

Cabinet

Monday, 03 October 2022

19:30pm

Present:

Cllr John Burden (Chair)
Cllr Lee Croxton (Vice-Chair)

Councillors: Shane Mochrie-Cox
Lauren Sullivan
Narinderjit Singh Thandi
Jenny Wallace

Please note: Cllrs Baljit Hayre, Leslie Hoskins, Leslie Hills and Aaron Elliott was also in attendance.

Stuart Bobby Chief Executive
Nick Brown Director (Environment) & Deputy Chief Executive
Sarah Parfitt Director (Corporate Services)
Daniel Killian Director (Housing)
Simon Hookway Assistant Director (Communities)
Andy Rayfield Communications Manager
Ben Clarke Committee Services Officer (Minutes)

14. Apologies for absence

An apology of absence was received from Cllr Rolles and the Director (Communities).

15. To sign the minutes of the previous meeting

The minutes of the meeting of Cabinet held on Monday, 27 June 2022 were signed by the Chair.

16. Declarations of Interest

Cllr Mochrie-Cox declared a non-pecuniary interest for item 11 as he was a Council appointed representative to GCLL.

17. Delegated Decisions - Cabinet Members

There were no further decisions to update Cabinet Members on that had not already been previously circulated.

18. Contract Procedure Rules

The Cabinet was provided with the proposed revisions to Annex 2.7, Contract Procedure Rules, of the Councils Constitution. The Cabinet were asked for agreement of the revisions to be presented and adopted by Full Council.

The Director (Corporate Services) directed Members attention to section two of the report and went through the main proposed revisions:

- Specific inclusion of the requirements of the Public Contract Regulations (PCR) 2015
- Updating of Financial Thresholds
- Reflecting the UK exit from the European Union (EU)
- Expanding references to Corporate Social Responsibility
- Providing tools to assist in implementing the CPRs

The Cabinet agreed that the proposed revisions to Annex 2.7 Contract Procedure Rules of the Constitution as set out within the report be presented for adoption by Full Council.

19. General Fund Budget Monitoring Report 2022/23 – Quarter One

The Committee was provided with a report that provided an assessment of performance against approved budgets for the 2022/23 financial year for the first quarter to 30 June 2022, as well as updating Members on other key areas of financial performance.

The Director (Corporate Services) explained to Members that the typical route for the report would be for it to be taken to Cabinet first and then submitted to the following meeting of Finance & Audit Committee. However, due to the cancellation of the Cabinet meeting in September due to the Queen's passing, the report had already been discussed and scrutinised at Finance & Audit Committee on 26 September 2022.

The Director (Corporate Services) drew attention to section 3.9 of the report which held a summary of the wider unbudgeted risks to the Council's Medium Term Financial Plan including national and local pressures.

The Committee Officer confirmed that nothing significant was raised regarding the item at the Finance & Audit Committee on 26 September 2022.

20. Housing Revenue Account Budget Monitoring Report – Quarter One 2022/23

The Committee was provided with a report that provided an assessment of performance against approved budgets for the 2022/23 financial year for the first quarter to 30 June 2022 as well as updating Members on other key areas of financial performance.

The Director (Corporate Services) explained to Members that the typical route for the report would be for it to be taken to Cabinet first and then submitted to the following meeting of Finance & Audit Committee. However, due to the cancellation of the Cabinet meeting in September due to the Queens passing, the report had already been discussed and scrutinised at Finance & Audit Committee on 26 September 2022.

The Committee Officer confirmed that nothing significant was raised regarding the item at the Finance & Audit Committee on 26 September 2022.

21. Corporate Performance Update: Quarter One 2022-23

The Cabinet was provided with an update against the Performance Management Framework, as introduced within the council's Corporate Plan, for Quarter One 2022-23 (April to June 2022).

The Chief Executive explained that the report was due to be considered at the Cabinet meeting in September which was cancelled due to the Queens passing; since then, several Cabinet Committees had already received their 2022-23 quarter one updates where they were scrutinised by Members of the respective Committees, or they were forthcoming with postponed Cabinet Committees.

The Chair thanked the Chief Executive for the report and reminded Members that they were able to scrutinise the performance data effectively at their respective Cabinet Committees.

22. UK Shared Prosperity Fund

The Cabinet was presented with a report which updated them on the preparation and submission of the council's investment plan for the UK Shared Prosperity Fund.

The Assistant Director (Communities) advised that the Fund was part of the Government levelling up agenda and was a successor to the European Structural Funds. Gravesham had been identified as Category 1 within DLUHC's Index of Priority Places and would receive £1 million over the period 2022/23 to 2024/25. The figures at 1.2 of the report indicated that the majority of the funding would not be available for use by the Council until year 3 (2024/25). In addition, the Government had also asked the Council to consider 41 investment priority and interventions which were listed at appendix two.

The Investment Plan, attached at appendix 1, was submitted in September 2022 and the team were waiting for a response. The remainder of the year would be reviewed, and Cabinet Members worked with to determine future spending; a report would then be brought back to Cabinet.

The Assistant Director (Communities) and the Chief Executive fielded questions from Members and explained that:

- The Chief Executive attended a district Council Networks meeting and there were rumours that the UKSPF and the levelling up Fund could possibly become part of the Investment Zones which were recently announced by the Government for certain areas such as Kent. A decision on the matter would possibly be delayed until January 2023
- Clarification on whether or not the £1 million would be available to Councils in future years following the recent mini budget was put to the Department for Levelling Up, Housing and Communities (DLUHC). The response received from the Department for Levelling Up Housing and Communities stated that 'The Governments intended timetable for determination of the UKSPF remains as previously stated, for November of this year'. DLUHCs response did not make any reference to the Levelling up Fund or the mini-budget announcement

The Cabinet voiced their support for the UKSPF, and the Chair highlighted the importance of commitment to spend the funds before it was received so that a programme was in place for the financial year. The Chair added that the funds were a one-off source of money and were an additionality, residents of the Borough would not be worse off if the funds were not distributed over the three years as previously stated.

