

# Cabinet



Date of meeting:	08 March 2022
Title of Report:	<b>Budget Update 2022/23 – 2026/27</b>
Lead Member:	Councillor Nick Kelly (Leader)
Lead Strategic Director:	Brendan Arnold (Service Director for Finance)
Author:	Brendan Arnold
Contact Email:	Brendan.arnold@plymouth.gov.uk
Your Reference:	
Key Decision:	No
Confidentiality:	Part I - Official

## **Purpose of Report**

To report on the outcome of the Council Tax setting decision on 28 February 2022, setting out the consequences and associated risks.

## **Recommendations and Reasons**

It is recommended that the report is noted.

## **Alternative options considered and rejected**

N/A

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

N/A

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

Please see paragraph 4 of the report.

## **Financial Risks**

On 28 February the 2022/23 Budget was approved by Full Council in line with the Constitution. The decision made by Council reduced the amount of funding available to PCC by in excess of £2m per annum moving forward. The risks associated with balancing the future budget shortfalls have increased as a result of the decision made; this report sets out the adjusted financial planning assumptions and indicates the likely strategic responses required.

## **Carbon Footprint (Environmental) Implications:**

The budget amendment has no impact on the budget provision for a Climate Fund in the Capital Programme.

**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.

N/A

**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If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.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	Section 151 Officer's Budget Robustness Statement							
2	Leader's Alteration to Item 7: Revenue Resources and Council Tax 2022/23							
3	Labour Amendment to the Leader's Recommendation 2: Revenue Resources and Council Tax 2022/23 and Recommendation 3 to approve the Capital Budget							
4	Letter to all Members							

**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) <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
28 February 2022 Full Council Budget Report 2022/23							

**Sign off:**

Fin	ba.21. 22.29 6	Leg	LS/38 212/A C/7/3 /22	Mon Off		HR		Asset s		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: 07/03/2022

Cabinet Member approval: *Councillor Nick Kelly (Leader)*

Date approved: 07/03/2022

# BUDGET UPDATE 2022/23-2026/27



## 1. Background

- 1.1 On 28 February 2022 Council considered a proposed Budget which envisaged a Council Tax increase of up to 1.99% for Council Tax and 1.0% for the optional Adult Social Care precept. Following the tradition set in Plymouth City Council over many years the Budget report showed a budget shortfall with the opportunity for the Administration to bring forward an Adjustment on the day of Council which would propose the level of Council Tax increase recommended to Council by the Leader. In accordance with usual practice the Chamber would then vote on the adjusted motion.
- 1.2 In the event the Administration brought forward an Adjustment for a 1.74% increase in Council Tax and an increase in the optional Adult Social care Precept of 1.0%. An Amendment was then presented that proposed a nil increase to Council Tax and a 1.0% increase in the optional Adult Social Care Precept. The Amendment was approved, the main motion amended accordingly and the nil increase (plus 1% of the Adult Social Care Precept) approved correctly in line with the Constitution of the Council.

## 2. Impact

- 2.1 The table below shows the impact on the proposed Budget presented as the main Budget Motion.

Funding Element	Proposed Budget £m	Impact of Budget Adjustment £m	Budget Recommended to Council £m	Budget Amendment £m	Approved Budget £m
Council Tax	(125.004)	0.305	(124.699)	2.124	(122.575)
NNDR	(65.130)	0.000	(65.130)	0.000	(65.130)
RSG	(10.045)	0.000	(10.045)	0.000	(10.045)
Total Resources	(200.179)	0.305	(199.874)	2.124	(197.750)
Resources Required per Proposed Budget	200.179	(0.305)	199.874	(2.124)	197.750
Shortfall	0.000	0.000	0.000	0.000	0.000

## 3. Advice to Members

- 3.1 In line with the Local Government Act 1972, the Section 151 included a Budget Robustness Statement (BRS) in the text of the Budget Report. The Statement is reproduced at Appendix I to this report. The BRS made it clear that the proposed Budget was able to be set in acceptable terms if the Council tax decision reflected a 1.99% increase (plus 1% of the Adult Social Care Precept) or a substantial increase.

