

PUBLIC

**MINUTES** of a meeting of **IMPROVEMENT AND SCRUTINY COMMITTEE - RESOURCES** held on Monday, 22 January 2024 at Council Chamber, County Hall, Matlock.

## **PRESENT**

Councillor S Swann (in the Chair)

Councillors R Ashton, J Barron, J Dixon, M Foster, R George (substitute member) K Gillott (substitute member) D Muller and D Murphy.

Also in attendance were Councillors B Lewis and S Spencer

Officers Present: Emma Alexander, Managing Director, Helen Barrington, Director of Legal & Democratic Services, Carol Cammis, Executive Director, Childrens Services, Chris Henning, Executive Director, Place, Mark Kenyon, Director of Finance & ICT, Joe, O' Sullivan, Executive Director, Corporate Services & Transformation, and Simon Stevens, Executive Director, Adult Social Care and Health.

Apologies for absence were submitted for Councillors A Hayes and J Innes.

### **1/24 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **2/24 MINUTES**

The minutes of the meeting held on 14 December 2023 were confirmed as a correct record.

### **3/24 PUBLIC QUESTIONS**

#### **Question from D Ingham:**

On 01-12-22 I attended this Committee. The distant 25/26 budget year was described as a known cliff edge point, with action taken within the next 2 years being critical.

Significant savings have been made, but I'm aware of recent actions appearing at odds with known financial challenges. For example:-

1) Since 01-04-23 posts paid over 50k increased from 228 to 288 as at September (one point reaching 306), that's a cost increase of up to 4 million plus on costs and will likely carry through in some form to 24/25. I'm

unsure regarding other positions.

If compulsory redundancies occur in 24/25 this would bring further cost bearing in mind compulsory redundancies in 21/22 and 22/23 already accounted for approximately 50% and 75% of termination payments, around £2.6 million in total.

2) The target absence rate increased without explanation for the current financial year from 4.6% to 5.1%. By my rough reckoning this 0.5% increase in effect means an additional 3400 working days could be lost and yet stay within target, leading to additional sickness cover payments too – that's £0.5 million.

Precisely why were example measures 1) and 2) taken given the clear budgetary impact and going forwards into 24/25?

**Response :**

1) The main reason for the increased number of roles above £50,000 is the impact of contractual increments and nationally agreed pay awards which have increased employees pay above £50,000.

2) The Council monitors its overall performance on a quarterly basis. The performance targets for sickness absence are set annually as part of the Council's planning and performance management process. The absence rate target for this year was set to reflect a reduction from the actual year end performance for sickness absence in the previous year. This reflects any current issues which may be affecting sickness absence rate rather than having an arbitrary historic sickness absence figure. The target for this year reflects a 7.5% reduction on the sickness absence rate for the previous year and at the end of quarter two the Council is on target to achieve the target.

**Supplementary Question:**

I'm surprised that action within 2023 could not have taken place before given what was already known was coming ahead. Instead of further difficult financial breaking being applied, the Council applied an actual emergency stop in September with will result in associated impact.

It's most fortunate that a number of Councils declared their positions before Derbyshire did but to be honest my focus is on Derbyshire.

The fact that action was not taken earlier for what ever reason will have carry through implications into 24/25 and beyond.

I note now at 2.12 within the report reference to a vacancy factor, to be applied across pay budgets, with an intention to save £7.613m.

This would obviously have an indirect/direct impact on many of the actions contained with the report Appendices that I have read with concern if

departments can't fill new vacancies Eg ASCH11.

I'm aware that 139 of the Councils beds in residential homes are currently closed to new residents due to staffing shortages.

If staffing budgets are then cut further this could lead to indirect outcomes regardless of any public consultations. Precisely what is the meaning of the vacancy factor term and its financial split by department/service?

**Response:**

The 2024/25 Budget Proposals include a vacancy factor of £8.130m, calculated as 3% of Council Payroll for 2024/25 (excluding schools, grant funded and traded services). The vacancy factor reflects the fact that in any large organisation there will be ongoing turnover of staff, and in the majority of cases posts will be vacant for a period of weeks between the former employee vacating a post and a new employee being appointed and starting in the post. This turnover of staff results in savings against budget for the period of time that each post is vacant, and these forecast savings are now being reflected in the budget through the vacancy factor. The vacancy factor is allocated on a departmental basis based on 3% of their payroll cost.

**4/24 BUDGET SAVINGS PROPOSALS 2024/25 TO 2028/29**

Further to the meeting of the Improvement & Scrutiny Committee Resources on 14 December 2023, the Director of Finance and ICT had provided members with a report which had been circulated in advance of the meeting, which enabled the committee to scrutinise the budget savings proposals considered by Cabinet on 11 January 2024. Cabinet would then take account of the feedback from the committee when drawing up firm budget proposals to Council.

The Chair welcomed everyone to the meeting and explained that this report was the latest to outline the significant cost and demand pressures that have impacted upon the Council's finances creating the need to identify and deliver a programme of savings and efficiencies for the 2024/25 budget.

The Chair reminded the committee that if in due course specific proposals were not progressed, alternative savings would need to be identified to ensure the Council was able to set and maintain a balanced budget in 2024/25.

Emma Alexander, Managing Director, Barry Lewis, Leader and Simon Spencer, Cabinet Member gave their introductions to the report.

Mark Kenyon, Director of Finance and ICT then outlined the financial

context and the budget approach for 2024/25.

The Chair then welcomed each Executive Director to outline their specific savings proposals in relation to Appendix 2 which were subject to consultation and then Appendix 3 where there was no impact on public facing service delivery, and it was anticipated that no public consultation was needed.

After the presentation of each set of proposals by the Executive Directors, members were given the opportunity to give feedback and ask questions, which were duly noted or answered.

Arising from the presentations on the savings proposals , members did raise a number of specific areas of concern which they wished to feedback to Cabinet :

1. That assurance be provided over whether the impact on vulnerable persons had been properly assessed, together with the cumulative impact;
2. Concern was expressed whether the impact on partner agencies had been assessed, and whether consultation with other parties had taken place.
3. Assurance was sought over whether the impact of transferring service costs to other bodies had been considered;
4. Clarification over whether the Council would retain control over assets to be managed by other bodies;
5. Clarification was sought on the impact of new charging arrangements and the total costs to be charged; and
6. Assurance over the process for any redundancies and associated staff consultation.

**RESOLVED** (1) to note the financial context and approach to budget setting for 2024/25.

(2) to note the possible options in respect of budget savings for the 2024/25 Financial Year.

(3) that the feedback from the committee detailed above on the budget savings options detailed in the report, be provided and be considered at the Budget Cabinet meeting on 1 February 2024; and

(4) to note that where the proposed savings and efficiencies do not progress, alternative savings would need to be found in order to meet the Council's legal obligations to set a balanced budget.

