

Meeting: Cabinet
Date: 12 December 2023
Classification: Part 1
Key Decision: Yes (recommendation 2.3 only)
Title of Report: Budget 2024/25 - Member Budget Ideas and Budget Proposals

Executive Director: Finance & Resources
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Executive Councillor: Councillor Tony Cox – Leader and Cabinet member for Special Educational Needs and Disability

1. Executive Summary

- 1.1. This report brings forward a range of ideas from Members to help to address the financial challenges the Council is facing for 2024/25 and the medium term. The suggestions will be taken forward as part of the budget setting process for 2024/25 and future years. Taking early views on the suggestions will permit earlier full year delivery of service changes and consequent savings.
- 1.2. The report also follows on from the Cabinet report on 31 October 2023 to bring forward budget proposals earlier in the fiscal cycle to assist both the position for 2023/24 and also to get an early start to generate savings and income for 2024/25.
- 1.3. The severity of the financial challenges that have been reported across the Local Government sector and within Southend-on-Sea City Council has demanded a different response to the standard medium-term budget planning, financial management and engagement. It is essential that the Council does everything it can to continue to improve its operational efficiency, productivity and delivery of value for money services. However, given the current operating environment and the significant increases experienced in both service demand and unavoidable inflationary cost pressures, particularly within social care for our most vulnerable residents, achieving this ambition alone will not be enough to guarantee the future financial sustainability of the Council.

- 1.4. Southend-on-Sea City Council, like many local authorities right across the country is being forced to make some difficult choices on the level and range of our local service offer. It needs to take early decisive action to ensure the good local governance of financial and operational decision making and for the future of the City. For this reason fees and charges are proposed to be increased as early as possible in 2024 rather than April 2024 and an urgent recommendation is made in this report for the reasons set out in section 5.
- 1.5. The Council has a statutory fiscal duty and core responsibility to set a balanced and robust budget each financial year and the next budget setting Council meeting is scheduled for 22 February 2024. This report proposes a way forward of integrating members ideas and other budget proposals from the Cabinet into the budget setting process for 2024/25 and over the medium term. Some of these proposals will require a significant re-configuration of service delivery arrangements. This re-design will take time to develop, consult and implement and it is critical that we get the new operating model right in order to best meet the needs of our residents and deliver our statutory responsibilities within the level of the resources we have available as a City Council. This revised approach is in recognition of the size and complexity of the challenge to determine the council's budget plans for 2024/25 and across the medium-term.

2. Recommendations

It is recommended that Cabinet:

- 2.1. **Notes the ongoing significant financial challenges facing the Council in the medium term and the valuable contributions made by Members in coming forward with a range of ideas to help plan for longer term financial sustainability of the Council.**
- 2.2. **Notes the full range of Member ideas set out in Appendix 1 and the proposed way to deal with them accordingly, as set out by category in paragraph 4.3 and Appendix 1.**
- 2.3. **Approve the earlier implementation date of 1 January 2024 for the increase in fees and charges, set out in section 5, subject to the normal notification and consultation periods where required.**
- 2.4. **Approve the commencement of market testing followed by procurement as necessary for the proposed commercial operation of the Pier.**

3. Background

- 3.1. Like most local authorities across the country, the Council's financial situation is challenging, and urgent action has and continues to be taken within the organisation to mitigate the scale of current year overspending and to address the forthcoming budget setting for 2024/25. Our approach and response to the range of financial pressures that we continue to face

was fully reported within the period ending 31 July and 30 September budget monitoring positions, the latter which was considered by Cabinet on 20 November 2023 and scrutinised by Policy and Resources Scrutiny Committee on 7 December 2023.

- 3.2. The period ending 30 September (period 6) report identified that the projected year end overspend position for 2023/24 was now circa £10.7m. This had reduced from the reported period ending 31 July 2023 (period 4) position of circa £14m.
- 3.3. The cabinet report on the 20 November 2023 also identified that the budget gap for 2024/25 had been revised upwards to £15.2m, resulting from further detailed analysis of all the relevant spend pressures and income generation.
- 3.4. It is in the best interests of the Council for all Officers and Elected Members to work closely and collaboratively together at pace to control all areas of current identified overspending and to ensure that any adverse variances are brought back as close as possible to the approved budget for 2023/24. Without this collaborative action, these pressures will contribute to increasing the forecast budget gap for 2024/25 whilst the Council will still have a statutory requirement to approve a balanced budget on 22 February 2024. Thus alongside collaborative working for 2023/24 there is also the need to work collaboratively in setting the 2024/25 budget and also moving forwards.
- 3.5. Despite the tough economic climate and local circumstances, the Council still has its financial destiny and control in its own hands, if it can manage to reduce the forecast overspending significantly throughout the rest of the 2023/24 year and develop robust plans to deliver a balanced budget for 2024/25 and beyond.

