

General Fund Estimates 2022/23 – Liberal Democrats Group

Purpose

To consider an alternative recommendation for the General Fund Revenue Estimates for the Financial Year 2022/23.

1. 2022/23 Budget

This budget has been prepared on the assumption that the **Council Tax will be frozen at 2021/22** level of **£228.66** at Band D. The proposed tax freeze reduces income to the Council by £200k compared to the Executive's draft budget.

Taking into account the economic effects of the Pandemic, Brexit and Energy price rises which have already led to a rise in general inflation, food inflation and energy costs, combined with an increase in shipping container costs of tenfold, which are now feeding through as another inflationary pressure, all of which will increase household costs significantly in the coming year, we consider that increases in council tax on residents already under severe financial strain are unwarranted.

Indeed we consider that council reserves, stated to be sufficient to fund the running of the Council for a period of 3 years with no income at all in that time, should be used to mitigate the effects on household budgets and provide additional help for those in most need is justified, particularly when considering that claimants for Universal Credit, which numbered c. 2000 in 2019 are now running at c.5,000 and that is before the effects mentioned above had really started to bite.

This budget is designed to maximise the assistance to those most in need during the difficult economic circumstances that are now becoming apparent and which, according to published forecasts, are expected to last for a period of 12 to 18 months according to the Institute for Fiscal Studies (https://ifs.org.uk/publications/15691?qclid=EAlaIqobChMIw7PYkoqH9gIVKYBQBh0IzwoHEAAYAIAAEqLNYfD_BwE)

It is envisaged that the Budget for 2023/24 will be made in more favourable economic circumstances and that the extraordinary circumstances that this budget is designed to cope with, will enable a more structured budget that can begin to replenish the Council's reserves.

Only Full Council can determine the level of Council Tax set.

2. Pay Award and Inflation

The Executive's draft budget for 2022/23 assumes that there will be an £500 increase for pay awards for all staff, in this budget has been prepared proposing an increase of further % (To be calculated – we expect this to be

around further 1%) increase to for all staff at Band 1-5, adding £50k to the pay-bill.

We are proposing this increase to ensure the employees in band 1-5 will be able overcome the Cost-of-living increase in country. Particularly the food inflation.

3. Use of General Fund Reserves

In order to fund the support needed to the most vulnerable of our residents, we are recommending an increased call down on General Fund Reserves of £200k, increasing the total drawdown proposed by the Executive from £6.9 million to £7.1 million.

Additional support to residents is outlined below:

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|---|--------|
| 1. Freeze Council Tax at the current level (£228.66 for Band D properties). | |
| Funding to retained by residents: | £200k |
| 2. Address Poverty issues | |
| a. Additional support for Food Banks: | £50k |
| b. Additional Hardship support fund for Universal Credit recipients: | £50k |
| 3. Camberley Regeneration incentives to tenants: | £100k |
| 4. Staff Pay Award for those in Bands 1-5 (1% od budget): | £50k |
| 5. Additional savings target: | (£75k) |

4. Zero Based Budgeting – Potential Savings and Growth

Given the challenges facing the national economy, local services, and the Council in particular, the Liberal Democrats Group has scrutinised the Council's budgets and welcome **that the LD idea of Zero-based budgeting will be implemented in the coming years.**

We are of the of the opinion this process needs to be accelerated.

It is considered that with a Zero-Based Budget review, the savings already identified of £475k, to be delivered from the existing budget, could be enhanced by an additional £75k as listed above and a total saving of £550k achieved.

5. Camberley Town Centre Regeneration

In 2016 the Council purchased The Square and associated buildings for, with the stated aim of regenerating the Town Centre. Whilst some works have been completed, the overall impact on the Town centre is poor and there are an increasing number of empty properties. In consequence the draw of Camberley as a shopping destination of choice is lessening with each empty unit, **as is the Council's rental income.** In order to help alleviate this downward spiral it is recommended that the Freeze on Capital Expenditure should be reversed in relation to Camberley Town Centre and measures

taken in the form of grants to tenants to continue to improve The Square as a destination of choice. Cost, as indicated in 3.3 above £100k.

6. Treasury Management

We are delighted to note the council has heeded our call to convert all the short-term loans into long term loan as they fall due. Where possible, we are of the opinion this should with the government agency, like PLWB.

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Alternative budget proposals – Comments from the Section 151 officer

I am unable to comment on the proposal report as it is last year's budget which was approved at Council and is considered done.

The below proposals were discussed between the Leader of the Opposition and myself; they have been reviewed by the Council's s.151 officer and the following observations have been made.

Proposal	Amount	CFO/s.151 officer comment
Freeze Council Tax at the 2021/22 level (£228.66 at Band D)	£200,000	This will create an ongoing (base budget) pressure on the Council's budgets. It cannot be funded from reserve balances and would increase the savings target – see below.
Address Poverty Issues		
-Food Poverty – Additional support for food banks (£50k)	£50,000	If this is single year change (ie: 2022/23) then it could be funded from general fund balances, but will reduce the level of balances over the four year Medium Term Financial Strategy period. If it is a base budget growth, then it will need to be offset by further service reductions – see below
-Additional Hardship Fund provision for UC claimants (£50k)	£50,000	If this is single year change (ie: 2022/23) then it could be funded from general fund balances, but will reduce the level of balances over the four year Medium Term Financial Strategy period. If it is a base budget growth, then it will need to be offset by further service reductions – see below
Camberley Regeneration		
-Camberley Regeneration – Incentives to tenants	£100,000	If this is single year change (i.e.: 2022/23) then it could be funded from general fund balances, but will reduce the level of balances over the four year Medium Term Financial Strategy period. If it is a

		base budget growth, then it will need to be offset by further service reductions – see below
Staff Pay award (additional lower paid staff)	£50,000	The pay award that is proposed at Council (Agenda Item 11) has been negotiated with due consideration to the budget and the financial position of the Council with a large budget deficit. It is therefore considered that the negotiated amount is the affordable limit for the pay award for 2022/23. This growth item cannot be supported.
Additional savings target	(£75,000)	There is already a budget target of £475,000 as yet unidentified savings and efficiencies in the Medium Term Financial Plan for 2022/23. Whereas I am not able to say that this additional amount (plus the amounts above) is not deliverable, it must be considered that the amount in the budget was arrived at with a great deal of deliberation as to what could be achieved. Any extra could result in a budget target for balancing sake and any increase could be considered unsound.

Summary:

The proposed Medium Term Financial Strategy has been compiled in the face of deficit budget. It addresses many of the deficit issues through a prudent use of reserves over the medium term and an assessment of future service efficiencies and possibly reductions in discretionary services; this level of efficiencies is considered achievable, albeit with some significant work. To further increase this savings target will make the need to reduce discretionary services to residents and businesses much more likely.

Use of reserves is permitted but should not be used to fund ongoing base budget growth through Council Tax reductions or staff pay awards. Items of one-off expenditure could be funded from reserves or balances, and as I mentioned previously, the Council does have strong reserve balances, although many are earmarked for specific purposes and some will also have ring-fence conditions on them.