

Liberal Democrat Group Amendment to the General Fund Budget

The council plays a critically important role in the life of the city. It is vital that it takes timely decisions to safeguard its long-term financial sustainability.

In common with councils elsewhere we suffer from the adverse conditions of a national economy under catastrophic mismanagement. We in Cambridge are also disadvantaged by a system which, under the false heading of devolution, preserves the 'begging bowl' culture for local government investment. Financial power is held at the centre instead of enabling a fair and predictable share of the tax yield from the local economy to flow to the council as service and infrastructure provider and planner.

To address the world as it is, the council has known for years that it needs to reduce the cost of what it does. We have welcomed the rational and analytical approach represented by the council's transformation programme. A 'new type of council' which operates in a different way to achieve the same goals on a smaller budget is obviously right.

There are however two fundamental things which are going in the wrong direction.

FIRST, the transformation process is too slow in delivering results. Challenging savings targets have been set and are not being met, and therefore the council is resorting to quickfire savings which have not been thought through. Scrutiny of these measures has then been made difficult by the unprecedented prevention by the ruling group of discussion at the scheduled opportunity.

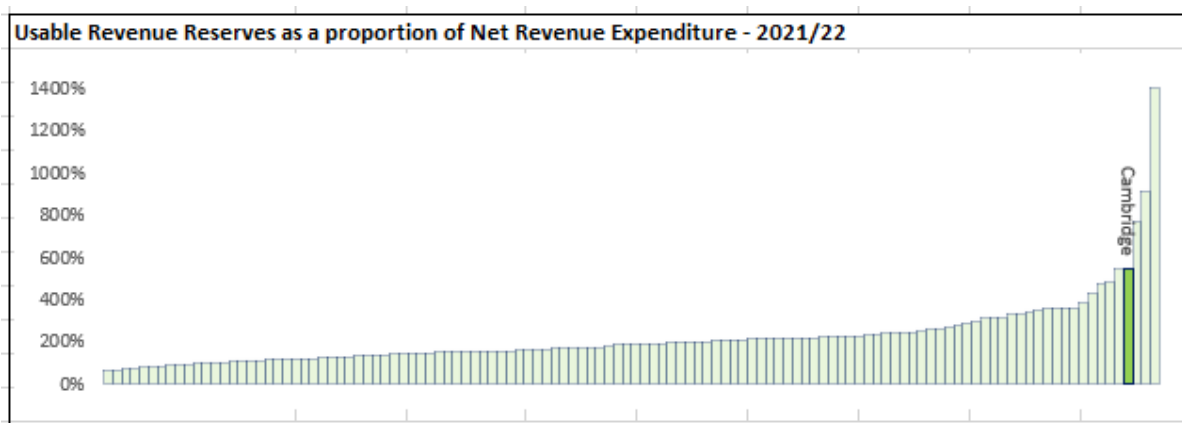
We welcome that the administration has reversed a number of these measures, such as cuts to bus subsidies supporting shiftworkers without being sure anyone else would continue them; and the closure of one set of well-used public toilets. We are still not satisfied about others:

- Closure or part-closure of 7 other public toilets across the city, without consideration of desirable standards of provision, other options, required capital spending, a full equality audit or the need to review coin access (S5118);
- Reducing patrolling officers who enforce environmental regulations such as littering, fly tipping, pavement obstructions and dog control without any evidence of reduced need (S5143);
- Discontinuing the city's inclusive free summer Big Weekend festival with no discussion of options and no alternative plan to bring the city together (S5102).

These need reconsidering, which our amendment would achieve: but the real underlying issue is the need for faster progress with the transformation programme.

SECOND, the council is not taking sufficient care of its future income from sources other than the council tax-payer and the government. These income streams provide us with a level of financial independence and should be protected or replaced.

