

# Cabinet



Date of meeting: 09 June 2022

Title of Report: **Response to the Budget Amendment at Council 28 February 2022**

Lead Member: Councillor Mark Shayer (Deputy Leader and Cabinet Member for Finance and Economy)

Lead Strategic Director: Brendan Arnold (Service Director for Finance)

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Your Reference:

Key Decision: No

Confidentiality: Part I - Official

## Purpose of Report

To clarify decisions and actions required to deal with the consequences of the Budget Amendment

## Recommendations and Reasons

It is recommended that Cabinet:

1. Note the Report
2. Approve a post lockdown review of all parking charges, to include the potential reinstatement of the charges removed in 2021 (see Appendix 3); and delegate the outcome of the review to the to the Portfolio Holder for Finance in consultation with the Strategic Director for Place and the Section 151 Officer to be reported at the next Cabinet meeting.

*The recommendation is required in order to offset the budget pressure of £300,000 introduced at Council on 28 February*

3. Approve the creation of the Council Advisory Group on the Community Improvement Fund referred to in Appendix 2.
4. Approve the creation of a cross-party working group to investigate the use of the current £16m commercial rental income.

*These recommendations are needed to keep the 2022/23 Budget in balance and to avoid increasing the budget shortfall for future years.*

**Alternative options considered and rejected**

Any alternative actions have been identified in the report

**Relevance to the Corporate Plan and/or the Plymouth Plan**

The budget supports delivery of these plans

**Implications for the Medium Term Financial Plan and Resource Implications:**

The recommendation of this report requires action to ensure that budget pressures in 2022/23 are managed suitably and that pressures are not added to the MTFP which is already in deficit in 2023/24 and the years following.

**Financial Risks**

These are referred to in the above paragraph

**Carbon Footprint (Environmental) Implications:**

None as a result of these recommendations

**Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:**

*\* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

None as a result of these recommendations

**Appendices**

*\*Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
1	The Budget Amendment approved by Council							
2	The Cross Party Working Groups							
3	Breakdown of Charges removed in May 2021							

**Background papers:**

*\*Add rows as required to box below*

*Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.*

Title of any background paper(s)	Exemption Paragraph Number (if applicable)
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	<i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
The Budget Report 2022/23							

**Sign off:**

Fin	pl.22. 23.1 9	Leg	EJ/3 8688	Mon Off		HR		Assets		Strat Proc	
Originating Senior Leadership Team member: Brendan Arnold (Service Director for Finance)											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 27/05/2022											
Cabinet Member approval: Councillor Mark Shayer (Deputy Leader and Cabinet Member for Finance and Economy)											
Date approved: 02/06/2022											

## Background

1. On 28 February the Budget Report 2022/23 was amended by Council. The Budget Amendment adopted appears at Appendix I to this report. As a consequence of this decision certain matters, specified in this report, need to be noted by Cabinet and one decision taken. The recommendation is important in terms of the ongoing journey towards maintaining a balanced financial position in 2022/23 and thereafter.

## Decisions and Implications

2. The implications of the Budget Amendment approved by Council are set out in the following paragraphs.
3. Council resolved to adopt a 1% increase to the Adult Social Care Precept and to adopt a nil increase to Council Tax. This latter decision entailed that a budget shortfall would result and to avoid this the Budget Amendment approved by Council contained means of achieving this aim. These are set out below.

	Item	£m	How delivered
4.1	Re-phasing the proposed Capital Budget will see re-timing of investments to ensure the interest rate charges will reflect the approval of the subsequent Business Cases by the Leader of the Council	0.544	Means of achieving this requirement will be set out in the first Quarterly Capital Monitoring Report of the 2022/23 Financial Year.
4.2	Working Balance Top Up to move to a target 5% value – a contribution holiday for 2022/23 only; contributions will continue again in 2023/24	0.350	As Council sets the Budget and has made a decision on this matter no further Cabinet decision is required. The 2022/23 Budget and the MTFP have been updated.
4.3	Decisions of the Incoming Administration - delete the allocation	0.300	This sum was included in the Budget proposals to enable the administration to carry forward decisions made in May 2021 to stop charging for certain services at HWRC's and to adjust certain parking charges. Deletion of this sum by Council entails that either the charges need to be reinstated or a compensating saving in the sum of £300,000 must be found to maintain a balanced budget. It is understood that reinstating the waste charges is infeasible. However given that parking charges were removed/moderated during lockdown & the pandemic there is the prospect of reviewing these charges to balance the budget.

