

Cabinet

Monday, 24 June 2024

7.30 pm

Present:

Cllr John Burden (Chair)
Cllr Shane Mochrie-Cox (Vice-Chair)

Councillors: Emma Morley
Karina O'Malley
Lauren Sullivan
Narinderjit Singh Thandi

Stuart Bobby	Chief Executive
Jamie Izzard	Director (Communities and Inclusive Growth) & Deputy Chief Executive
Sarah Parfitt	Director (Corporate Services)
Tom Reynolds	Director (Environment)
Alex Jarvis	Principal Accountant (Housing & Exchequer)
Andy Rayfield	Communications Manager
Carlie Simmonds	Committee Services Manager (Minutes)

18. Apologies for absence

There were no apologies for absence.

19. Minutes

The minutes of the meeting held on Tuesday, 28 May 2024 were agreed and signed by the Chair.

20. Declarations of Interest

No declarations of interest were made.

21. Delegated Decisions - Cabinet Members

No decisions other than those already circulated had been made.

22. General Fund Provisional Outturn Report 2023/24

The Cabinet was presented with the 2023/24 provisional General Fund Outturn Report.

The report was titled as provisional as the accounts were still subject to the external audit process and any changes arising from that process would be reported in due course.

The Principal Accountant (Housing & Exchequer) drew Members' attention to page 12 which held an executive summary of the report.

The provisional outturn position for the year was a favourable variance of just under £300,000 which included favourable items such as salaries underspend, budget rationalisation, interest payable and reduction in energy costs. However, there were significant cost pressures/adverse variances, the most notable items being Leisure Services, St George's Centre and Homelessness. Homelessness currently represented the largest single area of budget pressure so was closely being monitored; a lot of proactive work had and will continue to be undertaken in order to mitigate the impact with the previously projected variance of £1 million being reduced.

The Principal Accountant (Housing & Exchequer) drew Members' attention to the favourable variance of £1.2 million from interest and investment income which had enabled the transfer of £600,000 to the Investment Income Equalisation Reserve.

The Principal Accountant (Housing & Exchequer) also advised that following completion of the external audit of the 2019/20 accounts, the estimates in relation to the St George's Shopping Centre transaction had been replaced by the actual interest charges accounted for, the effect of which had been reflected within a Debt Repayment Reserve.

The wider financial context was detailed within the report including working balances, earmarked reserves and the capital programme.

The Cabinet welcomed the transparency and management of the account/budgets and commended Officers particularly in relation to the proactive work being undertaken on homelessness which had resulted in a positive impact on the budget compared to the previously projected variance. The Cabinet stated that some of the adverse variances were outside of the Council's control and, in relation to St George's Shopping Centre, it was currently outperforming the national shopping centre vacancy rate and a lot of work was ongoing to support the High Street.

The Cabinet noted the report.

23. Housing Revenue Account Provisional Outturn 2023/24

The Cabinet was presented with the 2023/24 provisional Housing Revenue Account Outturn Report.

As with the General Fund, the report was titled as provisional as the accounts were still subject to the external audit process and any changes arising from that process would be reported in due course.

The Principal Accountant (Housing & Exchequer) drew Members' attention to page 36 which held an executive summary of the report.

At the end of the financial year, income and expenditure for the year was balanced with a contribution of £500k to establish a HRA Priorities Reserve which would allow Officers to apply to for one-off financing in relation to a project, system, scheme etc which they wish to pursue and would result in future savings/efficiencies.

Within the figures, there were some significant variances both favourable and adverse, the most notable being:-

- a favourable variance against vacancy savings;
- an adverse variance on the repairs and maintenance service which had resulted in a £1.5 million overspend due to a sustained level of demand, high number of staff vacancies and high cost of materials;
- an adverse variance on the capital financing budget of £5.8 million however this reflected a number of positive actions taken within Finance which included the repayment of £6.8 million of debt, the reduction in the use of direct revenue funding to support the capital programme of £3.6 million and the receipt of external grant money of £3 million; and
- an adverse variance on rental income of £453,000 which was due to a combination of factors such as the high number of properties sold in the previous year under the Right to Buy scheme, slower delivery of the new build properties and an increase in the number of void properties however the high number of properties sold under Right to Buy had produced a favourable variance for service charges as more income was generated through leasehold service charges.

The wider financial context was detailed within the report including working balances and the capital programme.

In relation to debt repayment, the Cabinet welcomed that debt totalling £6.8 million had been repaid. It had recently been reported in the media that the Council had one of the highest debt provisions compared to others local authorities in Kent. A high proportion of the Council's debt related to the Government's requirement for local authorities to buy back their own housing stock. The Cabinet asked what the current debt level was; the Principal Accountant (Housing & Exchequer) confirmed that it was circa £52 million.

