

**Proposer:** Councillor S Count

**Seconder:** Councillor M Goldsack

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**Conservative Group Amendment to Agenda Item No.7 - Proposed Business Plan for 2024-29**

**for Consideration at Full Council 13 February 2024**

**AMENDMENT**

a) Add: with the exception of inserting the additional text, as set out in the appendix, to the Strategic Framework to follow the Joint Administration Foreword.

b) Add: and Amend service/directorate revenue budget allocations resulting from the following changes:

| Type of Proposal | £000  | 2024-25  | 2025-26       | 2026-27       | 2027-28       | 2028-29       | Remarks from amendment proposer and seconder   |
|------------------|---|----------|---------------|---------------|---------------|---------------|--|
|                  | <b>Budget Gap in Draft Business Plan</b>  | <b>0</b> | <b>26,981</b> | <b>22,246</b> | <b>25,958</b> | <b>24,581</b> |  |
| Inflation        | Revise 2024-25 Staffing Inflation assumption from 5% to 4.5% (revised year 1 assumption only) | -700     |               |               |               |               | Pay uplifts determined or influenced by national negotiations; some county council comparative assumptions at 4.5% or lower. Assumptions for years 2 to 5 remain unaltered.                                      |
| Savings          | Increase 2024-25 Vacancy Savings Target   | -500     |               |               |               |               | Target exceeded by £3m in 2022-23 and forecast at least £1m overachievement in 2023-24; the proposals in the business plan to increase expectation can be increased by a further £500k reflecting these patterns |
| Reserves         | Release uncommitted Change & Digital Reserve  | -2,400   | 2,400         |               |               |               | While the proposed business plan includes some future indicative movements on this reserve there is £2.4m for which there are no current/active plans to spend.  |

|                           |   |          |               |               |               |               |  |
|---------------------------|---|----------|---------------|---------------|---------------|---------------|--|
| Reserves                  | Release funding review shortfall reserve  | -4,666   | 4,666         |               |               |               | Section 25 assessment suggests mid-range resilience and robust reserves. We consider an adverse impact from funding review is low likelihood and may be phased, and that this reserve could be redeployed now.   |
| Reserves                  | Apply uncommitted Adults Risk Reserve amount  | -3,750   | 3,750         |               |               |               | It is timely to apply the uncommitted Adults reserve to the significant pressures in this budget. £500m extra has been announced nationally for social care since the publication of the S,R&P papers.   |
| Reserves                  | Household support fund: assume Department for Work and Pensions grant taper enables release of reserves | -1,500   | 1,500         |               |               |               | Indications from Minister there will be a tailing off of the grant, and we reflect a cautious assumption in this line. Budget papers at S,R&P publication didn't include any potential future finance. Plans for holiday vouchers expenditure remains unchanged. |
| Reserves                  | Create Highways Operations Improvements Fund  | 12,316   | -12,316       |               |               |               | Our plans create a Highways Operations Improvement Fund  |
| Reserves                  | Sustainable withdrawals: Highways Operations Improvements Fund  | -2,250   | 300           | -1,850        |               | 3,284         | This line shows (in the normal recurrent business plan presentation format) the relative draw from reserve year-to-year.   |
| Priority                  | Increase investment in Highways maintenance   | 3,450    | -300          | 1,850         |               | -3,284        | Investing an additional £18,316k revenue across the next 5 years in Highways.  |
| <b>Revised Budget Gap</b> |   | <b>0</b> | <b>26,981</b> | <b>22,246</b> | <b>25,958</b> | <b>24,581</b> | <b>Year-by-year budget gaps unchanged from substantive proposal</b>  |

c) Replace: Approve a total county budget requirement in respect of general expenses applicable to the whole County area of £1,160,773,542.

