

Report to the Policy Overview and Scrutiny Committee

Conservative Budget Amendment Proposals 2022/23

Portfolio Holder: Councillor D. Arnott

Officer Contact: Lee Walsh, Finance Manager

08 February 2022

Reason for Decision

The report presents to the Policy Overview and Scrutiny Committee the Conservative Group suggested amendments to the Administration's Budget proposals for 2022/23.

Executive Summary

The report presents to the Policy Overview and Scrutiny Committee a number of 2022/23 budget amendments in addition to those proposals already presented by the Administration to this Committee at its meeting on 27 January 2022.

This report proposes no general increase in Council Tax together with a freeze on the price of school meals until at least September 2023. These proposals are designed to support hard-pressed families deal with cost of living pressures caused by wholesale energy price increases and worldwide disruption to supply chains caused by the COVID-19 pandemic.

These proposed amendments to the Administration's 2022/23 budget proposals together with further investment in fly tipping enforcement will be financed from additional savings totalling £0.892m in 2022/23 which can be considered individually or collectively. It is also proposed that there is a partial reversal of the Administration's Development Fund proposals which will save £0.500m per annum. Finally, there will also be an additional contribution from reserves of £0.986m to support these proposals.

Recommendations

That the Policy Overview and Scrutiny Committee recommends that:

1. The proposal to implement no general increase in Council Tax, freeze the price of school meals until September 2023 and invest an additional £0.300m in fly tipping enforcement is commended to Cabinet.

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2. The Administration's proposal to spend an additional £0.300m per annum on District Partnership Working and £0.200m per annum on Customer Engagement is reversed; saving a total of £0.500m per annum.
 3. The savings proposals totalling £0.892m for 2022/23 set out at paragraphs 3.7 to 3.16 in the report together with a further contribution from reserves of £0.986m are commended to Cabinet.

Policy Overview and Scrutiny Committee

Conservative Group Budget Amendment Proposals 2022/23

1. Background

- 1.1 The Council is required by legislation to produce a balanced budget each financial year. Aside from the legal requirements, financial plans are important because they set out the financial management of the Council's policies and guide officers on the areas where they should prioritise resources.
- 1.2 In the current economic environment, it is becoming more challenging to deliver a balanced budget. With several Local Authorities having approached the Government for financial assistance or having issued Section 114 notices banning all non-essential spending, the safe stewardship of the Councils resources and supporting deliverable priorities has become ever more important.
- 1.3 The Conservatives have produced a series of budget amendments to revise key decisions set out by the Administration. The Administration's proposals do little to alleviate the cost of living pressures many families are facing; especially from higher gas and electricity bills as well as increases in the price of many other goods and services caused by worldwide supply chain disruption exacerbated by the COVID-19 pandemic.
- 1.4 In producing this budget amendment, the Conservatives are offering several common-sense savings proposals totalling £0.892m for 2022/23 and a partial reversal of the Administration's Development Fund investment proposals saving £0.500m per annum. This together with an additional contribution from reserves of £0.986m will allow the Council to reverse the 1.99% general increase in Council Tax proposed by the Administration. The Conservatives are also proposing to postpone the proposed 10p increase in school meal prices and will invest a further £0.300m to support enforcement activity to prevent fly tipping within the Borough.

2. Current Position

- 2.1 The context of the whole budget setting process remains overwhelmingly impacted by the legacy of the COVID-19 pandemic. Although the impact of the latest Omicron variant seems to be waning, the implications for service delivery; particularly Adults and Children's social care are likely to continue for many years to come. Nonetheless, that is why the Government is finally grappling with the issue of funding for social care; an issue ignored by many previous Governments for far too long. The proposals set out in the Adult Social Care Reform White Paper "People at the Heart of Care" sets out a 10-year vision for Adult Social Care and provides information on funding proposals that will be implemented over the next three years.
- 2.2 Whilst acknowledging that the Council also has to deal with the challenge of rising energy prices and the wider impact of supply chain disruption caused by the COVID-19 pandemic, the Conservatives believe the Council can do more to alleviate the cost of living pressures many local residents are facing. As the worldwide economy seeks to recover from the worst pandemic in more than 100 years, some level of disruption is inevitable. Unfortunately, this is manifesting itself in supply shortages in some key industries which is leading to higher price inflation, not just in the UK but also in other developed nations such as the United States. The Conservatives believe the Council should do more to mitigate the impact of inflation on local residents by freezing the level of Council Tax for general purposes and postponing the proposed increase in school meal prices.
- 2.3 The Administration has presented a series of savings proposals as part of the 2022/23 budget setting process which the Conservatives are taking as the starting point for the proposed

amendments set out in this report. The Conservatives recognise that, especially for the forthcoming budget, difficult choices need to be made to deliver a balanced budget that can be presented to Council. In doing so the Conservatives recognise the future savings required to reduce the future reliance on reserves as set out in the Medium Term Financial Strategy are a challenge but are assured at this stage the Council has appropriate plans in place to improve its long-term financial resilience reducing its reliance on one off reserves.