3.2 On emergence of the Budget Adjustment and that of the Budget Amendment the content of each was reviewed and subsidiary comments by the Section 151 Officer added to each of the two documents. The respective passages for each appear at Appendices 2 and 3 to this report. In addition to the above, on Monday 28 February, following the emergence in the local media of coverage that indicated possible debate around the level of Council Tax at the Council meeting, the Section 151 Officer provided further advice in a letter to all Members. This letter provided clarification on the impact of a lower than expected increase on Council finances. The letter is reproduced at Appendix 4 to this report and notes – among other points:

- a. The fragility of the Council's financial position.
- b. The fact that if Council Tax was not increased to a substantial level the funding implications would be felt in each future budget year and would add to savings targets in each of those years.

#### 4. Impact on the Medium Terms Financial Plan

4.1 The impact of the Council Budget as approved on the Council's MTFP is shown in the following table:

**MTFP Shortfalls 2022/23 to 2026/27**

<b>Budget Version</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
Proposed Budget	3.650	23.245	27.346	32.400	35.309
Per Budget Adjustment – Council tax	(3.345)	(3.345)	(3.345)	(3.345)	(3.345)
Per Budget Adjustment – Cost Reduction	(0.305)	(0.305)	(0.305)	(0.305)	(0.305)
<b>Subtotal</b>	<b>0.000</b>	<b>19.595</b>	<b>23.696</b>	<b>28.750</b>	<b>31.659</b>
Per Budget Amendment	2.124	2.124	2.124	2.124	2.124
<b>Resultant Shortfall</b>	<b>2.129</b>	<b>21.719</b>	<b>25.820</b>	<b>30.874</b>	<b>33.783</b>
In Year Adjustment	(2.124)	0.000	0.000	0.000	0.000
<b>Resultant (Surplus)/Shortfall</b>	<b>0.000</b>	<b>21.719</b>	<b>25.820</b>	<b>30.874</b>	<b>33.783</b>

4.2 The shortfalls set out above are of a significant level and will require a number of responses during 2022/23. It is likely that – as in previous years – some resources will come to hand from one off resources. These will be kept under close review in financial year 2022/23. In addition:

- a. As a result of the lower level of Council Tax in 2022/23 there will be an enhanced need to consider further drives for efficiencies and investment in new digital technology as a driver for these.
- b. Transformational review of services will need to be ramped up and delivered.
- c. Consideration will need to be given to a rigorous programme of prioritisation in preparing for balancing of the 2023/24 Budget.

4.3 Against this backdrop the removal of £10.5m from the Council's funding streams over the next 5 years makes the risks of service reductions and reductions in staffing significantly more likely looking forward over the term of the MTFP.

## 5. The Council Decision and Action Required.

- 5.1 The decision of Council was to approve a nil increase to Council Tax in 2022/23 and a 1.0% increase to the Adult Social Care Precept. The Amendment that was used to form this decision is attached to this report at Appendix 3 and contains the compensatory one off savings required to balance the Approved Budget following the reduction of funding in the sum of £2.124m.
- 5.2 The actions now required to adjust the Budget are as follows:
- i. Re-phasing of the Capital Programme to achieve a saving in 2022/23 of £0.544m. No detail regarding specific schemes is provided in the amendment, which means that Cabinet has discretion in which schemes are selected although these will need to be agreed by Council as part of the usual Capital approval process. The impact will be to re-phase the commencement of some capital schemes.
  - ii. To suspend for one year the previously agreed recovery programme to ensure that Council balances should be held at a level equivalent to 5% of budgeted net expenditure. This saves £350,000 in 2022/23 but entails that it will take longer than planned to achieve the target of circa £10m. The contribution profile will be reviewed at the next MTFP update. It follows that the Council is accepting more risk in the short term and higher contributions in the medium term than was previously planned.
  - iii. To delete the item (£300,000) which funds decisions taken by the new Administration after they took power in June 2021. This implies that the decisions, which have impact on future year budgets, are reversed from 2022/23 (and income recovered accordingly), unless compensatory savings can be secured to continue the desired policy objectives.
  - iv. A cost reduction target to be adopted through establishment of the cross-party working group to examine the Council's portfolio of commercial rental income (£16m) to identify a £500,000 saving.
  - v. A reduction to Budget of £200,000 from the ICT Budget. This entails a cut in the proposed revenue budget of £8.8m to £8.6m. Given that the Council's workforce is more dependent on reliable hardware than ever before and that with the New Ways of Working Programme this is likely to continue in the longer term and will be to the Council's disadvantage.
  - vi. To make a saving from the potholes budget to a total of £230,000, based on new pothole technology. This entails that a budget which is critically needed and highly valued by residents of the City will be reduced on the basis of new technology that is currently untested and unknown to the Council. There is a risk that the repair of potholes will be compromised.
- 5.3 A further action relates to the Capital Programme and to set up a cross party working group to find resources within existing totals that will allow creation of a Community Improvement Fund.