f) Add: and Amend capital budget funding and allocations resulting from the following changes:

| Capital Proposal (non-recurrent) £000                                  | 2024-25  | 2025-26  | 2026-27  | 2027-28  | 2028-29  | Remarks from amendment proposer   |
|--|----------|----------|----------|----------|----------|---|
| Recognise capital receipts from disposal of buildings in office estate | -1,550   | -1,850   |          |          |          | £11,400k is itemised in capital receipts over 3 years in the papers. Revenue savings have been recognised in the published papers but the capital receipts had not. Recognising £3,400k (out of £11.4m) over 2 years is feasible. |
| Apply capital receipts to public priorities fund: Highways investment  | 1,550    | 1,850    |          |          |          | No impact on prudential borrowing   |
| <b>Impact on capital</b>   | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>Fully funded by additional capital receipts</b>  |

j) New recommendation: Amend references to reserve levels throughout the business plan to reflect the following resulting impacts of the foregoing amendments:

| Revised reserve projections £000     | Forecast opening balance |         |         |         |         |
|--------------------------------------|--------------------------|---------|---------|---------|---------|
|                                      | 2024-25                  | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
| Change and Digital Reserve           | 859                      | 0       | 0       | 0       | 0       |
| Funding Review shortfall reserve     | 2,749                    | 2,261   | 0       | 0       | 0       |
| Adults Risk Reserve                  | 914                      | 404     | 150     | 0       | 0       |
| MTFS support                         | 5,895                    | 0       | 0       | 0       | 0       |
| Highways Operations Improvement Fund | 12,316                   | 10,066  | 8,116   | 4,316   | 516     |

- k) New recommendation: Utilise Ukraine grant funds in accordance with conditions, tasking this Council to prioritise community integration, education/service provision and alleviating hardship.

## END OF AMENDMENT

### Proposals restated in absolute terms (departmental budgets: revenue and capital), £000

|                 |  | 2024-25       | 2025-26       | 2026-27       | 2027-28       | 2028-29       |  |
|-----------------|--|---------------|---------------|---------------|---------------|---------------|--|
| Inflation       | Revise 2024-25 Staffing Inflation assumption to from 5% to 4.5% (revised year 1 assumption only) | -700          | -700          | -700          | -700          | -700          | Pay uplifts determined or influenced by national negotiations; some county council comparatives assumptions at 4.5% or lower. Assumptions for years 2 to 5 remain unaltered.                                     |
| Savings         | Increase 2024-25 Vacancy Savings Target  | -500          | -500          | -500          | -500          | -500          | Target exceeded by £3m in 2022-23 and forecast at least £1m overachievement in 2023-24; the proposals in the business plan to increase expectation can be increased by a further £500k reflecting these patterns |
| <b>Subtotal</b> | <b>Savings assumptions</b>   | <b>-1,200</b> | <b>-1,200</b> | <b>-1,200</b> | <b>-1,200</b> | <b>-1,200</b> |  |
| Priority        | Recurrent revenue investment in Highways Operations Improvements                                 | 1,200         | 1,200         | 1,200         | 1,200         | 1,200         | Revisions to workforce budget assumptions (above) enable increased Highways investment   |
| Priority        | Highways Operations Improvements (Funded from revenue reserve)                                   | 2,250         | 1,950         | 3,800         | 3,800         | 516           | By bringing forward office estate capital receipts we are able to reduce the draw on reserves for the next two years   |
| Priority        | Highways Operations Improvements (Funded by capital receipts)                                    | 1,550         | 1,850         |               |               |               |  |
| <b>Subtotal</b> | <b>Annual Investment in Highways Operations</b>  | <b>5,000</b>  | <b>5,000</b>  | <b>5,000</b>  | <b>5,000</b>  | <b>1,716</b>  | Total additional investment £21.7m into Highways Operations Improvements across 2024-29  |