23. Risks and Financial Pressures

The Cabinet was provided with a report that updated them on the financial challenges facing the Council from the current economic situation and the proposed work of the Corporate Improvement Team.

The Director (Corporate Services) directed Members attention to section two of the report which held an executive summary of the Council's financial position and the Council's financial challenges.

The Director (Corporate Services) reminded Members in 2016 the Council adopted a proactive Strategy which meant that the Council were able to deliver £4.25 million in savings leading to the Council having a balanced Medium Term Financial Plan (MTFP) in February 2020 up to 2028/29. Unfortunately, the Covid pandemic and a series of lockdowns starting in March 2020 caused significant uncertainties and severely impacted the economy and the council. This had been further compounded by ongoing uncertainties for funding mechanisms for Local Government.

The Director (Corporate Services) reminded Members of the budget proposals in February 2022 where Full Council were informed of a situation of emerging pressures on the council's financial position, with financial projections at that time indicating a budget gap of c. £3m emerging in 2026/27 within the General Fund. The Medium Term Financial Strategy approved at that time set out a proactive programme of activity to fully respond to those new budgetary pressures.

In May 2022, the Cabinet was informed of further pressures being placed on the council's budgets due to the national fiscal and economic situation, emanating from the ongoing effects of the COVID-19 Pandemic, increasing service pressures in areas such as homelessness, and inflationary pressures affecting works and service contracts, energy costs and pay. The updated financial projections contained within the report indicated that, were the council to take no action to respond to the expenditure pressures, the council would need to take action to manage a budget gap of c. £4.6m emerging in 2024/25.

The outlook was improved to some extent when implementation of the activity set out and agreed within the Medium Term Financial Strategy was profiled into the financial projections of the council. It was critical to note, however, that it was predicated on the activity being delivered in full. After delivery of that activity, which was intended to provide £3m of savings in the period to 2026/27, the council would still need to respond to a remaining budget gap of a further £1.6m which would emerge from 2024/25.

The Director (Corporate Services) further advised that there were increasing financial challenges within the HRA as well; consultation documents issued in the last few weeks from DLUHC set out the Government's intention to seek to ask the Regulator of Social Housing to limit rent increases for social housing. The current government policy permitted an annual rent increase for both social and affordable rent properties up to CPI+1% from April 2020 for

a period of at least 5 years. However, the consultation considered upper limits of 3%, 5% and 7%; early indications were that a 5% upper limit was being considered. The Director (Corporate Services) advised that with a central assumption of 5%, the Council would effectively be in a situation where rent levels could not keep up pace with expenditure pressures in 2023/24 and with no support announced from the Government there would be a detrimental impact on the service for tenants and results as whole.

The Chair thanked the Director (Corporate Services) for the detailed update and advised that it was important for all Members to read and fully understand the document. The Chair further highlighted the problems the Council faced with higher interest rates on future borrowing and challenges that were out of the Council's control such as the impact of the Covid pandemic. The Chair asked that any officer or Member, regardless of political affiliation, that had ideas about areas where savings could be made should raise them with the Cabinet as all suggestions would be appreciated.

The Director (Corporate Services) advised that the issue was not unique to Gravesham, a recent DCN survey (<https://www.localgov.co.uk/Councils-face-900m-shortfall-due-to-inflation-/54905>) highlighted that Council's all around the Country were facing the same financial pressures and impact on budget/services, with the situation principally being driven by factors outside of the council's control. However, the Council having a balanced budget in 2020 meant that Gravesham were in a better position than a lot of other local authorities.

The Chief Executive added that there were roughly 200 local authorities surveyed and the survey advised that as a result of the wider economic issues, local authorities faced a £400 million shortfall resulting in an average of £2 million shortfall per local authority. According to that average, Gravesham's need to find £1.6 million in savings (following completion of the £3 million savings Strategy) indicated that the Council's level of financial challenge was in line with other local authorities in the Country.

In response to Members questions about the mini-budget and its effect on Gravesham, the Director (Corporate Services) advised that:

- There were two key announcements which affected the Council; the reversal of the 1.25% National Insurance contribution was a minor positive to the Council's financial position as it would generate around £300K savings for the General Fund and £200K savings for the HRA
- The mini-budget confirmed that businesses including the public sector would receive savings through the capping of energy costs for six months however where energy costs were fixed, the capped costs would only apply to energy costs procured after April 2022; the Council were waiting on further information as to how the cap would affect the energy costs of the Council

The Cabinet held a detailed discussion on the financial risks the Council faces and the need to deliver £4.6 million in base budget reductions to return to a balance budget; Members praised the work of officers in delivering services and voiced the need to carry on supporting residents in the Borough that faced homelessness, rising prices and a general detriment to their way of living.

The Chair summarised the challenges the Council and residents of the Borough faced and advised that all options would have to be considered in the future in order to meet the budget reduction target.

24. Minutes of the meeting of Gravesham Joint Transportation Board held on Tuesday, 24 May 2022.

The Cabinet were presented with the minutes of the meeting of Gravesham Joint Transportation Board held on Tuesday, 24 May 2022.

Members noted the minutes.

Close of meeting

The meeting ended at 20:14pm.