## **6. Timing of the Budget Decisions**

- 6.1 A further report will be presented to Cabinet on 22 March 2022 setting out the relevant savings and decisions that need to be made at that stage.

## **7. Conclusion**

- 7.1 The decision to agree a nil increase in Council tax and a 1.00% increase to the Adult Social Care Precept was not in the financial interests of the Council. This is because:
- i. Additional savings are required in the sum of £2.124m in 2022/23.
  - ii. The Council is facing shortfalls in 2023/24 through 2026/27 of between £21.7m and £33.8m which reflects the additional savings arising from approval of the Budget Amendment at Council.
  - iii. In overall terms additional cumulative savings of £10.5m will need to be identified in the period 2022/23 and 2026/27; arising from lost Council Tax income of £10.5m.
  - iv. It is likely that these additional targets will increase the possibility that cuts will be needed from service budgets in the years ahead.
  - v. The likelihood that there is an enhanced prospect that jobs in the Council will need to be reduced at some point in the future.

**APPENDIX I****Section 151 Officer's Budget Robustness Statement****Introduction**

Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Service Director for Finance) to formally report to Council as part of the tax setting report their view on the minimum level of reserves available to the general fund and on the robustness of estimates used on the budget setting process. The Council is required to take these views into account when setting the Council Tax at its meeting on 28 February 2022.

In considering the robustness of any estimates, the following criteria need to be considered:-

- The reasonableness of the underlying budget assumptions such as the:
- Reasonableness of provisions and plans to meet liabilities;
- Extent to which known trends and pressures have been provided for;
- Achievability of changes built into the budget;
- Attainability of income targets;
- Alignment of resources with the Council service and organisational priorities;
- A review of the major risks associated with the budget;
- The maintenance of un-earmarked reserves at a sufficient level to make a reasonable level of provision to mitigate unforeseen and extra-ordinary risks;
- The strength of the financial management and reporting arrangements.

In coming to a view as to the robustness of the 2022/23 budget, the Section 151 Officer has taken account of the following:-

- The Budget has been prepared using a process of rigorous review. This process takes account of previous and current spending patterns in terms of base spending plans and the reasonableness and achievability of additional spending to meet increasing or new service pressures. This is a thorough process involving both financial and non-financial senior managers throughout the Council. The Cabinet have also been actively involved in reviewing all options for income generation and cost savings.
- Following a review of savings plans, those selected for 2022/23 provide reasonable assurance that detailed, feasible plans exist, and that sufficient resources are available to undertake the change activities required, and deliver the savings.
- Senior officers have identified continuing cost pressures arising from the COVID-19 pandemic and these have been included in this budget. These have been funded from a mixture of Government grants and management actions. The general uncertainty around the ongoing progress of the pandemic is acknowledged.
- The level of contribution from local resources is considered manageable. The Cabinet has received advice that the opportunities to maximise the yield of Council Tax and the Adult Social Care Precept are in the Council's immediate and long term interests from a financial viewpoint. That said it is accepted that for reasons of policy Council may choose to adjust this assumption. In the event Council chooses this course, in order to maintain a balanced Budget commensurate adjustments in expenditure plans will need to be agreed as part of such a decision by Council.
- It is considered important that in 2022/23 the Council continues to develop its approach of managing any further cost pressures through prioritization of spend within the assigned financial limits set by the proposed Budget. This approach has the prospect of assisting the Council in managing such pressures and in meeting the overall financial target.

- In addition to specific directorate risks, the collection of Council Tax and generation of Business Rates (NNDR) are two key factors which need to be closely monitored during the year in question.

## Financial Risks – General Observations

It is important to note that 2021/22 has been and continues to be a challenging year. Service demands have increased in all directorates especially in Place, in Children's Services and in People. Central government have recognised the pressure that the sector is under as a result of the pandemic and have provided additional support.