4. Working Collaboratively

- 4.1. As part of this year's approach to include all Members, where practical, in the budget setting process and to work collaboratively, there was an ask to all members for budget ideas. In advance of Policy & Resources Scrutiny Committee on 2 November, the Leader of the Council invited contributions for budget ideas from all Members. At the scrutiny meeting, the Leader recommended that to enable the maximum number of ideas to be captured and then reported to a special cabinet meeting in December, that a deadline of 10 November be put in place.
- 4.2. In total some 184 contributions were made by 10 November. There were a number of duplications across all of the ideas put forward but these have all been captured individually. At **Appendix 1**, the full set of Member ideas have been set out and have been examined by officers and allocated to a number of categories for relevant progression. A summary table across the various categories is set out below;

Category	Number of Member Ideas
1. Items already under consideration	106
2. Medium to long-term consideration	20
3. New ideas not yet considered	26
4. Engagement with Central Government required	14
5. Cabinet considered and ruled out	18
Total	184

4.3. An officer comment and proposed way forward is provided against each idea as set out in **Appendix 1**. In general terms the proposed way forward in dealing with the various Member contributions across the five categories is as set out below;

1. These items have already been identified and assessed by officers and the Cabinet and will feature as part of the draft budget proposals for 2024/25.
2. These items will feature as part of a list of areas which are to be examined and taken forward as we progress through various annual budget setting processes and will be separately identified in the 2024/25 budget setting report and will be regularly tracked for progress.
3. These will be actively considered for the budget setting in 2024/25 and assuming they are viable, and deliverable, could feature as part of the draft budget proposals.
4. This category will require changes in Government policy before any action can be taken and will require the relevant lobbying of the Government Department.
5. These are for the Cabinet to reconsider and make their views known as identified in **Appendix 1** and as part of their draft budget proposals for 2024/25.

4.4. In addition to the invite for Member ideas, the Leader of the Council at 20 November Cabinet also recommended that a cross party Member Finance panel comprising the Group Leaders be established to enhance further collaborative working. This Panel will also provide a more regular oversight on financial performance including progress on in year budget monitoring, delivering approved savings and investment, the transformation work of the Council, the cross council workstreams and also Members ideas. This Member panel is intended to be in place across a number of financial years to ensure the overall direction of travel is maintained to ensure a financially sustainable council in the medium to long term. The detailed terms of reference on how this panel will operate will be formulated by the Group Leaders and the Chief Executive.

5. Budget Proposals

- 5.1. Further to the 31 October Cabinet report, which approved the progress of several budget proposals for earlier public consultation and implementation, this report also sets out some further changes for approval.
- 5.2. The position at the 20 November 2023 cabinet meeting identified that there is still a projected overspend of circa £10.7m forecast by the end of the 2023/24 financial year. A number of initiatives have been actively underway to contain the overall position for 2023/24 and these were set out in full in the 31 October and 20 November Cabinet reports. In addition, this report also updates on the Member ideas that have been put forward for consideration. Any residual overspend by the year end will need to be met by reserves to balance the end of year outturn position, which is not the ideal position for any Authority to be in, as overall it weakens the authority's medium term resilience. Therefore, notwithstanding all the significant work that has been undertaken to date and will be continued through to the end of the financial year and to minimise the level of reserves needed to balance this year's outturn, there is an urgent immediate need to go further with some proposals to support the reduction of the projected overspend.
- 5.3. As part of the annual budget setting the Council's fees and charges are also reviewed for implementation from April each year. In the 31 October Cabinet report it was approved to increase all fees and charges from April 2024 by 10% (excluding the Parking charges yield at 7% and Burial charges by 20%). It is now proposed that the implementation date for the increase in fees and charges is brought forward to 1 January 2024 to urgently assist with the in-year projected overspend position reported to Cabinet on 20 November 2023.
- 5.4. Where practicable it is proposed, and subject to the normal notification periods and consultation, that the relevant fees and charges for 2023/24 (set out in **Appendix 2**) are uplifted in yield terms by 10% for each functional set of fees and charges from 1 January 2024.
- 5.5. The implementation date will also apply to Burial charges (the 31 October Cabinet report approved a 20% increase) and also now Cremation charges by 15%.
- 5.6. In addition, the Parking charges yield at an increase of 7% was also approved at that Cabinet and further final work is being undertaken on the specific schemes that will deliver this yield increase and where appropriate will also be implemented by 1 January 2024.
- 5.7. The 31 October Cabinet report also approved the review of overall expenditure to ensure full cost recovery and explore opportunities for a commercial operator of the pier. The first part of this work is underway to reduce the overall net cost of the operation of the Pier by the end of the financial year and ongoing. The second part relates to the proposed

commercial operation of the Pier and this report is seeking approval to undertake the necessary market testing required and procurement as necessary for this proposed approach.