3. 2022/23 Proposals

3.1 The Conservatives propose a range of specific budget amendments to be considered this year. These are split into the following areas:

- Helping residents with cost of living pressures
- Additional Investment
- Development Fund Initiatives
- Budget Reduction proposals

Helping Residents with Cost of Living Pressures

3.2 The Conservatives proposal to implement no increase in Council Tax for General Purposes will reduce Council Tax revenue by £1.969m per annum from 2022/23. Whilst this means it is necessary to identify additional savings proposals to offset these revenue losses, the Conservatives believe the need to help local residents with cost of living pressures should be the overriding priority.

3.3 Similarly, the proposal to postpone the proposed 10p increase in school meals prices by 12 months to September 2023 will reduce fees and charges income by £0.109m per annum from 2022/23 and a further £0.045m per annum from 2023/24. Again, the Conservatives believe this is necessary to help hard-working families deal with cost of living pressures.

Additional Investment

3.4 The Conservatives believe more needs to be done to identify and prosecute those responsible for blighting our local areas through illegal waste disposal and fly tipping activities. We are therefore proposing to boost investment in fly tipping enforcement activity by £0.300m per annum.

Development Fund Initiatives

3.5 To help finance the proposals set out at paragraphs 3.2 to 3.4, the Conservatives recommend the reversal of two Development Fund investment initiatives proposed by the Administration which will reduce expenditure by a total of £0.500m per annum:

- District Partnership Working (£0.300m per annum)
- Improved Customer Engagement (£0.200m per annum)

3.6 Whilst the Conservatives recognise the importance of district partnership working and providing residents with appropriate access to services, we believe it would be more cost-effective to see how the existing Creating a Better Place Strategy, further investment in digital technology and Place-Based working impact on these service areas prior to committing to additional growth in revenue budgets over and above the resources these service areas already receive.

Budget Reduction Proposals

- 3.7 The Conservatives are proposing a range of budget reduction proposals which will reduce spend on non-essential services in order to help fund our priority of helping residents deal with cost of living pressures. An explanation of these savings proposals is provided below.

Inclusion of an Additional Vacancy Management factor within the budget estimates to achieve greater efficiency including limiting the present use of agency staff and consultants (£0.550m)

- 3.8 In a previous budget, the Administration has applied a vacancy factor at a rate of 1.5% to all mainstream employee budgets based on the assumption that some posts would become vacant or would be held vacant due to staff turnover.
- 3.9 To assist in reducing the number of agency staff and consultants used across the Council further, the Conservatives propose that a further vacancy factor of 0.75% is applied to all Council mainstream employee budgets. This would generate a saving of £0.550m. Whilst there is some risk with this proposal as it comes on top of the existing vacancy factor previously approved, it will need to be carefully managed to ensure delivery.

Reduction in the amount of stationery purchased across the authority (£0.010m)

- 3.10 The purchase of stationery is completed by individual teams across the organisation on an ad hoc basis which does not always ensure best value for money through economies of scale.
- 3.11 The purchase of stationery could be centralised in specific locations across the borough i.e. at the Civic Centre. This would ensure that better value for money was being achieved through increased understanding of which items are required, volumes etc. Also, the continuation of hybrid working arrangements (including homeworking) will further reduce demand for stationery as staff make more use of the digital alternatives that are available through Office 365 and similar software that is licensed for use by Council employees. As such, the Conservatives propose a budget reduction of £0.010m for 2022/23.

Reduction in car allowances and mileage budgets to reflect changes in work practices (£0.087m)

- 3.12 The Conservatives propose to reduce mileage budgets on a pro rata basis across the Council (excluding adult social care and children's social care). With the increase in Council employees working from home and the increase of Teams based meetings, the requirement to travel using a personal vehicle has reduced, which in turn should result in a saving for the Council.
- 3.13 With regard to staff classified as 'essential car users', a lump sum allowance of £500 is paid annually to this group of employees. Analysis undertaken previously indicates there are a number of employees who are claiming little or no mileage despite their role being designated that of an essential car user. The Conservatives believe that a review of the posts which attract essential car user status should be undertaken with the intention of removing the lump sum payment from posts where users routinely record zero, or very few miles.
- 3.14 The review of car allowances and mileage budgets would result in a £0.087m saving. Due to staff consultation requirements only a part year saving is reflected for 2022/23. A further saving of £0.013m should be achievable for 2023/24.

Reconsideration of Council priorities with regards to the Communications and Research Service (£0.245m)

- 3.15 Whilst the Administration has reviewed the Communications and Research service as part of its Design and Assurance work completed in previous years, the Conservatives feel that there is further scope in this area to reduce spend on this non statutory service and re-prioritise this to other areas.
- 3.16 As such, the Conservatives propose to redesign the Communications and Research team generating a total budget reduction of £0.245m in 2022/23. This reduction would be generated by halting production of the Borough Life magazine and disestablishing 5.18 FTE posts which may involve redundancies.