The Council has sustained significant revenue losses through not maximising council tax income in previous years. For 2022/23 the Council needs to consider raising the level of Council Tax by 1.99% or to a lower but significant level and the ASC precept by 1%. The consequences of not taking this course would entail that additional savings would need to be sought in order to balance the 2022/23 Budget and in years following. As a consequence of previous council tax decisions the Council has reduced spending power to the sum of £9m in each year that would otherwise have been available to fund core services.

The Council has an ambitious capital programme which has in previous years contributed to the stabilisation of the council tax base and the business rates base. Whilst the programme is strongly supported through external grants the programme is significantly reliant on prudential borrowing. Extra provision for increased costs has been included in the budget for 2022/23 but the Council cannot afford to extend beyond the borrowing envelop (as set out in the Treasury Management Strategy) without putting pressure on balances and or other service budgets. The agreed programme will still require budget uplifts in future years which must be seen alongside other service demand pressures and which must lead to a process of prioritisation in budgets subsequent to 2022/23.

A comprehensive review of reserves and balances has been undertaken and these are presently at the minimum required to cover risks as long as the Council remains within the proposed budget. However, it should be noted that an overspend of 1% (c. £2m) would reduce general balances by c. 25% unless alternatively funded. It is therefore important that the Council sets aside additional resources that may come to hand in the year ahead in order to equip itself for future challenges; these include the ongoing impact of the pandemic and the uncertainty as to the direction of future reforms in the funding of Local Government.

The Council's financial controls are set out in the Council's Financial Regulations. These provide a significant degree of assurance as to the strength of financial management and control arrangements throughout the Council. The Council has a well-established framework for financial reporting at directorate, corporate and Cabinet level and also to Scrutiny Committees. Given the scale of financial challenges and the number of actions that need to be implemented to ensure the Budget is on track, Cabinet will continue to monitor financial performance on a quarterly basis with monthly reports being provided to Portfolio Holders and Scrutiny Committee Members.

In the context of the above, the Section 151 Officer considers the proposed budget - which has been developed following input and reviews with Directors, officers and Members (including Cabinet and Budget Scrutiny), as sound and that the level of reserves are adequate for the next financial year given a clear understanding of the following:-

- The present level of un-earmarked reserves is regarded as a floor which will not be breached and that additional resources will as a matter of policy be set aside to provide additional flexibility in addressing the risks identified in this report;
- Both the Revenue Budget and Capital Programme have been formulated having regard to a number of factors including funding availability; risks and uncertainties; inflation; priorities; demography and service pressures. The savings plans have been formulated having regard to Council priorities and assessed against an agreed set of impact criteria and equality assessments;
- Budget monitoring and scrutiny arrangements are in place which include arrangements for the

*identification of remedial action, reporting and any remedial action required is supported by a clear action plan and regularly monitored;*

- The budget contains a number of challenging targets and other actions which will be subject to specific monitoring by the Council's Corporate Management Team, and as such, are at this time considered reasonable and achievable, although it must be noted that services subject to demand outside of the Council's control are at risk of not achieving the savings or overspending resource budgets and that accordingly a level of prioritisation will be required at directorate level to constrain expenditure within budget totals;*
- Regular budget reporting to Cabinet Members and Scrutiny will continue and will continue to be developed ;*
- The MTFP indicates a further budget shortfall of £19.595m in 2023/24 and it is important – as is usual in this Council – that work begins to identify means of addressing this shortfall progressively in financial year 2022/23. The attainment of savings targets in respect of this Budget will need to be closely monitored in detail at Directorate, CMT and Cabinet level in the year ahead;*
- There is a clear understanding of the duties of the Council's statutory Financial Officer and that the service implications of them being exercised are fully understood by Members and Senior Management alike.*

**APPENDIX 2****Leader's Alteration to Item 7: Revenue Resources and Council Tax 2022/23**

The budget papers published for this meeting of Full Council 28 February 2022 set out estimated revenue resources from Business Rates and assumed modelling of Council Tax to reflect a rise of 1.99% for council tax in 2022/23 and 1.00% for the Adult Social Care precept.

