

COUNTY COUNCIL: 8TH FEBRUARY 2022

Agenda Item No. 8 – Council's Business Plan and Budget Proposals 2022-23 to 2026-27 – Conservative Amendment

Proposer: Councillor Steve Count

Seconder: Councillor Chris Boden

Preamble

The following amendment comes in two parts. The first our amendment funding and policy proposals, the second which contains technically accurate information as confirmed by the S151 officer Tom Kelly.

That information, the Joint Administration voted against members and the public seeing at the Strategy & Resources Committee on Jan 27th, 2022. We shall be referring to that factual information during the debate.

It has always been Conservative policy to seek efficiencies and extra income, rather than increase Council Tax. Whereas it is well proven from previous years, the Liberal Democrat and Labour position, is to start from a point of maximum taxation.

When the Government settlement was received in December, they knew they had received £4.198m more than necessary to balance a budget at the maximum 4.99%. You will see on page 212 how the joint administration deliberately spun the information to make it appear they needed to put up Tax by 4.99%. (Comparison of both the Joint Administration and opposition tables (both confirmed as accurate by S151 officer) Appx 1 Page 212).

On briefings and media interviews the joint administration have repeatedly stated they needed to put up Tax to protect services. However, they have used the council tax burden of 1.99% increase, to increase the General Reserve from a policy of 3% to 4%, which is unnecessary when £40m are in earmarked reserves much of which could be diverted. Furthermore, spinning the reserves table to hide this fact. (Comparison of both S151 approved as accurate tables, their version and ours Appx 1 Page 277).

It is with the above in mind that **“We propose no increase in general Council Tax and reverse the policy decision, which increased general reserves by £6.878m.”**

We are mindful that the Joint Administration has different spending priorities to ours, so whilst we disagree with the blatantly profligate way they have spent and allocated one off funding, we have not sought to alter any spending plans at this stage. Simply to state we would have done things differently. However, two areas that we fundamentally cannot let go unchallenged are to protect our highways and help prevent flooding.

On highways, having successfully forced a U turn mid-year on their proposed slashing of £4.2m from the highways budget. We also object to their proposal to utilise highways money coming from the Conservative government's pothole fund allocation, to reduce borrowing. We believe any unbudgeted extra funding coming in should be ringfenced to our Highways, Footpaths, and cycleways.

We therefore propose **“any additional highways maintenance grants that the Council receives for 2022/23, be ringfenced for additional expenditure on highways (It's intended purpose).** Unlike the joint administration, we leave no ambiguity on that point.

Cambridgeshire is vulnerable to flooding, as has been seen most recently in December 2020/January 2021. Understanding and mitigating causes of flooding is complex and requires co-operation amongst local authorities and agencies – the Risk Management Authorities (RMAs). RMAs work to their own priorities (e.g. Environment Agency focus on main river flooding and Anglian Water on sewer flooding) but they can work together where joint initiatives can bring better solutions. Such projects will require complex modelling to understand the design of any measure and then capital cost of construction.

The Joint Administration budget allocation has focussed on community engagement and action. Whilst we support this action, a community approach can only be regarded as a first step and will never fully mitigate the extensive flooding we have seen in areas such as March, St. Neots and St. Ives.

The Environment Agency and Anglian Water, both have established matched funding pots to potentially align with, where RMA priority areas overlap. Matched funding for projects that deliver shared benefits is possible, therefore we propose CCC actions should align with those other agencies. However, the Joint Administration has so far failed to match those ambitions in this area. We therefore believe the allocation of £4m from the unallocated £7m sitting idle in the just transition fund is an affordable and necessary measure, that £4m with match funding, could create a fund in excess of £12m available for necessary flood prevention measures.

Capital: A fund of £4m to be established to provide funding for flood mitigation schemes as matched funding to contributions from other RMAs.

Revenue: A fund of £100k to be established to develop modelling and design solutions for those areas subject to recent Section 19 investigations where other funding is not available and where the causes of flooding was deemed to require such modelling/be complex, such as March, St Neots and St Ives

We therefore propose £4m is allocated from the just transition fund to create a matched funding pot, and £100,000 from the revenue savings created towards modelling to be made available for flood prevention measures.

To Sum up

- We have shown there is no need to put Council Tax up.
- We propose to stop Labour, the independents, and Liberal Democrats from using further highways pothole funding to reduce borrowing.
- We have taken urgent and much needed action by investing £4.1m in prevention of flooding measures.
- We have shown the Joint Administration misled members, the public and the media, when they claimed the increase was necessary to protect services, because.
- The Conservative proposal Taxes less and delivers more.