One of the factors that mark our council out comparatively is the size of its reserves. The graphic below, reproduced in the council's Mid Term Financial Strategy last October, is illustrative:



LGImprove: Compiled from unaudited Statement of Accounts 2021/22, as published 24 August 2022

Although there are good reasons to be satisfied by an adequate reserve especially in uncertain times, there must be limits to that. According to the graphic, if wider financial conditions became an existential threat to local government, all but 4 councils would be bankrupt before Cambridge; a set of circumstances that should not be treated as a necessary criteria for sensible planning by this council. The idle money, budgeted to earn only 2% in deposit accounts, dwarfs the amount that has been professionally calculated by our s151 officer as necessary in relation to risk. It should be put to work for the future of the city in a tangible way that earns a return above that offered by deposit accounts – to help pay for our services to residents, reducing the pressure to make undesired cutbacks in the longer term. It should not be held as part of ‘a plan to fail’ to make the savings from transformation that have been targeted, or as “just in case” funding for undefined projects which would have various potential funding sources, including from future flows into the reserve.

Our amendment creates a ‘Cambridge Futures Fund’ to drive the identification of investments in our city and opens the fund with a transfer of £10m from the reserves, still leaving a further margin of at least £2m above the risk-based assessment (the target) in all 5 years reflected in the budget. This proposal does not include future estimated receipts from increases in business rates, but in a growing city such income remains likely. Similarly, year-end underspends against budget are not totally predictable, but based on the council’s track record they are likely. We are proposing an annual review alongside each future budget to assess the possibility of further transfers to the ‘Cambridge Futures Fund’, based on subsequent accruals to the reserve and other needs at that time.

The council owns a number of assets from which it receives fee-paying income: among the more substantial are the city centre car parks and the crematorium, which both suffer reduced income projections in this budget. We think this demands a review and a strategy for each. Transport policy envisages reduced private car traffic in the city and it is important for the council’s finances that it is on the front foot in re-purposing more of the off-street space for other revenue generating uses. Reduced capacity at the old Park Street car park was a good decision, but given the immense lead times, it is time now to consider further moves at other car parks – possibly at the Grafton where there is overcapacity between the two car parks. The crematorium is experiencing competition from new facilities in the area.

This begs more than implementing plans made 5+ years ago – and that should include examining whether it is to the wider benefit of the city for it to be publicly run or run by a specialised operator in that sector.

Our amendment also commits the council to examine the potential for some of its services to be extended to organisations outside the city on a commercial basis, earning income to defray the costs of services to Cambridge people. A number of other similar councils already practice this kind of model and we think it is time for that at least to be considered here, as a further means of securing the long term financial sustainability of our council and reducing the need for knee-jerk cutbacks.

Cllr Tim Bick – Leader of the Liberal Democrat Group

The amendment to the budget recommendations:

A. On page 228, after “(a) Approve” and before the bullet points, insert:

“Subject to the following modifications:

S5118 - Closing some Public Conveniences

Delete the recurring £54,000 savings and replace the narrative as follows:

“Withdrawal of the proposed closures and semi-closures while the council prepares and approves a public toilet strategy, defining its role in provision, appropriate considerations in determining sufficiency (taking account of a full equalities impact assessment) and supportive capital spending needs – also addressing issues relating to usage, such as the change in possession of coins, hours of operation, capacity and anti-social behaviour.”

S5143 - Environmental Services – reduction in staffing

Delete the recurring £48,000 savings and replace the narrative as follows:

“Withdrawal of the proposed reduction of one Public Realm Enforcement Officer post until the council has established standards by which sufficiency of patrolling officers can be objectively assessed, taking account of increased number of regulations which the team is asked to enforce, the occurrence of the problems it is there to prevent together with their seasonality and times of day and week, the growth of the city and in particular the growth in use of public open spaces.”

S5102 – Cancel Big Weekend City Event

Delete the saving of £113,000 in 2023/24 only and replace narrative as follows:

“Undertake a focused review during 2023/24 of options for maintaining an inclusive annual summer citywide event which incurs reduced cost to the city budget, taking account of independently assessed scope for sponsorship, utilising of Covid recovery funding and combination with other events which raise offsetting revenue for the council.”