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

2. To approve an increase to the council tax levels for 2022/23 by one point seven four percent (1.74%)
- 2a. To approve an increase to the Adult Social Care precept for 2022/23 by one percent (1.00%)

The result from this amendment is:

1. An increase in overall revenue resources of £3.345m comprising an increase of £2.124m for Council Tax and £1.221m for the Adult Social Care precept.
2. Final total resources for 2022/23 of £199.874m comprising Council Tax of £125.411m; Business Rates £65.130m; Revenue Support Grant £10.045m.
3. Reduce the 2022/23 general contingency by £0.305m.
4. A total net revenue budget for 2022/23 of £199.874m.

*S 151 Officer's Budget Robustness Statement:*

*The statement is unchanged from that appearing in agenda Item 7.*

An amended **Appendix I** detailing the impact of the proposed 2022/23 council tax for each band of property

## Appendix I

### Implications of the proposed council tax for each band of properties

- 1.1** To note that the Office of the Police and Crime Commissioner for Devon and Cornwall and The Isles of Scilly has issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area, reflecting a Ten pounds (£10.00 or 4.23%) increase for 2022/23 for a band D property.
- 1.2** To note that the Devon and Somerset Fire and Rescue Authority precepts have been confirmed reflecting a one point nine nine per cent (1.99%) increase for 2022/23.
- 1.3** To use the Council Tax base for 2022/23 as 73,830 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; calculate that the Council Tax requirement for the Councils own purposes for 2022/23 is £125,411,330.
- 1.4** To agree that the following amounts are calculated for the year 2022/23 in accordance with Sections 31 to 36 of the Act:

  - a)** £542,948,622 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act (Gross Expenditure and Transfers to Reserves).
  - b)** £417,537,292 being the aggregate of the amounts which the council estimates for the items set out in Section 31A (3) of the Act (Gross Income and Transfers to Reserves).
  - c)** £125,411,330 being the amount by which the aggregate at 9.5(a) above exceeds the aggregate amount at 9.5(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as it's council Tax requirement for the year. (Item R in the formula in section 31B of the Act).

£1,698.65 being the amount at 9.5(c) above (Item R), all divided by Item T (9.4 above), calculated by the council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

**Plymouth City Council**

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
2021/22	£1,102.23	£1,285.94	£1,469.64	£1,653.35	£2,020.76	£2,388.17	£2,755.58	£3,306.70
2022/23 - Council Tax 1.74%	£19.18	£22.37	£25.58	£28.77	£35.17	£41.56	£47.95	£57.54
2022/23 Adult Social Care Precept 1.00%	£11.02	£12.86	£14.69	£16.53	£20.20	£23.88	£27.55	£33.06
<b>Total</b>	<b>£1,132.43</b>	<b>£1,321.17</b>	<b>£1,509.91</b>	<b>£1,698.65</b>	<b>£2,076.13</b>	<b>£2,453.61</b>	<b>£2,831.08</b>	<b>£3,397.30</b>

**Police**

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
2021/22	£157.71	£183.99	£210.28	£236.56	£289.13	£341.70	£394.27	£473.12
2022/23 - Council Tax £10.00 (Band D)	£6.66	£7.78	£8.88	£10.00	£12.22	£14.44	£16.66	£20.00
<b>Total</b>	<b>£164.37</b>	<b>£191.77</b>	<b>£219.16</b>	<b>£246.56</b>	<b>£301.35</b>	<b>£356.14</b>	<b>£410.93</b>	<b>£493.12</b>

**Fire**

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
2021/22	£60.00	£70.00	£80.00	£90.00	£110.00	£130.00	£150.00	£180.00
2022/23 - Council Tax 1.99%	£1.19	£1.39	£1.59	£1.79	£2.19	£2.59	£2.98	£3.58
<b>Total</b>	<b>£61.19</b>	<b>£71.39</b>	<b>£81.59</b>	<b>£91.79</b>	<b>£112.19</b>	<b>£132.59</b>	<b>£152.98</b>	<b>£183.58</b>

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
2021/22	£1,319.94	£1,539.93	£1,759.92	£1,979.91	£2,419.89	£2,859.87	£3,299.85	£3,959.82
2022/23	£1,357.99	£1,584.33	£1,810.66	£2,037.00	£2,489.67	£2,942.34	£3,394.99	£4,074.00

