



Report for: **DECISION**

**Item Number:**

Contains Confidential or Exempt Information	<b>No</b>
<b>Title</b>	<b>2022/23 BUDGET AMENDMENT</b>
<b>Responsible Officers</b>	Ross Brown. Chief Finance Officer (Section 151)
<b>Authors</b>	Kieran Read, Director Strategy and Engagement Shabana Kausar, Assistant Director Strategic Finance
<b>Portfolio</b>	Councillor Peter Mason, Leader of the Council Councillor Steve Donnelly, Cabinet Member for Inclusive Economy
<b>For Consideration By</b>	Cabinet
<b>Date to be considered</b>	18 May 2022
<b>Implementation Date if Not Called In</b>	6 June 2022
<b>Affected Wards</b>	All
<b>Area Committees</b>	All
<b>Keywords/Index</b>	2022/23 Budget, Capital addition, Council Plan, Investment

### **Purpose of Report**

A Labour administration has been returned following the recent local elections. A Council Plan will be developed, reflecting the priorities in the Labour manifesto, and presented to Council in the summer for agreement. Delivery of the manifesto priorities over the four-year council term will require the prioritisation and redirection of resources. These decisions will be considered through the annual budgeting process to ensure resources are aligned to delivery priorities.

This report makes an early commitment of resources from within the existing MTFS agreed by Cabinet and Council to enable delivery against a number of priority commitments for the administration. For 2022/23 the value of the investment is up to £3.114m capital and £2.726m revenue. Over the four-year life of the administration the cash value of the commitments is up to c£23m.

## **1. Recommendations**

1.1. It is recommended that Cabinet:

- 1) Approve £3.001m revenue growth allocation approved by Cabinet in February 2022 towards the priorities set out in section 3 of this report and appendix 2.
- 2) Notes and agrees the new General Fund capital programme additions totalling to £11.588m (section 3, paragraph 4.3 and appendix 1) and approves the following:
  - a) Additional capital funding requirement of £11.588m to be funded from mainstream borrowing with associated revenue financing cost to be met from the revenue growth fund as set out in section 4.
  - b) Delegates authority to the Chief Finance Officer (Section 151) to release budget to be incepted into the capital programme (thereby giving authority to spend) upon approval of a detailed business case and option appraisal in accordance with the frameworks set out in the approved Capital and Treasury Management strategies.
- 3) Authorises the Executive Director or Director with responsibility to carry out and take into account necessary due diligence, consultation, and equality analysis assessment for each proposal prior to taking the final decision on whether to implement.

## **2. Reason for Decision and Options Considered**

2.1. Following on from the approval of the 2022/23 General Fund budget by Cabinet in February 2022 and Council in March 2022, this report seeks approval for £3.001m of funding originally set aside as for potential in-year uncertainty/volatility to be allocated against delivery of key activities and outcomes supporting council priorities. The Council will continue to consider the necessary funding requirements for delivering its priorities as part of the annual medium term financial strategy (MTFS) and budget process.

2.2. The Council has continued to invest in services that experience significant and continued demand pressures, with prioritisation being given to the most vulnerable groups. Against the current backdrop of the cost of living crisis exacerbated by the rising inflation and energy prices, council services continue to operate in a challenging resource environment where small demand change can lead to material budget variances. Thus, the reason for the Council wanting to redirect some of the growth towards supporting services to the most vulnerable such as the care sector. The proposed investment for a total of up to £14.589m (capital £11.588m and revenue £3.001m) is complementing the

c£15m of revenue investment already built into the 2022/23 general fund budget.

- 2.3. It is necessary to consider the appropriateness of budget allocations relatively early on in the financial year and in doing it is important to view the total budget allocations in the round taking into account those amounts set-aside and already contained in the MTFS for pressures such as pay and contractual inflation. When viewed as a whole, it is reasonable to make the funding referred to in the report available given one of the most challenging cost pressure areas is in adults social care, which the majority of the funding being released contributes towards addressing.