6. Staffing Considerations/Implications

- 6.1. It is anticipated that there may be staffing implications as part of implementing these proposals. A significant part of managing the budget will result in planning for longer term efficiencies through service re-design. Management focus will therefore be looking to transform our operating model as set out in the report.
- 6.2. Council HR policies seek to minimise any compulsory redundancies with the resulting impact on service delivery. Our service changes are designed to look firstly for redeployment opportunities, deleting vacant posts, restricting recruitment, natural wastage / turnover and reducing or eliminating additional costs. Where there are staffing implications, the Council is seeking voluntary redundancies as appropriate to minimise compulsory redundancies.
- 6.3. The Council's workforce planning arrangements will continue to provide oversight on all proposed staffing changes and ensure that the approach will manage vacant posts (permanent and temporary), agency and interim arrangements to ensure that any staff identified at risk from any changes to proposed staffing restructures can be redeployed where appropriate.
- 6.4. The Council's policies on managing organisational change, redeployment and redundancy will be followed accordingly. Consultations with staff and Trade Unions will commence at the appropriate time and continue throughout the budget development and implementation process.

7. Reasons for Decisions

- 7.1. The key intention behind this report is to seek a way forward with the Member ideas that have been provided as part of consideration for the Council's budget. It will also help to inform the decision making needed to ensure the Council's medium term financial sustainability is maintained and robust budget setting for future years is achieved.
- 7.2. The challenge of delivering a balanced financial outturn for 2023/24 remains significant and some of these factors are contributing to increasing the scale of the financial challenge for 2024/25. The Council continues to try to reduce all non-essential expenditure and/or generate extra income. This priority must be achieved whilst ensuring that our most vulnerable residents are looked after appropriately, and our statutory responsibilities are effectively discharged. Improving efficiency and productivity is essential but the scale of the unprecedented financial pressures will inevitably lead to a reduction in the range, quality, cost and responsiveness of other discretionary Council services, as well as challenging our approach to statutory services. There is

the need to consider all suggestions put forward to help support the delivery of a robust and balanced budget for 2024/25 and beyond.

8. Other Options

- 8.1. The Cabinet could choose not to progress with all or some of the Member ideas put forward in the attached **Appendix 1**, however, this would need to be considered against the significant financial challenges currently being faced by the Council. The Cabinet could also choose not to progress with the earlier implementation of fees and charges but this would mean foregoing an opportunity to generate income to support the 2023/24 budget position.

9. Financial Implications

- 9.1. The financial implications of each proposal will be refined as part of the more in-depth review of each proposal and will form an integral part of the budget setting report for 2024/25 and beyond. At this stage, the attached **Appendix 1** identifies the Member ideas into 5 broad categories with a proposed way forward of dealing with each category and the financial position will be considered under the required relevant timescale and dealt with as part of the appropriate year's budget setting and/or other cabinet reports.
- 9.2. By introducing fees and charges earlier than the approved implementation date of April 2024, this could generate a yield of some circa £75k for each full month they are implemented before the usual April 2024 implementation date.

10. Legal Implications

Purpose of these recommendations.

- 10.1. The Council is under a legal duty to meet the requirements of Section 31A of the Local Government Finance Act 1992, which includes the obligation to produce a balanced budget by 11 March annually.
- 10.2. The budget forecast as set out in this, and previous Cabinet reports, indicates that the Council must take immediate and significant steps to meet its legal duty to achieve a balanced budget - by the start of the next financial year. The purpose of these recommendations is to support that position and for Cabinet to agree a way forward to ensure it assists Council to produce a balanced budget and does not expose the Council to risk of external intervention.
- 10.3. The recommendations include a request for an urgent decision to increase fees and charges from 1 January 2024. Given that the considerable work undertaken by officers and members to achieve a balanced budget still leaves a significant gap in resources, an urgent decision to bring forward an earlier increase in fees and charges can be justified.

Requirement to report to Council.

10.4. For the remainder of this year, the budget sets the upper limits of how the executive (Leader, Cabinet, or officer under delegated executive authority) may decide to spend the Council's resources. Setting of fees and charges is an executive function and therefore a decision for the Cabinet. The Council cannot, through the budget, overrule an executive decision as to how to spend money, unless that decision leads to excess expenditure.

10.5. This report sets out those decisions that are within the remit of the Leader and Cabinet to make in-year and are designed to meet the Council's legal requirements.

11. Policy Context

11.1. These ideas may mean a review of relevant policy areas and this will form part of the budget setting programme for 2024/25 and where required appropriate policies will need to be amended accordingly if the proposals are approved.

12. Carbon Impact

12.1. Each proposal will have the carbon impact assessed as part of the next stage on reviewing each of the proposals in more detail.

13. Equalities

13.1. Each proposal will have a comprehensive equality impact assessment undertaken at the appropriate time as part of the development of the budget for 2024/25 and later years.

14. Consultation

14.1. If Members approve the proposals contained in this report this will mean that the relevant service at the required timing will then undertake the necessary public consultation to enable the position to be confirmed in advance or part of the budget setting for 2024/25 or later years and also in 2023/24 for fees and charges where relevant.

15. Appendices

15.1. **Appendix 1** Member Budget Ideas

15.2. **Appendix 2** Fees and Charges Schedule 2023/24

16. Report Authorisation

This report has been approved for publication by:		
	Name:	Date:
S151 Officer	J Chesterton	04.12.23
Monitoring Officer	K Sawyer	08.12.23
Executive Director	J Chesterton	08.12.23
Relevant Cabinet Member	Councillor T Cox	08.12.23