**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
	<b>Total</b>	<b>2.124</b>

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.*

**Plymouth City Council**

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
2021/22	£1,102.23	£1,285.94	£1,469.64	£1,653.35	£2,020.76	£2,388.17	£2,755.58	£3,306.70
2022/23 - Council Tax 0.00%	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
2022/23 Adult Social Care Precept 1.00%	£11.02	£12.86	£14.70	£16.53	£20.20	£23.88	£27.55	£33.06
<b>Total</b>	<b>£1,113.25</b>	<b>£1,298.80</b>	<b>£1,484.34</b>	<b>£1,669.88</b>	<b>£2,040.96</b>	<b>£2,412.05</b>	<b>£2,783.13</b>	<b>£3,339.76</b>

**Police**

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
2021/22	£157.71	£183.99	£210.28	£236.56	£289.13	£341.70	£394.27	£473.12
2022/23 - Council Tax £10.00 (Band D)	£6.66	£7.78	£8.88	£10.00	£12.22	£14.44	£16.66	£20.00
<b>Total</b>	<b>£164.37</b>	<b>£191.77</b>	<b>£219.16</b>	<b>£246.56</b>	<b>£301.35</b>	<b>£356.14</b>	<b>£410.93</b>	<b>£493.12</b>

**Fire**

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
2021/22	£60.00	£70.00	£80.00	£90.00	£110.00	£130.00	£150.00	£180.00
2022/23 - Council Tax 1.99%	£1.19	£1.39	£1.59	£1.79	£2.19	£2.59	£2.98	£3.58
<b>Total</b>	<b>£61.19</b>	<b>£71.39</b>	<b>£81.59</b>	<b>£91.79</b>	<b>£112.19</b>	<b>£132.59</b>	<b>£152.98</b>	<b>£183.58</b>

<b>Band</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
2021/22	£1,319.94	£1,539.93	£1,759.92	£1,979.91	£2,419.89	£2,859.87	£3,299.85	£3,959.82
2022/23	£1,338.81	£1,561.96	£1,785.09	£2,008.23	£2,454.50	£2,900.78	£3,347.04	£4,016.46

**APPENDIX 4**

All Members of Plymouth City Council

**Brendan Arnold**  
**Service Director for Finance**

Plymouth City Council  
Ballard House  
West Hoe Road  
Plymouth PL1 3BJ

T 01752 307517  
E [Brendan.Arnold@plymouth.gov.uk](mailto:Brendan.Arnold@plymouth.gov.uk)  
[www.plymouth.gov.uk](http://www.plymouth.gov.uk)

28 February 2022

Dear Councillor,

**Today's budget setting meeting of the City Council**

There has been significant coverage in the media today around the potential for discussion at Council on 28 February of different levels of Council Tax. Accordingly, I am writing to provide Members with some background information that (a) may not be readily apparent and (b) is of importance in understanding the implications of the proposals that might be brought forward for debate at Council.

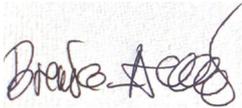
1. The financial position of the Council is under significant pressure. This is partly because of the impact of the COVID-19 pandemic and partly because of long-term increases in both the volumes, complexity and costs of services needed in the City. This is particularly true of services to the vulnerable both in the context of children at risk and vulnerable adults which make up nearly 70% of the Council's expenditure.
2. The Council is already facing a Budget shortfall of £19.6m in financial year 2023/24. If Council Tax is not increased in 2022/23 the shortfall could be up to £2.4m worse in the following financial year. This is because if the Council Tax base is not increased the funding is lost in each future financial year. To be clear, lower levels of funding are likely to mean lower levels of service and more savings than might otherwise be needed to balance the Budget moving forward.
3. Council Tax is one of the major sources of funding for local government. Councils such as Plymouth use this money to provide the services that people need. Put simply, less income means less money available for services.
4. 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. Councillors must take account of this view when agreeing the budget today.

5. 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 the advice of the Section 151 Officer on the budget

report and any amendments that may be proposed.

I trust that these points provide clarity for Members when making decisions about the level of Council Tax at today's Council meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read "Brendan Arnold", written over a light grey rectangular background.

**Brendan Arnold**  
Section 151 Officer  
Service Director for Finance