			(See recommendation 7 (b) and (c)). A breakdown of the charges appears at Appendix 3.
4.4	Cost reduction target This amendment proposes to set up a cross-party working group to investigate the use of the current £16m commercial rental income and drive out a £500k saving against the current expenditure	0.500	A cross party working group will be established to undertake this work and the details are contained in Appendix 2. Once the CPWG has issued proposals these will be reported to Cabinet.
4.5	Amend to 50% proposed ICT Inflation from the current £400,000 to £200,000 to include management actions to control the expenditure	0.200	This decision reduces the Council's budget for ICT by the specified amount. No further decision is required by Cabinet.
4.6	Invest 2 Save – to include an initial initiative to explore new pothole technology as implemented successfully by another local authority	0.230	This decision reduces the Council's budget for highway repairs by the specified amount. No further decision is required by Cabinet.
	Total	2.124	

4. In addition to the matters set out in the table Council resolved to:

1. Set up a cross-party working group to ensure a better use of the existing capital allocations, ensuring a full value for money review is undertaken; and
  2. The creation of a new Community Improvement Fund, with a fixed allocation per Councillor, to enable them to determine how this best spent within their Ward.
5. The detailed arrangements for this 'Council Advisory Group on the Community Improvement Fund' and the cross-party working group to investigate the use of the current £16m commercial rental income are described in Appendix 2. .
6. When budget proposals are available these will be reported to Cabinet for onward agreement by Council in line with the usual process for updating the Capital Programme.

## Appendix I

### Labour Amendment to the Leader's Recommendation 2: Revenue Resources and Council Tax 2022/23 and Recommendation 3 to approve the Capital Budget

The budget papers published for this meeting of Full Council 28 February 2022 including the Leader's Alteration set out estimated revenue resources from Business Rates and assumed modelling of Council Tax to reflect a rise of 1.00% for the Adult Social Care precept and 1.74% for council tax in 2022/23.

The Leader of the Labour Group proposes an amendment to Recommendation 2 of the Revenue and Capital Budget 2022/23 report:

2. To approve a Council Tax freeze at the 2021/22 levels for 2022/23 (0% increase)

**To note: This is in addition to the 1% Adult Social Care Precept as set out in the Leader's Alteration**

The result from this amendment is:

1. Final total resources for 2022/23 of £197.750m comprising Council Tax of £122.575m; Business Rates £65.130m; Revenue Support Grant £10.045m.
2. A total net revenue budget for 2022/23 of £197.750m.
3. We propose to fund the resultant budget shortfall of £2.124m:

	Item	£m
4.1	Re-phasing the proposed Capital Budget will see re-timing of investments to ensure the interest rate charges will reflect the approval of the subsequent Business Cases by the Leader of the Council	0.544
4.2	Working Balance Top Up to move to a target 5% value – a contribution holiday for 2022/23 only; contributions will continue again in 2023/24	0.350
4.3	Decisions of the Incoming Administration - delete the allocation	0.300
4.4	Cost reduction target This amendment proposes to set up a cross-party working group to investigate the use of the current £16m commercial rental income and drive out a £500k saving against the current expenditure	0.500
4.5	Amend to 50% proposed ICT Inflation from the current £400,000 to £200,000 to include management actions to control the expenditure	0.200
4.6	Invest 2 Save – to include an initial initiative to explore new pothole technology as implemented successfully by another local authority	0.230
	Total	2.124

The budget papers published for this meeting of Full Council 28 February 2022 set out as Recommendation 3. "To approve the Capital Budget of £688.366m for 2021 to 2026"

