillor Railton

Councillor Linda Smith

Councillor Upton

Officers present for all or part of the meeting:

Tom Bridgman, Executive Director (Development)

Caroline Green, Chief Executive

Tom Hook, Executive Director (Corporate Resources)

Emma Jackman, Head of Law and Governance

Nigel Kennedy, Head of Financial Services

Emma Lund, Committee and Member Services Officer

Mish Tullar, Head of Corporate Strategy

Also present:

Councillor James Fry, Chair of the Budget Review Group

Apologies:

No apologies were received.

121. Addresses and Questions by Members of the Public

None.

122. Councillor Addresses on any item for decision on the Cabinet agenda

None.

123. Councillor Addresses on Neighbourhood Issues

None.

124. Items raised by Cabinet Members

None.

125. Scrutiny Reports

The Budget Review Group had met on four occasions during January 2024. Councillor James Fry, Chair of the Group, presented its report and summarised its nine recommendations.

Councillor Fry highlighted that the Group had expressed some concern as to how the savings proposed in the Council Tax Reduction Scheme would be achieved. This had led to a recommendation that several alternative scenarios for achieving the savings should be modelled and included in the next public consultation.

The Group had also recommended that the Council should reconsider its involvement in the Fibre to Homes initiative, with a view to exploring whether this represented an 'unnecessary extra' given the internet speeds already available in the properties in question.

A further recommendation of the Group had been that the Council should continue to pursue a conversation with the owner of Golden Cross to negotiate the opening of their gate to enable access to the Covered Market from Cornmarket during late night opening. Evening opening at the Covered Market appeared to be very successful, and the lack of access from Cornmarket currently meant that many people were likely to be unaware of it.

The Group had also considered that the Council should seek to introduce a charge for 0-1 hours of parking at park and rides and analyse the income which this might generate.

The remaining recommendations - which had related more to process than to the budget directly - had focused on ensuring democratic participation and engagement in the Strategic Review of Services Provided across Community Services; improving data on domestic abuse and homelessness; compiling information to share with the future government about the issues faced by local government as a result of a lack of co-ordination between Central Government departments; and lobbying the Home Office to engage with this Council and local authorities more broadly in relation to asylum dispersal hotels.

Councillor Fry thanked officers for their work in supporting the Group, and the members of the Group for their time and deliberations. The Leader, and the Cabinet Member for Finance and Asset Management, both thanked the Group for its comprehensive review.

Response to the recommendations of the Budget Review Group were provided in the separately published supplement to the agenda.

The Scrutiny Committee had met on 6 February 2024, and the following reports had been considered:

- (i) Treasury Management Strategy 2024/25
- (ii) Capital Strategy 2024/25

One recommendation had been made on each report.

On the Capital Strategy, the Committee had asked for clarification on whether the capital schemes which pre-dated the Council's net zero targets (and therefore were not subject to the same zero carbon criteria) might jeopardise the Council's ambition to reach net zero by 2030. Clarification had been provided by the Cabinet Member and was included in the separately published scrutiny supplement.

On the Treasury Management Strategy, a recommendation had been made that the Council review its investments in light of the conflict in Israel and Palestine with a view to assessing alignment with the Council's Ethical Investment Policy. The recommendation had been accepted, and the Cabinet Member's response was included in the separately published scrutiny supplement.

126. Medium Term Financial Strategy 2025/26 to 2026/27 and 2024/25 Budget

The Head of Financial Services had submitted a report to present the outcome of the budget consultation and agree the Council's Medium Term Financial Strategy for 2025-26 to 2027-28 and 2024-25 Budget for recommendation to Council.

Councillor Ed Turner, Cabinet Member for Finance and Asset Management presented the report and drew attention to the major challenges involved in setting the budget. He highlighted that whilst significant pressures remained from utility costs; pay costs; capital programme project costs; and demand for homelessness and temporary accommodation, the government had not taken account of calls for the need for increased funding for local authorities. The additional money (above the finance settlement) which was to be made available to this Council was a one-off payment of just c £243,000 (against a gross general fund budget for the Council of c £80m). This small gain had effectively been 'cancelled out' by a technical change by the government to Council Tax for second homeowners, which meant that the second home premium which the Council had agreed to implement in February 2023 could not now commence until 1 April 2025 (described in paragraphs 19 – 22 of the report).

Councillor Turner reported that a gain had been achieved through the re-procurement of the Leisure Services contract, which was better over a five-year period than had been forecast.

Since the consultation budget had been published, a pay deal had been reached with the Unions: this was welcome given the current difficult financial climate.

Councillor Turner highlighted concerns around the increasing pressure of temporary accommodation costs. Whilst officers continued to work very hard to find solutions and bring forward options for future consideration, this was likely to remain a significant area of concern in the budget for some time to come.