The Cabinet highlighted that, in relation to voids, the Council will upgrade and improve void properties to the standards required and will only spend what is necessary. Extensive works would only be undertaken when required, in situations such as, when a long-standing tenant may have sadly passed away and were reluctant to allow the Council to undertake any works during their tenancy, removal of adaptations within properties etc.

It was noted that there was a high number of staff vacancies, Members asked why the Council was experiencing difficulty in recruiting. The Principal Accountant (Housing & Exchequer) advised that the difficulty in recruiting was across the Council and not necessarily restricted to Housing. The Leader stated that the Council had a good system in place to ensure that all Officers were paid equally and try to recruit as quickly as practicable. However, if there was a particular post causing difficulty in recruitment, the only way to regrade that post would be to regrade everyone in that post or to re-evaluate the post which can be a lengthy process. The Cabinet appreciated those teams/Officers who were currently taking on additional workload/pressures during the recruitment process.

The Leader stated that it was important to note that the HRA was ringfenced in that it was paid for and reserved to Council tenants/properties and cannot be used for any other purpose.

The Cabinet noted the report.

24. Financial Update and Balancing the Budget

The Cabinet was presented with a report which provided information on the current financial challenges facing the Council, particularly in relation to the General Fund Budget. The report set out the Council's fiscal journey since 2020, the actions already taken to respond to the increasingly challenging financial position and those planned under the Balancing the Budget programme.

As previously reported, the Director (Corporate Services) advised that Local Government had been subject to a sustained period of financial uncertainty over the last fourteen years.

In February 2020, the Council was able to set a balanced budget for the forthcoming year, with financial projections at that time indicating that the Council would not be required to make any additional savings across the medium-term financial planning period to 2028-29. Planned expenditure for the period was able to be met from anticipated income or usable working balances. In the four years since February 2020, the financial landscape had significantly altered mainly due to issues outside of the Council's control such as the pandemic, rising demand for Council services and economic factors. In February 2022, the Council found itself in a position where it was required to undertake a proactive programme of activity to manage its budget position via the 'Balancing the Budget programme'. Since this time the Council had seen budget pressures of some £7m, had proactively delivered base budget reductions of £3.3m and was operating with a financial budget of an equivalent value to the budget set by the Council in 2010/11.

The Budget Setting report presented to Full Council in February 2024 presented a stark outlook with the need to deliver a further £3.7m of base budget reductions, through either additional income or expenditure savings, to manage the Council's ongoing financial position and maintain financial sustainability beyond the 2024/25 financial year. The urgency around action to deliver the Balancing the Budget Initiatives had required a renewed focus from both Officers and Members. Work between the Administration and Management Team had resulted in the Council now being in a position where it had identified activity totalling £3.9m to deliver the Balancing the Budget Programme. The report detailed the proposed plan.

The Cabinet welcomed the report as it sets out how the Council had and will be making savings to respond to the budget deficit all of which had been reported in an open and transparent way as listed within the background documents of the report.

In relation to future savings, the Cabinet would be working closely with Officers to deliver those savings. A significant issue the Council was currently facing was the delay of some of its key projects; this was due to the impact not only on the capital budget but also the revenue/cash flow of the authority. One of those key projects being Cascade Leisure Centre; the delay was due to the change in interest rates, material prices, build-out values and the impact of the Lower Thames Crossing however, those projects that had been delayed, would be progressed at an appropriate time.

As detailed within the report, the Cabinet highlighted that if the Council's settlement had increased by inflation alone then the Council would have an additional £10 million per year to spend. The Council had continued to receive flat cash from 2010 meaning that the same budget over the last fourteen years was still being used to deliver an increased level of services/pressures. The Cabinet stated that Members do not wish to make cuts and/or reduce services etc., however, they had a legal obligation to respond to the Council's challenging financial position even though some of those challenges were external pressures which were outside of the Council's Control.

The Leader stated that there was a combination of two areas being explored in order to achieve the savings required. Firstly, the Council will look at the administrative areas of each service area to see if any savings and/or income streams can be achieved without significantly changing the service delivery. Secondly, the Council will look at savings and/or income streams beyond that and if a change in service delivery was required then those proposals would be presented to the Cabinet for consideration. The Cabinet thanked those Members and Officers that had contributed to date in suggesting areas of savings and/or income streams in order to assist with the budget deficit.

25. Minutes of the meeting of the Gravesham Joint Transportation Board held on Wednesday, 29 May 2024

The Cabinet noted the minutes of the Gravesham Joint Transportation Board held on Wednesday, 29 May 2024.

Close of meeting

The meeting ended at 8.04 pm.