The proposed amendment to Recommendation 3 of the Revenue and Capital Budget 2022/23 report is:

3. To approve the Capital Budget of £688.366m for 2021 to 2026 but to include the following additional recommendations:

- a) Setting up a cross-party working group to ensure a better use of the existing capital allocations, ensuring a full value for money review is undertaken;
- b) The creation of a new Community Improvement Fund, with a fixed allocation per Councillor, to enable them to determine the spend within their Ward

The result from this amendment is:

1. No change to the proposed value of the Capital Budget 2021-2026
2. The setting up of a new Community Improvement Fund, which will comprise the capital resources identified by the Working Group's review of the current Capital Programme, with a target of £950,000 (0.5% of the 2022/23 programme). This will give an allocation of £50,000 per three (3) Member Ward and £33,300 for a two (2) Member Ward.
3. The creation of a working group which will consist of:
  - a. The Cabinet Member for Finance, as Chair
  - b. The Shadow Finance Lead
  - c. Relevant Scrutiny Leads
  - d. Senior Officers (as required)
4. The Working Group will meet during the first quarter of financial year 2022/23 and report back to Full Council with the resultant amendments and proposals
5. The Working Group will consider:
  - a. Ease of application
  - b. Agreement on carry forward of un-spent allocations
  - c. Prioritisation
6. This new fund will work alongside and compliment:
  - a. The current revenue allocation to the Councillor Community Grants of £350,000, and
  - b. The current capital allocation to the Living Streets Fund of £160,000

#### S 151 Officer's Budget Robustness Statement

*The law requires the Section 151 Officer to formally report to Council as part of the Council tax setting process their view on the robustness of estimates used in the budget setting process. This includes a view on the level of reserves which are held against specific liabilities and risks. In setting the Council Tax it is the collective obligation of all Councillors to ensure that the Council sets a balanced budget, taking account of these views.*

*The Section 151 Officer advises Council as follows:*

*This amendment reduces the Council's funding by £2.1m in financial year 2022/23 against the leaders amendment and in each year following. Members need to be aware that services provided to the vulnerable in the City are already under extreme pressure due to rising demand and that in the future. Given that some of the offsetting savings identified in the amendment are "one off" savings i.e. savings only available in one year, from 2023/24 these will need to be replaced with fresh savings. There is a significant risk - given that 68% of the Council's expenditure lies in the area of social care for children and adults - that the decision to opt for a nil increase in Council Tax may lead to service reductions in these areas from 2023/24 which would not otherwise be needed.*

*Further, for the avoidance of doubt, Council needs to be aware that forgoing a Council Tax increase in 2022/23 entails a loss of funding of £2.1m in each year moving forward. This would mean savings of £10.5m over 5 years. The Section 151 Officer wishes to provide strong and clear advice to Council that adopting such a course is not in the financial interests of the Council and that will add to the need to make savings in service provision from 2023/24 onwards.*

# **CABINET / COUNCIL ADVISORY GROUPS**

## **Appendix 2**

### **1. INTRODUCTION**

- 1.1. At the Council meeting of the 28 February an amendment was made to the budget which established two cross party working groups.
- 1.2. The amendment also established a new Community Improvement Fund, with a fixed allocation per Councillor, to enable them to determine the spend within their Ward.

### **2. ADVISORY GROUPS**

- 2.1. Advisory Groups are not formal meetings of the council and do not have the status of advisory committees under the Local Government Act 1972 Section 102(4). The use of advisory groups is a part of our current system of governance and has been used to maintain focus on issues such as Child Poverty.
- 2.2. Advisory Groups are ad-hoc groups set up to examine topics which align to corporate council priorities. They enable non-executive members to be more closely involved with issues of greatest importance to the council.

