

COUNCIL MEETING

20 February 2023

MEMBER QUESTION 4

(Pursuant to Council Procedure Rule 11.2)



Question to Councillor Jeeawon from Councillor Ganly

Question

Financial Stability Programme

Since April 2020 great play has been made by the Alliance of the role of the Financial Stability Programme in keeping the Council financially sound. The Chief Finance Officer has repeatedly said if the savings/ benefits are not achieved the reserves will be depleted by 2024/25. In the first 2 years of the Programme there has been a shortfall of £745,000 in benefits achieved to date. In the Revenue Budget for 2023/2024 the Financial Stability Programme is stated as being required to produce a benefit of £1,106,000.

Question: Please itemise the items making up this £1,106,000. If these benefits are not achieved will this result in an equal and opposite reduction in reserves? How will the benefits be reported?

Answer

There is not a line by line breakdown of the £1.106 million, hence the bottom of Appendix E refers to 'FSP Savings to be identified during 2023/24'. If these savings are not achieved then, all other things being equal, the Council's Usable Revenue Reserves balance would reduce by this figure.

However, this is neither the intention or expectation of the Chief Finance Officer (CFO) and the Senior Leadership Team (SLT), or indeed Cabinet. Furthermore paragraphs 13 and 15 of the Draft Revenue Budget Proposals report to Cabinet on the 6 February 2023 set out very clearly how Officers will approach this

The two main areas of savings have clearly been identified as a devolution of non-discretionary services and savings by a service planning exercise. I am happy to re-affirm the report to Cabinet that confirmed that this work is well underway and initial reports confirm that the savings will be met. Plans and details will be shared with Members once they are sense checked, ratified and agreed by the Senior Leadership Team.

It should be noted that the projected Reserves figure is within £64,000 of the projected amount presented to Cabinet for budget setting in 2019/20 – this point before the last election. Of course, we have had the Covid pandemic which cost the Council an extra £500,000 in lost revenue and extra expense.

The CFO has been very clear throughout the budget setting process that the intention is to ensure that Usable Revenue Reserves remain above £5 million as a minimum and this aim has not changed. Paragraph 26 of the aforementioned report also sets

out how the Council intends to achieve this but it is also worth referring back to paragraph 36 of the Draft Revenue Budget Proposals report to Cabinet on the 9 January 2023, which explains that there is a clear expectation on behalf of Central Government that Councils will continue to use Reserves to fund services.

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