

Green and Independent Group

Foreword

General Fund

26 January 2022

Introduction to the Green and Independent Budget Comments

Our role

As the smallest group in the council we consider that our role in the budget process is primarily scrutiny and evaluation.

Alternative Reporting

The reason for this proposal is that the council's work is of great importance to a wide variety of people.

Lengthy accounting reports can be daunting particularly when you are short of time and using alternative reporting techniques can help people to access the main reports and understand the council's work.

As a working accountant, I know that many people are very uncomfortable with purely numerical information and find that other reporting forms, such as graphs, key performance indicators, frequently asked question lists and benchmark reports can help them get to grips with the main report.

Some councillors will be aware that we have put forward a proposal to look at how to make the Housing Revenue Account main report more accessible.

This proposal has been accepted and will go forward under the transformation programme.

At this stage, we are not putting forward a similar proposal for the general fund. This is because it will be more efficient to start with just one account and apply the lessons learned to the second one.

To be clear, our objective is not to replace the main report but to show how simple things such as an FAQ can help us navigate round the main reports and help us find the bits we want easily.

To be equally clear I also want to recognise the high quality of the budget reports and the detailed and meticulous work behind them. I also want to express my appreciation of the steps already taken to make these reports more accessible

A short extract from the FAQ prepared for internal Green and Independent Councillor Use is attached.

Treasury management

Councillors will recall that we raised the issue of evaluating and hopefully reducing the level of treasury funds held with banks with heavy fossil fuel investments.

We understand that Ms Ryba has commenced work on this review and has selected an appropriate independent research source.

The review is not straightforward because treasury funds must also satisfy prudent investment practices. This is not optional but prescribed by law. These rules are known as the CIPFA Treasury Management Code.

This progress is in line with our expectations and we look forward to seeing the first results at the next treasury review.

The city's grant income

Cllr Davey has mentioned the difficulties caused for the city by central government's current grant system and rightly so. Cities need to plan ahead. That requires stable and dependable funding, not the present tangle of stop-start grants.

Grants which are constantly changing, which are so hedged with conditions so that they are at best expensive to administer and at worst

may make them unworkable not only fail to meet our financial needs but they burn up expensive staff time on applications and administration which is wasteful of public funds.

We will continue to press for reform in this area.

Grants to community groups and charities

The council's support for charities and community groups is something that is close to all our hearts.

Many councillors will know from experience how demoralising and exhausting the grant process can be for smaller charities and community groups.

One of the questions that we asked as part of our budget scrutiny was what could we do to streamline our grants process for these groups and avoid perpetrating the problems that the council faces itself with the grant system.

The problem is particularly acute now because many charities face increased demands following lockdown with depleted resources.

Our 2022/23 proposal is for a structural review, whether as part of the transformation programme or otherwise

Although we are aware that cost reduction is a goal of the transformation programme, we argue that in the case of community grants, a better objective would be to consider instead how the service could be improved at the same cost.

We would anticipate that such a review would cover:

A shared smart portal with South Cambs and Cambridgeshire for all grants they administer.

Closer co-operation between local authorities and working towards a shared service approach .

Moving away from annual grants to three year grants

Replacing small grant pots with individual rules with a single community pot (subject to legacy limitations which may restrict this)

Making more use of matched funding arrangements with the private sector. This would be attractive to mid tier businesses which wish to demonstrate good corporate citizenship without carrying the overheads of in house administration.

We submit that these changes would reduce the time spent on administration of the grant system for both community groups and officers alike and would increase the effectiveness of both

We had expected that the outcome of this process would be a proposal for more grants to be provided by the city council and for more advisory support to help local community groups target grants provided by other organisations.

Note of thanks

We have also had discussions with many council officers and will feed back any comments on policies that don't require inclusion in the budget process at this stage and share our thanks for their help individually.

We also want to thank leaders of several voluntary groups who also gave us much useful feedback.

A sample FAQ for the General Fund 2022/2023

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Key Questions about the General Fund budgets

- 1 How good is the budget as a guide to what actually happens?

In a normal year, the budget will normally be a good predictor of what actually happens.

Since covid it has become harder to predict what will happen because the future is more uncertain. The statutory accounts for 2021 show substantial covid related disruptions

Page v of the statutory accounts sets out lost income and extra costs due to covid. Page vi of the accounts sets out the big differences between forecast and actual outcomes on the general fund. In some cases the council saved money because it could not go ahead with plans because of covid.

Usually, it is considered a good thing when this happens. Unfortunately, this planned expenditure will still be required at some point by which time costs will have risen. These are costs deferred not costs avoided.

It seems unlikely that 2022/23 will be any easier to predict.

Section 10 of the report contains a report on the robustness of the estimates and the adequacy of reserves. This is a statutory requirement.

- 2 What factors are expected to affect the reliability of the budget in 2022/23?

These are listed in section 8 of the main report. The headline inflation rate isn't always a good guide to actual price and wages rises (see also page 42 and 43)

- 3 What is expected to happen to the council's general fund income and capital grants?

The assumptions regarding general fund income are listed in section 4 of the main report. The impact of these is shown in section 5.

The key message is that the underlying trend is that the stability and amount of funds available is falling.

The impact of this in 2021 was offset by one off grants for covid related expenses (although sadly these failed to cover the full amount of those expenses and £8m of reserves was sucked up).

- 4 What approach has the council taken to the problem of falling funding?

The council has tried to identify cost savings under the Transformation project These are set out in Appendix B C.

The total amount of anticipated savings does not cover the expected future short fall.