Amendments to recommendations

Amend recommendation 2 as follows:

- ~~Following recommendations from Strategy & Resources Committee:~~
- a) ~~Approve the Service/Directorate budget allocations as set out in each Service/Directorate table in Section 3 of the Business Plan~~
- b) ~~Approve a total county budget requirement in respect of general expenses applicable to the whole County area of £926,974,000, including a levy of £9,684,976 payable to the Cambridgeshire and Peterborough Combined Authority for the delivery of Transport Services and a levy of £433,000 payable to the Environment Agency for flood and coastal services.~~
- c) ~~Approve a recommended County Precept for Council Tax from District Councils of £346,551,526.36 (to be received in equal instalments in accordance with the fall-back provisions of the Local Authorities (Funds) (England) (Amendment) Regulations 1995).~~
- d) ~~Approve a Council Tax increase for each Band of property, based on the number of "Band D" equivalent properties notified to the County Council by the Districts (235,800.2), reflecting a 3% ASC precept increase and a 1.99% increase in Basic Council Tax Precept:~~

Band	Ratio	Amount
A	6/9	£979.74
B	7/9	£1,143.03
C	8/9	£1,306.32
D	9/9	£1,469.61
E	11/9	£1,796.19
F	13/9	£2,122.77
G	15/9	£2,449.35
H	18/9	£2,939.22

Replace recommendations 2a, 2b, 2c and 2d as follows:

- 2a) Approve the Service/Directorate budget allocations as set out in each Service/Directorate table in Section 3 of the Business Plan, amended as follows:

£000	2022-23	2023-24	2024-25	2025-26	2026-27
Budget gap in draft business plan	0	17,396	22,737	16,782	18,337
Revise general reserves policy to 3% of budget	-6,878	6,878			
Revise Council Tax policy to 3% ASC Precept	6,579	258	267	257	270
P&E investment – flood modelling	100	-100			
Revised budget gap	-199	24,432	23,004	17,039	18,607

- 2b) Approve a total county budget requirement in respect of general expenses applicable to the whole County area of £927,074,000, including a levy of £9,684,976 payable to the Cambridgeshire and Peterborough Combined Authority for the delivery of Transport Services and a levy of £433,000 payable to the Environment Agency for flood and coastal services.
- 2c) Approve a recommended County Precept for Council Tax from District Councils of £339,972,374.35 (to be received in equal instalments in accordance with the fall-back provisions of the Local Authorities (Funds) (England) (Amendment) Regulations 1995).
- 2d) Approve a 3% ASC precept increase for each Band of property, based on the number of “Band D” equivalent properties notified to the County Council by the Districts (235,800.2):

Band	Ratio	Amount
A	6/9	£961.14
B	7/9	£1,121.33
C	8/9	£1,281.52
D	9/9	£1,441.71
E	11/9	£1,762.09
F	13/9	£2,082.47
G	15/9	£2,402.85
H	18/9	£2,883.42

Add new recommendations:

- 2g) Approve a reserves policy that maintains a general reserve of 3% of gross non-schools expenditure.
- 2h) Commit that any additional highways maintenance grants that the Council receives for 2022/23, be ringfenced for additional expenditure on highways (its intended purpose), rather than repaying or replacing borrowing.
- 2i) Approve the allocation of £4m to enable provision for flood prevention works on a match-funding basis with other organisations, funded from the Just Transition Fund.
- 2j) Approve the allocation £100k for flood risk modelling and surface water mapping in a market town.

Add new recommendations

- 6. Note the supplementary information set out in this amendment document.
- 7. Authorise the Chief Finance Officer, in consultation with the Leader & Deputy Leader of the Council, to make the necessary consequent changes from these amendments to the business plan documents

Supplementary Information

Page numbers refer to pages in the document bundle for Strategy & Resources Committee on 27 January 2022, which contained the draft business plan.