## **CABINET ADVISORY GROUP ON COMMERCIAL INCOME**

### **1. Objectives**

- 1.1. The objective of this group was determined by the Budget Amendment approved by council.
- 1.2. The group will investigate the use of the current £16m commercial rental income and drive out a £500k saving against the current expenditure

### **2. Membership**

- Cabinet Member with responsibility for Finance and Corporate Property, Land and Facilities Management
  - Shadow Cabinet Member with responsibility for Finance, Property, Land and Facilities Management
- The group will be supported by:
- Strategic Director for Place
  - Service Director for Finance (Lead Officer)

- 2.1. The working group is quorate when at least one Member is present from each political party

### **3. Activities and timescales**

- 3.1. Undertake an investigation and make recommendations for consideration by Cabinet by the end of quarter two 2022/23.

### **4. Governance and reporting**

- 4.1. Working group meetings will be held monthly – dates to be scheduled
- 4.2. Additional meetings will be scheduled as necessary. Stakeholders may be invited by the group to attend meetings. Key findings and recommendations will be submitted to Cabinet as and when agreed.

## **COUNCIL ADVISORY GROUP ON THE COMMUNITY IMPROVEMENT FUND**

### **1. Objectives**

- 1.1. The objectives of the group were determined by the Budget Amendment. This advisory group will work to ensure a better use of the existing capital allocations, ensuring a full value for money review is undertaken.

### **2. Membership**

- Cabinet Member with responsibility for Finance (Chair)
- Shadow Cabinet Member with responsibility for Finance
- Relevant Scrutiny Leads (Chair of the Performance, Finance and Customer Focus Overview and Scrutiny Committee; and Chair of the Infrastructure and Growth Overview and Scrutiny Committee)

The group will be supported by:

- Strategic Director for Place and the Service Director for Finance (Lead Officer)

- 2.1. The working group may co-opt additional members by agreement from within and outside the Council to aid its work.

- 2.2. The working group is quorate when at least one Member is present from each political party.

### **3. Activities and timescales**

- 3.1. The group will review the Capital Programme and identify funding for the Community Improvement Fund with a target of £950,000 (0.5% of the 2022/23 programme). It will also

- Ensure ease of application to the fund.
- Seek agreement for carry forward of un-spent allocations.
- Prioritisation of funding.

### **4. Governance and reporting**

- 4.1. The Working Group will meet during the first quarter of financial year 2022/23 and report back to Full Council with the resultant amendments and proposals.

### Appendix 3

Decisions of the Incoming Administration in May and June 2021 – deletion of charges in the sum of £0.300m

In line with the 2021 Plymouth Conservative Manifesto, Officers enacted the following commitments in June 2021 through Executive Decisions, which were published on 9 June 2021. Commitments 84 and 85 were combined into a single Decision, whilst 83 and 86 were published separately. Each decision included the forecast financial impact which was based upon direct costs or lost income.

These decisions were not 'Called In' and therefore were effective from 17 June 2021. Table 1 shows all the relevant commitments, the associated Decision and the costs included in those decisions

Ref:	Commitment	Executive Decision purpose	Full Year Financial impact per Executive Decision
83	We will scrap the £15 bin delivery charge	Cessation of the delivery charge for domestic waste containers.	£23,850
84	We will extend the green garden waste collection period including bags and go back to fortnightly collections.	Extension of the Garden Waste Collection Service period for a further month.	£44,274
85	We will scrap the need to register EVERY year for the green garden waste collection service	Cessation of the requirement for households to register annually for the Garden Waste Collection Service.	N/A
86	We will scrap the charges to dispose of soil & rubble for local residents at Chelson Meadow.	Cessation of charges for the disposal of non-household waste at the Household Waste and Recycling Centre (HWRC).	£130,000
	<b>Total</b>		<b>£198,124</b>

In addition, there are further commitment pressures which total an additional £185,000. This consists of car parking revenue foregone due to waiving of charges for resident and on/off street parking. The car parking covers the waiving of charges for Mutley Plain £60,000; Resident Parking £60,000 and On/Off street parking £65,000.

This gives a total Manifest Commitments additional full year cost of £383,124.

The budget proposed offsetting these costs with an additional £300,000, with the Place Directorate to fund the remaining £83,124.