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| <b>Date:</b>                                  | 14 June 2023   |
| <b>Portfolio:</b>                             | Finance and Council Reform   |
| <b>The Report of:</b>                         | Councillor David Boothroyd   |
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**1. The following key decisions were made in the period since my last Policy & Scrutiny report dated 04 May 2023:**

- 28 April 2023: Writing off irrecoverable debt – Quarter 4 2022/23
- 04 May 2023: Household Support Fund April 2023 – March 2024
- 11 May 2023: Balmoral Castle and Darwin House: Phase 2
- 01 June 2023: Print Management and Mailroom Service

**2. The following report includes my priorities and delivery progress to date. Following agreement with the Chair, only areas with significant developments or with actions from the previous meeting on 04 May 2023 are included.**

**2.1 Finance and Budget**

**Impact of Inflation**

*Revenue Budgets*

- 2.1.1 Over the last year the Council has experienced significant inflationary pressures across its revenue budgets. Provision of £9.3m to cover pay and contract inflation was allocated at the start of 2022/23 when inflation was running at 5.4%. However, the actual cost of inflation across the year has been significantly higher at £20.2m. This additional budget pressure of £11m has been offset by increased interest earnings over the same period driven by higher than expected interest rates.
- 2.1.2 Additional inflationary provision of £6.4m or 5% for pay and £12.4m or 5.5% for contracts has been included in the 2023/24 service revenue budgets. However, given that inflation has remained higher than expected and many of the Council's large service contracts are inflated using measures of inflation

taken in April, there is a risk that this budgetary provision may be insufficient. An exercise is currently being carried out to review expected inflationary pressures for 2023/24 and beyond using Bank of England projections for CPI.

### *Capital Schemes*

2.1.3 A review of the inflationary impact on the Council's major capital schemes was carried out last year with known additional costs reflected through the 2023/24 budget setting process. Impacts of continuing high inflation on the capital programme will be reviewed again during the Summer as part of the capital budgeting setting process for 2024/25.

### *Cost of Living Impact*

2.1.4 Members and officers meet regularly to discuss the Cost of Living Crisis. These meetings do not have a fixed membership, with Cabinet Members and officers attending as needed, and do not constitute a formal board.

## **2.2 Procurement and Commercial Services**

### Insourcing

The Insourcing Framework developed after input from officers, Cllr Ormsby and the Leader has been adopted. A group of director-level officers has met to oversee 15 priority projects agreed by ELT. Services have found this collaboration and independent review helpful.