### Proposals restated in absolute terms (reserves)

|                    |  | 2024-25       | 2025-26       | 2026-27       | 2027-28       | 2028-29     |   |
|--------------------|--|---------------|---------------|---------------|---------------|-------------|---|
| Reserves           | Release uncommitted Change & Digital Reserve   | -2,400        | 0             | 0             | 0             | 0           | While the proposed business plan includes some future indicative movements on this reserve there is £2.4m for which there are no current/active plans to spend.   |
| Reserves           | Release funding review shortfall reserve   | -4,666        | 0             | 0             | 0             | 0           | Section 25 assessment suggests mid-range resilience and robust reserves. We consider an adverse impact from funding review is low likelihood and likely to be phased, and that this reserve could be redeployed.  |
| Reserves           | Apply uncommitted Adults Risk Reserve amount   | -3,750        | 0             | 0             | 0             | 0           | It is timely to apply the uncommitted Adults reserve to the significant pressures in this budget. £500m extra has been announced nationally for social care since the publication of the S,R&P papers.  |
| Reserves (neutral) | Household support fund: assume Department for Work and Pensions grant taper enables release or redeployment of reserves. £1,500k | -1,500        | 0             | 0             | 0             | 0           | Indications from Minister there will be a tailing off of the grant, and we reflect a cautious assumption in this line. Budget papers at S, R and P published didn't include any potential future finance. Plans for holiday vouchers expenditure remains unchanged. |
| Reserves           | Create Highways Operations Improvements Fund   | 12,316        | 0             | 0             | 0             | 0           | By redistributing from the above reserves we propose to refocus our resources on Highways Improvements  |
| Reserves           | Sustainable drawdown: Highways Public Improvement Fund   | -2,250        | -1,950        | -3,800        | -3,800        | -516        | Deployment of £12,316k reserves across five years   |
| Reserves           | <b>Subtotal</b>  | <b>-2,250</b> | <b>-1,950</b> | <b>-3,800</b> | <b>-3,800</b> | <b>-516</b> | <b>Plans begin with £2,250k draw from reserves`</b>   |
| Reserves           | Net Impact compared to substantive   | <b>-750</b>   | <b>-1,950</b> | <b>-3,800</b> | <b>-3,800</b> | <b>-516</b> | First year additional draw on reserves is £750k only compared to substantive proposal- DWP grant assumed  |

## **Purpose of the report**

1. To present to Full Council one proposed amendment from the Conservative Group to the budget recommended by Strategy, Resources and Performance Committee on 30 January 2024, with officers' technical comments on the impact to the budget.

## **Financial technical comments**

2. Given the overall level of reserves, the future years funding gaps and uncertainties over funding the proposals introduce significant risk to the Council's financial sustainability. The pay assumptions rely on what other councils are proposing without reference to Cambridgeshire officers' assumptions. Local Government Association (LGA) briefings have drawn out the risk arising from the increasing national living wage (NLW) on the pay differentiation with the lower pay bands and the impact this could have on pay inflation. Whilst discussions have not begun this would leave a shortfall should the impact of pay awards be higher than 4.5%. Likewise, the greater vacancy target adds further risk. It was noted at Adult and Health Committee that this could impact performance.
3. Turning to the use of reserves proposed this goes against the Section 151 officer's advice as it introduces further risk in future years to delivery of savings and future prudent coverage for potential funding shortfalls. The Change and Digital and Adult Risk reserves are earmarked to assist in large scale transformation of the services and to deliver efficiency in processes. The use of these on Highways would restrict the pace of change across the Council and reduce the ways of making and managing future year savings, driving more cuts than efficiency change. The release of the Funding Review Reserve increases the risk in later years that if following a rest of local government's funding Cambridgeshire experiences a loss or a less than inflationary increase, there will be further shortfalls that will need to be addressed in year. As the timing of these announcements is often late in the financial planning cycle this could lead to more arbitrary cuts needed in that year. As such the proposals to use reserves would likely need to include a provision to restate reserves to levels when setting future years budgets to meet the s151 officer current advice.
4. The assumed tapering of the Household Support Fund (HSF) has not been formerly announced, as such we have no confirmation of any plans or conditions of spend or figures. So, for example if there is no extension announced or if it is and the proposed taper were to fund only older vulnerable adults, then either scenario would mean a cut would be needed to be made to the current proposals for holiday vouchers. As it is expected any announcement on the future of the HSF will come alongside or after the Chancellor's budget on 6 March this will be unknown for the budget discussion at Full Council.

5. The assumptions around capital receipts are assumed reasonable and deliverable.
6. The proposed £21.7 million investment over 2024-29 would draw from the resources noted above.

### **Monitoring Officer technical comments**

7. Under section 25 of the Local Government Act 2003 the Chief Financial Officer is required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council and the adequacy of the proposed financial reserves. These are the estimates which are contained within the main budget report and also require a separate evaluation of the financial sustainability of any amendments proposed. This is contained in the evaluation set out above.
8. The Council is then required to "have regard" to the Section 151 officer's comments on the amendment but it is not required to adopt the recommendations in it. However, Members must demonstrate they have acted reasonably if they do not adopt the recommendations.
9. The Section 151 officer considers that there is an increased level of risk to the financial sustainability of the Council if the amendment is adopted.