B. On page 229 insert new (i) and revised (j), and re-letter subsequently:

(i) Cambridge Futures Fund

- (1) Create a “Cambridge Futures” Fund for investments in the city in support of the council’s wider strategy, either externally in assets which generate income, or internally to reduce ongoing costs, representing a financial gain to the council in excess of the budgeted Treasury return, thereby increasing funding for council services.
- (2) Requests a report from officers defining the present scope the council has for income-earning investments, taking account of recent government restrictions from which targets for investment from the “Cambridge Futures” Fund can be identified.
- (3) Transfer £10m from the General Fund Reserve to the “Cambridge Futures” Fund and, as part of future budget processes, conduct an annual assessment of the potential to transfer further sums to the “Cambridge Futures” Fund from the General Fund Reserve, based on its level at that time in relation to the target reserve and other necessary commitments.”

(j) Note the resulting level of reserves [Section 6 of the BSR updated to reflect the impact of these amendments as per officers’ attached chart]

C. On page 229 insert after old (i)/new (j), re-lettering to the end:

(k) Future Plans for Major Council Assets

Conduct a critical appraisal of the financial outlook for both the council’s car parks and its crematorium and consider future options for each which would secure and improve the financial return from the council’s significant investment in them and bring this to a meeting of the Strategy & Resources Scrutiny Committee before mid-year.

(l) Income generation from council services through provision to third parties

Investigate the model by which some councils provide a number of their services for other organisations on a commercial basis, generating income to contribute to the funding of their own services, and evaluate its potential application to Cambridge, bringing options to a meeting of the Strategy & Resources Scrutiny Committee before mid-year.

(m) Transformation Programme

Accelerate decision-making on the council’s transformation programme to ensure its targets are met and that poorly evidenced erosion of valued services and short-term use of reserves to support ongoing services are avoided.”

IMPACT OF LIBERAL DEMOCRAT BUDGET PROPOSALS ON THE GENERAL FUND RESERVE - UPDATED FOR FINAL BUDGET 23-02-23						
Proposed Cambridge Futures Fund Reserve Balance (£000)	10,000					
Balance at 1 April (b/fwd)	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Balance at 1 April (b/fwd)	-25,533	-21,505	-22,209	-21,867	-21,715	-21,563
Contribution (to) / from reserves per BSR 2022/23	256	60	60	0	0	0
Contribution from/(to) reserves MTFS 2022 and BSR 2023/24	1,122	-2,479	0	0	0	0
Carry forwards	2,133	0	0	0	0	0
Closure of the Cambridge Live Development Fund	-213	0	0	0	0	0
WREN solar project	0	1,570	130	0	0	0
Colville III redevelopment – rephasing of revenue budget	120	-120	0	0	0	0
Indicative funding for the Climate Change Fund (CCF)	0	50	50	50	50	50
Increase to swimming charges from January 2023	-40	0	0	0	0	0
Senior management restructure - provision for redundancy costs	650	0	0	0	0	0
Liberal Democrat Proposal (i) - Remove saving S5118 (Closing some Public Conveniences) pending development of toilet strategy	0	54	54	54	54	54
Liberal Democrat Proposal (ii) - Remove saving S5143 (Environmental Services - reduction in staffing)	0	48	48	48	48	48
Liberal Democrat Proposal (iii) - Remove 2023/24 saving S5102 whilst retaining saving for 2024/25, 2025/26, 2026/27 and 2027/28	0	113	0	0	0	0
Balance at 31 March before business rates growth (c/fwd)	-21,505	-22,209	-21,867	-21,715	-21,563	-21,411
Target Level - Prudent Minimum Balance plus 20% based on MTFS assumptions	8,225	8,621	8,738	8,857	8,979	9,103
Balance above Target Level	-13,280	-13,588	-13,129	-12,858	-12,584	-12,308
Balance above Target Level after Cambridge Future reserve established <u>without business rates growth</u>	-3,280	-3,588	-3,129	-2,858	-2,584	-2,308
Business rates growth – indicative growth element (at risk)	-1,989	-7,400	-7,678	-1,631	-1,616	-1,841
Balance at 31 March including business rates growth	-23,494	-31,598	-38,934	-40,413	-41,877	-43,566
Balance above Target Level after Cambridge Future reserve established <u>with business rates growth</u> (and before spending on future developments (i.e. Guildhall refurbishment, sustainability and climate change adaptations, city centre regeneration, transformation costs, including potential redundancy costs))	-5,269	-12,977	-20,196	-21,556	-22,898	-24,463
Net Service Budgets per BSR with Liberal Democrat amendments	28,624	25,724	24,527	20,166	20,047	19,758
Savings Target built into Amended Net Service Budget			2,902	8,282	9,746	11,098
Amended Service Budgets if savings not delivered			27,429	28,448	29,793	30,856
Target Level as a % of Amended Net Service Budgets with savings delivered	28.73%	33.51%	35.62%	43.92%	44.79%	46.07%
Target Level as a % of Amended Net Service Budgets without savings delivered	28.73%	33.51%	31.86%	31.13%	30.14%	29.50%