4. Items for Future Consideration

1) Advertising on Council Roundabouts, Car Parks and Verges

Many other Councils including neighbouring Bury Council generate additional income through sponsored signage on roundabouts, car parks and verges. Whilst it is appreciated there are legal, planning and highway safety issues to address as well as the need to provide up-front investment, the Conservatives believe this could provide an additional source of revenue to help address the challenge presented in the Administration's Medium Term Financial Strategy report. The Conservatives urge the administration to investigate the viability of this proposal

2) Review of Member Allowances

Whilst the level at which Member allowances are set is clearly a matter for the Independent Remuneration Panel, we would urge the panel to review the level of allowances paid for the positions of Deputy Executive Members (Cabinet) and District Executive Chairs to provide assurance that the allowances are commensurate with the responsibilities of these positions relative to other positions which attract an additional allowance over and above the basic allowance paid to all elected Members.

5. Summary of Proposals

- 5.1 Bringing together all of the proposals set out in section 3 of this report together with a contribution from reserves of £0.986m, a balanced position can be achieved without the Administration's proposed increase in Council Tax for general purposes. The proposals set out in this report are summarised at **Appendix One**.

6. Director of Finance Comments

- 6.1 I confirm in my role as Responsible Officer under Section 151 of the Local Government Act 1972 that the budget amendments as presented are robust and deliverable.
- 6.2 As it is an alternative set of budget options the opportunity for testing the risks associated with the proposals are more limited and it is therefore necessary to afford a level of caution in presenting these alternatives. The use of additional reserves to balance the budget is possible but it increases the budget challenge for 2023/24.

(Anne Ryans)

7. Options/Alternatives

7.1 With regard to the proposals set out in this report, the options available to the Policy Overview and Scrutiny Committee are to:

- Accept all of the recommendations of the report.
- Accept some of the recommendations of the report and reject others.
- Reject all of the recommendations of the report.

8. Preferred Option

8.1 The preferred option is that the Policy Overview and Scrutiny Committee accepts all of the recommendations.

9. Consultation

9.1 Service Directors and Heads of Service have been involved in compiling the proposals set out in this report.

10. Financial Implications

10.1 The financial implications are included within the report.

11. Legal Services Comments

11.1 There are no immediate legal issues arising from the report save that where the proposals involve a change to officer's employment terms and conditions, appropriate HR processes will need to be followed in accordance with the Council's policies and procedures.

12. Co-operative Agenda

12.1 The proposals included within this report have been considered in conjunction with the Council's Co-operative Agenda and there are no adverse impacts.

13. Human Resources Comments

13.1 The proposals included within this report are noted.

13.2 In response to workforce specific proposals, it is the HR and OD Service's view that the removal of car allowance, if treated as a standalone activity, is unlikely to align with work ongoing to determine future ways of working and this should therefore be incorporated into this wider workstream. Additional options with workforce implications will be assessed should they be approved and discharged in accordance with the organisation's policies and procedures.

14. Risk Assessments

14.1 The risks of deliverability have been considered and as it is an alternative set of budget proposals the opportunity for testing the risks associated with the proposals are more limited and as advised above, it is therefore necessary to afford a level of caution in presenting these alternatives.

14.2 In addition, whilst the budget is already being balanced by the use of one-off measures, increasing this still further increases the Councils financial challenge.

15. IT Implications

- 15.1 There are no specific IT requirements associated with the proposals that have not already been considered.

16. Property Implications

- 16.1 There are no specific property implications associated with the proposals set out in this report.

17. Procurement Implications

- 17.1 Any proposals that impact on the procurement of goods, services etc. will be undertaken in full liaison with the Procurement Service and in compliance with all necessary Council and statutory requirements.

18. Environmental and Health & Safety Implications

- 18.1 There are no adverse environmental or Health and Safety implications associated with the proposals.

19. Equality, community cohesion and crime implications

- 19.1 There are no adverse equality, community cohesion or crime implications associated with the proposals.

20. Equality Impact Assessment Completed

- 20.1 These are not required at the present time for these proposals.

21. Key Decision

- 21.1 No.

22. Key Decision Reference

- 22.1 Not a Key Decision.

23. Background Papers

- 23.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background papers are contained in Appendix One
Officer Name: Lee Walsh, Finance Manager

24. Appendices

- 24.1 Appendix One: Summary of Amendments to the Administration's Revenue Budget Proposals.

Conservative Group

Summary of Amendments to the Administration's Revenue Budget Proposals

	2022/23 £000	2023/24 £000
<u>Budget Pressures - Foregone Income/Additional Costs</u>		
<u>Helping Residents with Cost of Living Pressures</u>		
No General Increase in Council Tax	1,969	
Postpone school meals price increase for 12 months	109	45
	2,078	45
<u>Additional Investment</u>		
Fly Tipping Enforcement	300	
Total Additional Budget Pressures	2,378	45

<u>Measures to Balance the Budget</u>		
<u>Reversal of Administration Development Fund Proposals</u>		
District Partnership Working	(300)	
Improved Customer Engagement	(200)	
	(500)	0
<u>Budget Reduction Proposals</u>		
Additional Vacancy Management Factor	(550)	
Stationery Budgets	(10)	
Car Allowances and Mileage Budgets	(87)	(13)
Marketing and Communications	(245)	
	(892)	(13)
Contribution from reserves required to maintain a balanced revenue budget position	(986)	(32)
Total Measures to Balance the Budget	(2,378)	(45)