### **Head of Paid Service technical comments**

10. The Section 151 officer's comments set out the technical assessment of the amendment and the implications this may have for the financial sustainability of the Council, if approved. In particular, the assessment notes that the Change and Digital and Adult risk reserves proposed for reallocation are already earmarked to support the transformation and improvement of the Council, which in turn would unlock future efficiencies and savings opportunities. Members will therefore need to give due regard to the risk associated with reallocating these reserves versus the ability of the County Council to deliver change and improved effectiveness over the medium term.
11. The role of Head of Paid Service, in accordance with Section 4 of the Local Government and Housing Act 1989, is responsible for the structure and organisation of the County Council's staffing. Consequently, the assessment by the Section 151 officer with respect to an increased vacancy saving factor leading to greater risk is one that is endorsed. An enhanced vacancy saving factor, in addition to existing financial assumptions, has the potential to create greater risk with regard to

service delivery, sustainability and performance by the authority. However, the assessment of such risk and the Council's appetite about accepting this is a matter for elected members to determine, having received officer advice.

## **Conclusion**

12. Overall, the proposals seek to draw from resources largely aimed at future years financial stability and to provide for change that drives efficiencies. As such these proposals introduce risk assumptions contra to officer's advice and could place greater pressures in future years.



**Insertion of the following text:**

***The joint administration is composed of an alliance between, Liberal Democrats, Labour and the Independent group. In their budget we are grateful they have finally recognised our campaigns to increase the highways maintenance budget and allocate some extra resource there. Over the last two years they voted down the previous Conservative proposed increases in the highways and footpaths maintenance budget. We also thank them for performing a U-Turn on their change to the weedkilling policy and proposals to cut winter gritting routes, which we campaigned against.***

***We note the Joint Administration proposal includes once again imposing the legal maximum Tax increase. A budget gap of £37.1m between funding and expenditure is referred to throughout the documents, with accompanying press releases wholly attributing the gap to insufficient funding, the weather, the previous administration, a shortage of staff, inflation, demography, and unforeseen events. However, the Conservative group views the picture slightly differently. We agree there is a budget gap which we all need to close. However, since taking control of Cambridgeshire County Council we can see multiple areas where this has increased due to decisions of the Joint Administration where savings could have been made or income increased. Examples such as the cost overruns on energy schemes adding up to £9.1m, and the lost revenue due to late delivery another £11.4m. Further examples where increased costs or lost revenue are passed onto the taxpayer are the failure to close the sale of Shire Hall. The increased management costs and exit payments to officers, largely caused by dissolving the partnership with Peterborough City Council.***

***Apart from the lack of efficiencies in leading the Council, their business plan proposals also include political priorities of the administration. Examples such as their policy to pay the Real Living Wage instead of the National Living wage. Their choice costs the Council an additional £1.733m a year. Enhancing the holiday voucher scheme, another extra cost to the Cambridgeshire Council Taxpayer, the future cost of which is estimated at £3.0m per annum. So, we the Conservatives believe that there is an element of self-reflection missing from their narrative over who, and why, the council is facing such a budget gap.***

***We would also do things differently, for example accelerate deployment of the Ukraine grant funds. The joint administration currently has £2m languishing in reserves, with no plans for its use over the next 5 years. Whereas we would help more people and communities earlier when they need it most. We would also integrate the Public Health responsibilities into the Communities committee's area of responsibility. Enabling a much more integrated approach closer to the people.***

***In terms of Conservative priorities for this budget, they are not political but are wholly aligned to our communities' priorities. Highways operations, which includes roads, footpaths, cycleways, verges, drainage, signing and lineage and bridleways, takes precedence. We therefore propose a much***

*needed extra £21.716m be allocated to Highways operations. We believe residents will not see the necessary and needed improvement to these areas, without an extra allocation, over and above that currently proposed. We disagree with the Joint Administration's proposal for a maximum Tax increase and want to Lower the burden of Taxation. However, as a party in opposition we have to be realistic. So, in proposing our amendment, to invest £21.716m extra in Highways operations, without increasing the substantive council tax proposal presented, without cutting spending and by drawing only £2.25m from over £150m of reserves next year is both prudent and credible. We have chosen not to propose a lower Council Tax, which would inevitably be defeated. It is more important to us to try and gain support to improve our Roads, Paths, and Cycleways, than argue for what could have helped desperately strained household budgets, when we know that vote will be lost. We therefore hope sufficient members of the administration support our amendment and do not let the opportunity to improve our highways and byways pass them by.*