Climate change, equality and anti-poverty implications of the Liberal Democrat Group Amendment to the General Fund Budget

Amendments

S5118 - Closing some Public Conveniences – withdrawal of the proposed closures:

- **Climate Rating** - Medium Negative impact. Previously rated Medium Positive however more energy will be used if the toilets are kept open to power and light the building, and more water will be used by the toilets and taps.
- **Equality Impact** – It was not expected that the original proposal would have a significant equality impact as the current use of the facilities that are proposed for closure is very low. Therefore, it is not expected that the Liberal Democrat budget amendment would have a significant equality impact.
- **Anti-Poverty Rating** – No impact because does not impact directly on people’s income

S5143 - Environmental Services – reduction in staffing –

- **Climate Rating** – would remain as Nil as no impact on emissions.
- **Equality Impact** - No impacts have been identified specific to this amendment.
- **Anti-Poverty Rating** – No impact because does not impact on people’s income

S5102 –Big Weekend City Event:

- **Climate Rating** – Medium Negative. There are likely to be higher carbon emissions from the running of an annual summer citywide event (as opposed to if the Big Weekend was cancelled) as it is likely to increase the overall amount of energy being used, increase the amount of waste being produce and increase emissions due to transport.
- **Equality Impacts** - maintaining an inclusive annual summer citywide event is likely to have positive equality impacts, as the Big Weekend has positive impacts for young people, disabled people, and minority ethnic people. However, further exploration of equality impacts would be needed for any new proposed annual summer citywide event.
- **Anti-Poverty Rating** – No impact because does not impact on people’s income

New budget proposal

Cambridge Futures Fund

- We do not have enough information to identify impacts on climate change, equalities, and poverty. This would need to be considered where more detail becomes available.

Section 25 report

These budget amendments would not require any substantive changes to the existing Section 8 – Section 25 Report. **[Section 8, Page 32 refers]**

There are two types of amendment:

- General Fund (GF) revenue amendments – reductions in savings result in an increase in the five-year net savings requirement of £102k, to £11.2m. Over a five-year period, these amendments would result in a reduction in the GF reserve balance of £623k.
- Creation of an earmarked reserve, the ‘Cambridge Futures Fund’ – this proposal reduces the balance on the GF reserve by £10m in 2023/24, allocating it for specific purposes rather than general use. However, estimates show that the GF reserve remains above the prudent minimum level as assessed in MTFS 2022.

I therefore consider, in relation to the budget resulting from the application of these amendments, the estimates for the financial year 2023/24 to be sufficiently robust and the financial reserves up to 31 March 2024 to be adequate.

Caroline Ryba
Head of Finance and S151 Officer

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