

**Addendum to Agenda Item 6(a) - Response to Overview Committee's
Consideration of Draft Budget and Medium Term Financial Strategy Proposals**

	General issue raised by the Overview Committee	Response from Cabinet Member – Finance and Service Director for Finance, Infrastructure and Improvement (Section 151 Officer)
1.	Budget assumptions, modelling and risk mitigation	
	<p>Members queried the impact of the ongoing international and national issues, inflationary pressures and volatility of the markets and the reliability and robustness of the assumptions made in light of that landscape.</p> <p>Members also sought assurances that all of the risks that could potentially impact on the delivery of the budget had been fully understood and applied in the creation of the proposed budget.</p>	<p>The ongoing economic situation had added £45m of additional cost pressures in the current year and £114m across the period of the MTFS. Plans have therefore been developed to address issues known about but still not entirely clear at this point, including pay inflation and the Government's National Living Wage Policy, with an appropriate element of contingency required to mitigate any new and evolving risks (there was £5m contingency set aside in the proposed Revenue budget). Specific risks are covered in detail in the Robustness of Budget Estimates and the Adequacy of the County Council's Reserves (Appendix C to the report). The ongoing monthly review of assumptions in the current financial year has enabled the budget to remain balanced despite the exceptional economic climate, and this is in contrast to some other councils that are reporting large overspends. This monthly review process will continue in the next financial year, as will the approach of sharing the latest information with the Members of all political groups. The ability to identify increased pressures and demands may have also impacted positively upon the provisional Local Government Settlement for the Council.</p>
2.	Public Consultation	
	<p>Members raised concerns about the level of consultation responses and felt that the way that the Council conducts public consultations, in particular budget consultations, should be a priority area of focus for the Overview Committee.</p> <p>Members also queried how the budget aligned with the strategic objectives as set out in the Nottinghamshire Plan.</p>	<p>The Chairman highlighted that Overview Committee was due to consider the Council's Consultation Processes at the 18 May 2023 meeting. This will enable the learning from this year's budget process to help shape future approaches to consultation. Starting the budget consultation earlier was one area discussed.</p> <p>The budget is built to enable the delivery of the strategic priorities contained in the Nottinghamshire Plan. A significant majority of respondents confirmed that they would rather see Council Tax increases than services being reduced, thereby enabling the delivery of the Plan.</p>
3.	Transformational Activity	
	<p>Members sought further information around the delivery and monitoring of the Council's transformational activity and its implications for the delivery of both the current and future budgets.</p>	<p>The total cost of the Strategic Development Fund within the MTFS is £17m. The Budget includes savings of £3 million per annum from the transformation programme in Children and Families. The progress of the delivery of the savings is monitored on an ongoing basis, in light of lessons learnt from such programmes at councils which had experienced financial difficulties. Similarly, the risk of the wider savings and efficiencies (referenced in paragraph 52 of the draft</p>

		<p>cover report to Cabinet) not being achieved will be addressed by ongoing monitoring and review.</p> <p>The oversight and responsibility for the various strands of the Transformation Programme fall within the remit of a range of decision makers (Corporate Directors, Cabinet Members and Cabinet itself) whilst informal working groups are also overseeing the work on a departmental basis, with involvement from the Cabinet Member – Finance, Deputy Cabinet Member – Finance, the relevant Cabinet Member/s and appropriate senior officers.</p>
4.	Local Government Funding	
	<p>Concerns were raised around the sustainability of the current methods of Local Government Funding including:</p> <ul style="list-style-type: none"> the delay of the Fair Funding Review single year Grant Settlements the need to request Government funding through bidding processes throughout the year the appropriateness of the Adult Social Care precept as a means of providing funding for services. 	<p>Frustration at the delay in the Fair Funding Review is shared by many Members. The Leader, the former and current Chief Executive, the Section 151 Officer and the Cabinet Member - Finance continue to lobby Government about this, which may have positively impacted on the favourable Provisional Local Government Settlement outcome. The post-COVID landscape and Cost of Living issues could mean that now is not the most opportune time to undertake such a review.</p> <p>A three-year settlement could give councils greater assurance and the ability to plan and develop services and this is another area on which the Council has continued to lobby Government.</p> <p>There is a need for very strong business cases and stringent criteria when distributing significant amounts of public money.</p> <p>Whilst concerns and frustrations at the delay in the Social Care Review are shared by the Cabinet Member – Finance, this remains the existing mechanism available.</p>
5.	Councillor's Divisional Fund	
	<p>That the proposal to reduce the amount of the Councillor's Divisional Fund from £5,000 to £3,000, at a point when voluntary and community groups were already being impacted by the current economic situation should be reconsidered by Cabinet.</p> <p>N.B. Members requested that this proposal be raised as a specific issue for further consideration by Cabinet.</p>	<p>If the existing amount of funding available through the CDF is retained at the current level then additional efficiencies will need to be identified elsewhere in the Council's Budget. Opposition Groups are able to submit an alternative budget, to show how such savings could be achieved to enable the retention of the current level.</p>

6. The Council's Managed Companies	
Members suggested Board Members of companies such as Inspire would welcome a discussion about the budget to better understand the political and wider aspects of its development.	The Council has made provision in the Budget for the services to the council provided by our external companies. The Council's management companies such as Inspire, Via and Arc, are all expected to make and consume some element of efficiency savings, whilst it is recognised that services were being maintained despite inflationary increases which is a credit to them and the Council's collaborative approach.
7. Capital Receipts	
The forecasted figure for capital receipts for 2023/24 were detailed at paragraph 123 of the report to Cabinet. With regard to the potential to increase capital receipts through the sale of Council land, Members queried whether market feasibility studies had been undertaken as yet and, if so, whether those could be shared with the Committee.	The Capital Programme is realistic, in the Section 151 Officer's professional opinion. The Budget proposals do not factor in any potential receipts arising from the recent Scrutiny Review of Council Office Buildings as, at this stage, the Review's recommendations have not been fully considered and will require subsequent appropriate approvals.
8. Borrowing and Reserves	
Members sought assurances around the level of the Council's reserves and asked for further information on how the Council managed and used its various reserves. Members also queried the Council's borrowing commitments and whether repayments had been reprofiled in view of the current economic climate.	The total Reserves figure includes monies that have conditions on their use, that is, Government grants, NHS money, Section 256 money, School balances and PFI Reserves, Insurance reserves relating to historical child abuse claims and other claims and £17m set aside for Transformation Costs. Discounting those monies leaves approximately £35m on the General Fund balance (which equates to 11 days spend by the Council and was deemed to be appropriate and sufficient in the current volatile economic climate). The aspiration to reduce the Council's amount of borrowing as a percentage of the revenue budget has proven successful, falling to the current level of approximately 10% (compared to 30% at some councils) with no new borrowing planned.
9. Council Tax and the Adult Care precept	
Members highlighted that both the proposed increases for the Council Tax and the Adult Care precept were below but close to that of the referendum thresholds of 3% and 2% respectively. It was also queried why Council publicity referred to the increases to both the Council Tax and the Adult Care precept with regard to Band A and B properties rather than Band D properties which was the norm.	The starting principle for the Cabinet Member-Finance is to propose a balanced budget with the precepts set at the lowest possible level needed to achieve that aim and the continued provision of services to local residents. This approach is taken because the majority of the County's residents (approximately 60%) live in Band A/B properties and therefore is more relevant.