

MINUTES OF CABINET

Tuesday, 19 December 2023
(4:04 - 4:49 pm)

Present: Cllr Darren Rodwell (Chair), Cllr Saima Ashraf (Deputy Chair), Cllr Dominic Twomey (Deputy Chair), Cllr Sade Bright, Cllr Cameron Geddes, Cllr Syed Ghani, Cllr Kashif Haroon, Cllr Jane Jones and Cllr Maureen Worby; Cllr John Dulwich

Apologies: Cllr Elizabeth Kangethe

65. Declaration of Members' Interests

There were no declarations of interest.

66. Minutes (14 November 2023)

The minutes of the meeting held on 14 November 2023 were confirmed as correct.

67. Revenue Budget Monitoring 2023/24 (Period 7, October 2023)

The Cabinet Member for Finance, Growth and Core Services introduced the Council's revenue budget monitoring report for the 2023/24 financial year as of 31 October 2023 (period 7).

The Council's General Fund revenue budget for 2023/24 was £199.002m and the forecast outturn position at the end of October projected a net overspend of £11.605m after transfers to and from reserves, which represented an improvement of £1.047m on the position at period 6. The Housing Revenue Account (HRA) was showing a projected overspend of £7.08m for 2023/24, which was unchanged from period 6.

The Cabinet Member reiterated the issues that were impacting on the in-year position for the General Fund, such as continuing demand pressures and increasing social care costs, as well as the effect that the projected overspend would have on reserves and the Council's ability to set a balanced budget for 2024/25. The report also set out the key organisation risks and key assumptions made within the organisational forecast and the Cabinet Member stressed the need for portfolio holders and senior management to continue to make every effort to reduce the overspend position by the year-end.

The Cabinet Member also advised on a recent review of various non-ringfenced reserves which had identified the capacity to move some allocations within those reserves to the main Budget Support Reserve.

Cabinet **resolved** to:

- (i) Note the projected £11.605m revenue overspend forecast at Period 7 for the General Fund for the 2023/24 financial year, as set out in sections 2 and 3 and Appendix A of the report, and the net projected year-end drawdown

of £4.888m to support the in-year position, as shown in Table 1 of the report;

- (ii) Note the projected £7.08m revenue overspend forecast for the Housing Revenue Account, as set out in section 4 and Appendix A of the report;
- (iii) Note the projected returns for the Investment and Acquisition Strategy as set out in section 5 and Appendix A of the report;
- (iv) Approve a virement of £10,733,468 from the Enforcement Service budget to the Public Realm budget to reflect the transfer of the Parking service to Public Realm during period 7; and
- (v) Approve the re-appropriation of reserves of £3.684m to the Budget Support Reserve from other non-ringfenced reserves, as detailed in section 6 of the report.

68. Budget Strategy 2024/25 to 2026/27

Further to Minute 20 (18 July 2023), the Cabinet Member for Finance, Growth and Core Services presented a report on the updated position regarding the Council's Medium Term Financial Strategy (MTFS) and the proposed Budget Strategy for 2024/25 and beyond.

The Cabinet Member advised that the Government had only published the draft Local Government Finance Settlement for 2024/25 the previous evening and, therefore, the assumptions used in the preparation of the report would need to be reviewed to ensure that they reflected the published position.

Referring to his comments last year that the 2023/24 financial year was likely to be the most challenging that the Council had faced, the Cabinet Member advised that whilst that prediction had proven correct, he was in no doubt that the 2024/25 financial year would prove even more challenging. He cited the Government's failure to introduce the Fair Funding reforms that had been promised for several years and its clear acceptance that social care services were underfunded, by forcing local authorities to apply the maximum 2% social care precept to annual Council Tax bills, as two of the main reasons why the next financial year was likely to push the Council's ability to set a balanced budget to the very limit.

The Council's projected budget gap for 2024/25 was £23.335m after current savings and growth proposals were taken into account. The savings proposals of circa £10.618m were set out in Appendix A to the report and the Cabinet Member advised on the planned consultation process for those and the other key aspects of the budget setting process, such as the proposed Council Tax increase of 4.99% (inclusive of the 2% social care precept). It was also noted that the Strategic Director, Resources, was leading on the identification of additional savings proposals for 2024/25 which would be included in the consultation process.

With regard to reserve balances, the Cabinet Member commented on the impact that the current year's projected overspend would have on the main General Fund reserve if it remained at the current level. It was noted that as part of the annual

budget setting process, the Council's S151 Officer was required to issue a statement that he/she was satisfied that the Council also had sufficient reserves to mitigate against key financial risks. The Cabinet Member referred to the statement in the report that the Council must reduce its expenditure significantly over the short to medium-term to match its funding and income and that difficult decisions would be required on service delivery to ensure that the Council reached a sustainable budget position. He stressed the importance of the Council taking responsibility for those difficult decisions, as the alternative could result in independent commissioners being appointed by the Government to come into the Borough and make decisions with little or no regard for the local community or the Council's vision.

Cabinet Members acknowledged the challenges being faced by the Council and expressed their criticism of the Government for its relentless programme of austerity. Reference was also made to the Government's failure to deal with the consequences of the Covid-19 pandemic, which had led to significant additional demand for social care, educational support and other health and wellbeing-related services.

Cabinet **resolved** to:

- (i) Note the revised Budget Gap for 2024/25 of £23.335m and the projection of the future Medium Term Financial Strategy position for years 2025/26 and 2026/27;
- (ii) Note the current savings and growth proposals to help balance the 2024/25 budget as detailed in Appendix A to the report and agree the arrangements for public and stakeholder consultation as set out in Section 7 of the report;
- (iii) Agree to consult Borough residents and taxpayers on the levying of a 2.99% General Council Tax increase and a 2% Adult Social Care Precept to support the Borough's most vulnerable residents, subject to those thresholds being confirmed by Central Government;
- (iv) Note that from 2024/25, the Council's policy to support alignment with the London Living Wage in its contracts with third parties shall be reviewed on a contract-by-contract basis; and
- (v) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services, to agree any additional savings proposals for 2024/25 for public consultation.

69. Urgent Action - Potential Acquisition of the former Chaseview Care Home, Dagenham Road, Rush Green, Romford

The Cabinet Member for Finance, Growth and Core Services introduced a report on Urgent Action taken by the Chief Executive on 30 November 2023 which enabled the Council to submit a bid to purchase the former Chaseview Care Home. The Cabinet Member also advised on the current position regarding the Council's bid.

Cabinet **resolved** to:

- (i) Note the action taken by the Chief Executive, in accordance with the Urgent Action procedures set out in Part 2, Chapter 16, paragraph 4 of the Council Constitution, in relation to:
 - (a) Agreeing that Be First, on behalf of the Council, submit a bid as set out in Appendix 2 to the attached report for the acquisition of the former Chaseview Care Home;
 - (b) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services, the Strategic Director, Inclusive Growth and the Head of Legal, to submit a best and final bid should the Council be successful in the initial bid round;
 - (c) Note that the final bid would be subject to further refinement of the modelling and financial assumptions along with better profiling of the delivery plan to take into account legal, procurement and planning timelines; and
 - (d) Delegate authority to the Strategic Director, Resources, in consultation with the Cabinet Member for Finance, Growth and Core Services and the Head of Legal, to complete the necessary documentation to acquire the site should the Council's bid be successful.
- (ii) Note that subsequent to the submission of the Council's bid, confirmation had been received that HC One had received higher bids from established care home providers and was currently considering the detail of those bids.