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3.8. What was known when the government settlement was received

(A) Joint administration papers

£000	2022-23	2023-24	2024-25	2025-26	2026-27
Budget Gap	16,700	19,626	23,127	15,006	18,731
Ongoing grant funding changes from settlement	-6,823	-1,851	0	2,162	0
4.99% increase in Council Tax, versus 2% increase already assumed	-9,877	-379	-390	-386	-394
Remaining Budget Gap	0	17,396	22,737	16,782	18,337

(B) Comparison version

£000	2022-23	2023-24	2024-25	2025-26	2026-27
Budget Gap	16,700	19,626	23,127	15,006	18,731
Funding from Settlement	-11,021	4,508	0	0	0
4.99% increase in Council Tax, versus 2% increase already assumed	-9,877	-379	-390	-386	-394
Remaining Budget Gap	-4,198	23,755	22,737	14,620	18,337

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(A) Joint administration papers

Balance as at:	1 April 2022 £m	31 March 2023 £m	31 March 2024 £m	31 March 2025 £m	31 March 2026 £m	31 March 2027 £m
General reserve	27.41	27.41	28.08	28.84	29.54	30.25
Earmarked reserves	40.24	44.56	41.75	39.03	39.03	39.03
Covid Grant Reserve	26.99	16.82	11.50	7.02	3.28	1.02
School Reserves	-23.00	-23.00	-23.00	-23.00	-23.00	-23.00
Just Transition Fund	14.00	10.78	9.78	8.82	8.07	8.07
High Needs Block Offset Reserve	14.40	14.40	14.40	14.40	14.40	14.40
Total	100.04	90.96	82.50	75.11	71.32	69.77
General reserve as % of gross non-school budget	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

(B) Comparison version

	Previous plans		Updated plans				
Balance as at:	31 March 2021 (planned) £m	31 March 2022 (planned) £m	31 March 2023 £m	31 March 2024 £m	31 March 2025 £m	31 March 2026 £m	31 March 2027 £m
General reserve	19.5	19.4	27.41	28.08	28.84	29.54	30.25
Earmarked reserves	33.4	38.5	44.56	41.75	39.03	39.03	39.03
Covid Grant Reserve	N/A	26.99	16.82	11.50	7.02	3.28	1.02
School Reserves	-13.3	-22.50	-23.00	-23.00	-23.00	-23.00	-23.00
Just Transition Fund	N/A	N/A	10.78	9.78	8.82	8.07	8.07
High Needs Block Offset Reserve	N/A	N/A	14.40	14.40	14.40	14.40	14.40
Transformation Fund	28	23	-	-	-	-	-
Total	67.6	85.39	90.96	82.50	75.11	71.32	69.77
General reserve as % of gross non-school budget	3%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%

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The budget concentrates on band B and C properties, for the normal comparator of Band D the uplift is £69.84 a year.

This page also refers to the historic levels of change in Council Tax each year. The cumulative annual impact on a band D household is as follows:

		Council Decision			Band D Council tax impact	
Financial Year	Maximum tax rise	General precept	ASC precept	Total precept	Actual Cumulative Impact	Maximum Cumulative Impact
2016/17	3.99%	0.00%	2.00%	2.00%	22.77	57.06
2017/18	3.99%	0.00%	2.00%	2.00%	46.08	115.29
2018/19	4.99%	2.99%	2.00%	4.99%	105.48	174.69
2019/20	4.99%	2.99%	2.00%	4.99%	167.76	236.97
2020/21	3.99%	1.59%	2.00%	3.59%	214.83	302.40
2021/22	3.99%	1.99%	1.00%	2.99%	255.42	370.17
2022/23	4.99%	2.99%	2.00%	4.99%	325.26	440.01

Page 265. Two statements agreed as technically correct.

(A) Their version.

We also retain earmarked reserves that could be redirected to bolster the general reserve if needed.

(B) Agreed rewording

We also retain **£40m** of earmarked reserves in 2022/23, **much of which** it may be possible to redirect and bolster the general reserve if needed”

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(A) Their version.

In that context, it is appropriate, in the Chief Finance Officer’s view, to continue to hold the level of general reserve at 4% during 2022-23

(B) Agreed additional wording

This page refers to the level of general reserves held and that this is consistent with actual balances held on 1 April 2021. **However, it is confirmed** that the current policy level of the MTFS is 3% of expenditure, meaning that **this budget proposes to increase the policy level by 1%**

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The following table is provided to give context to use of one-off monies across the next five years. Negative figures represent using more one-off monies and positive figures represent planned reductions in funding from one-off sources.

<i>Presented as absolute rather than cumulative values</i>					
Use of one off grant reserves	2022-23	2023-24	2024-25	2025-26	2026-27
Draw down of covid grant	-4,573	-5,321	-4,477	-3,734	-2,261
Public Health reserve	-400	-400	-200	0	0
Other one off funding in 2022/23 settlement	-311	-2,162	-2,162	0	0
(One off funds within budget)	-5,284	-7,883	-6,839	-3,734	-2,261
Budget gap as published (including above)	0	17396	22737	16782	18337
Budget gap excluding one-off funds	5,284	25,279	29,576	20,516	20,598