The Head of Financial Services summarised some of the challenges to the budget setting process, which had included utilities pressures of c £1.2m per year; dividend shortfalls from the Council's companies, which were experiencing very difficult trading conditions; and pay increases which would generate a cost pressure of an additional c £5m. These pressures had had to be considered in the context of a very limited finance settlement from the government, plus the additional c £243k outlined above.

Despite these pressures and issues, a balanced budget over the next five years had been achieved in a climate where increasing numbers of councils were unable to accomplish this, and many were in a position of having to issue a S114 notice. It was therefore moved that it be recommended to Council.

Cabinet resolved to **recommend** to Council to:

1. **Note** the approval by Cabinet on 24 January and subsequently agreed by the Council on 29 January of an increase of 7.7% (£9.27 per week) in social dwelling rents from 1 April 2024 giving a revised weekly average social rent of £129.72 as

set out in Appendix 5 based on a HRA budget as set out in Appendix 4, together with the comments in paragraphs 35-40;

2. **Approve** the 2024-25 General Fund and Housing Revenue Account budgets for consultation and the General Fund and Housing Revenue Account Medium Term Financial Strategy as set out in Appendices 1-9, noting:
 - a) the Council's General Fund Budget Requirement of £27.752 million for 2024/25 and an increase in the Band D Council Tax of 2.99% or £10.06 per annum representing a Band D Council Tax of £346.36 per annum; and
 - b) the General Fund and Housing Revenue Account Capital Programme as shown in Appendix 6;
3. **Agree** the fees and charges shown in Appendix 7;
4. **Delegate** to the Section 151 Officer, in consultation with the Deputy Leader (Statutory) – Finance and Asset Management, the decision to determine whether it is financially advantageous for the Council to enter into a Business Rates Distribution Agreement as referred to in paragraphs 16-18 of the report; and
5. **Note** the changes to council tax charges in respect of second homes and properties empty for more than one year as referred to in paragraphs 19-22 from 1st April 2025 and 1st April 2024 respectively.

127. Capital Strategy 2024/25 to 2027/28

The Head of Financial Services had submitted a report to present the Capital Strategy 2024/25 to 2027/28 for approval.

Councillor Ed Turner, Cabinet Member for Finance and Asset Management, highlighted that the Strategy explained how the capital programme worked and the principles which were followed. Whilst it had been revised and updated over the years, the changes this year were minimal and mainly involved updating the Strategy to reflect new legislation.

Councillor Turner reported that the cost of capital schemes was rising substantially, and this needed to be taken into account within the Council's processes; for example, by ensuring that there was sufficient flexibility to re-consider or value engineer schemes in the event that projected costs were too high. There was a need to be realistic and ensure that schemes progressed appropriately through the gateway process before they were added to the capital programme. It was also important to work to keep slippage to a minimum and avoid optimism bias around projects which might not be feasible.

Cabinet resolved to:

1. **Recommend to Council** the approval of the Capital Strategy 2024/25 – 2027/28 attached at Appendix A.

128. Treasury Management Strategy 2024/25

The Head of Financial Services had submitted a report to present the Council's Treasury Management Strategy for 2024/25 together with the Prudential Indicators for 2024/25 to 2027/28.

Councillor Ed Turner, Cabinet Member for Finance and Asset Management, reported that the Strategy had been updated to reflect changes to Minimum Revenue Provision rules. It was considered that the risks of, and types of, investments outlined in the Strategy remained appropriate, and no changes were envisaged to these for the coming year. The Ethical Investment Policy had been retained, and a new Environmental, Social and Governance Policy had been added (at Appendix 4).

The Head of Financial Services highlighted that the Strategy was an important document for the Finance Team and was underpinned by rigorous operational controls. Performance against the prudential indicators was reported to Cabinet on a regular basis.

Cabinet resolved to **recommend** that Council approves:

1. The Treasury Management Strategy 2024/25 as set out in paragraphs 12 to 60 of the report and the Prudential Indicators for 2024/25 – 2027/28 as set out in Appendix 2;
2. The Borrowing Strategy 2024/25 at paragraphs 34 to 36 of the report;
3. The Minimum Revenue Provision (MRP) Statement at Appendix 3 which sets out the Council’s policy on charging borrowing to the revenue account;
4. The Investment Strategy for 2024/25 and the investment criteria as set out in paragraphs 38 to 56 of the report and in Appendix 1; and
5. The Treasury Management Scheme of Delegation at Appendix 5.

129. Minutes

Cabinet resolved to approve the minutes of the meeting held on 24 January 2024 as a true and accurate record.

130. Dates of Future Meetings

Meetings are scheduled for the following dates:

- 13 March 2024
- 17 April 2024
- 12 June 2024
- 10 July 2024
- 14 August 2024
- 11 September 2024

All meetings start at 6.00pm.

The meeting started at 6.00 pm and ended at 6.35 pm

Chair

Date: Wednesday 13 March 2024

When decisions take effect:

Cabinet: after the call-in and review period has expired

*Planning Committees: after the call-in and review period has expired and the formal
decision notice is issued*

All other committees: immediately.

Details are in the Council's Constitution.