### **3. Investment for Council Priorities**

- 3.1. The council will develop a council plan for the period 2022-26 aligned to the priorities in the Labour manifesto and reflecting other requirements on the council including demand pressures and statutory requirements. This will be presented to Council in summer 22 and will identify key year one deliverables and update the key performance indicator suite to be monitored by Cabinet.

- 3.2. Alongside the MTFS the Council Plan is the council's key strategic planning framework. The administration's policy agenda is ambitious, and delivery will require the prioritisation of resources over the four-year period. This report allocates investment from within the existing MTFS to key priorities for early delivery during 22/23 against the three administration key priorities:

- Creating good jobs
- Tackling the climate crisis
- Fighting inequality

- 3.3. The 2022/23 allocations against each priority are summarised below. The investment in these priorities is intended to facilitate early delivery on key priorities as well as the ongoing delivery through existing core budgets which will be set out in the Council Plan. Taken together these represent total investment during the life of the administration of up to £23m enabling delivery over the four-year administration term.

### 3.4. Creating good jobs

Manifesto Pledge	Activity/Outcome	2022/23 Commitment (£M)	
		Capital	Revenue
Deliver our Plan For Good Jobs, achieve “Good Business Charter” accreditation; increase the number of accredited “Good Businesses”, Living Wage Employers in Ealing to 200 and work to achieve our status as a Living Wage Place, and tackle the need for local people to have to rely on in-work benefits through increasing pay and deliver at least 12,000 new qualifications and training programme graduations for people looking to upskill.	Invest £2m to increase pay rates and move towards LLW compliance for homecare workers as part of a staged programme to move to full LLW compliance.	0.000	2.000

### 3.5. Tackling the climate crisis

Manifesto Pledge	Activity/Outcome	2022/23 Commitment (£M)	
		Capital	Revenue
Launch our Active Travel Charter setting out how we will deliver active travel in the borough and invest at least £10m to increase cycling, walking, running, and scooting and reduce polluting vehicles through active travel schemes, rapidly expand our popular School Streets programme to 50 of our schools, delivering schemes only where we have the support of local residents.	Establish School Streets programmes at an additional 4 schools delivered during 2022/23	0.356	0.049
Make our streets and open spaces beautiful and resilient through planting another 50,000 trees, work towards increasing the proportion of the borough covered by tree canopies to 25% by doubling the number of trees we plant each year, ensuring every town has access to wild fruit, and keeping them clean and clear of fly tips and graffiti.	Increasing tree canopy to deliver on manifesto commitment over 4 years	0.750	0.044

Manifesto Pledge	Activity/Outcome	2022/23 Commitment (£M)	
		Capital	Revenue
Rapidly expand the number of bike hangers to at least 150 where communities want them, and electric vehicle charging points to at least 2,000 across the borough, invest £35m in improving our roads, tracks and pavements, and continue to implement controlled parking zones where a clear majority of residents want them.	Deliver a programme of road improvements to improve safety and support walking and cycling	1.250	0.099
Rapidly expand the number of bike hangers to at least 150 where communities want them, and electric vehicle charging points to at least 2,000 across the borough, invest £35m in improving our roads, tracks and pavements, and continue to implement controlled parking zones where a clear majority of residents want them.	Deliver 104 bike hangers to deliver the commitment of at least 150. In addition, the cost of a Bike Hanger permit will reduce from £6 per month to 70 pence per month.	0.208	0.029

### 3.6. Fighting inequality

Manifesto Pledge	Activity/Outcome	2022/23 Commitment (£M)	
		Capital	Revenue
Deliver on our commitment to tackle race inequality in our borough and launch the independent citizen's tribunal to hold the Council, Police and other organisations accountable for the promises we make to end it.	Establish civic leadership development programme in line with race equality commission recommendation.	0.000	0.050
Deliver on our commitment to tackle race inequality in our borough and launch the independent citizen's tribunal to hold the Council, Police and other organisations accountable for the promises we make to end it.	Deliver schools action plan in response to race equality commission recommendations	0.000	0.150

Manifesto Pledge	Activity/Outcome	2022/23 Commitment (£M)	
		Capital	Revenue
Continue to take tough action to prevent violence against women and girls, end female genital mutilation, and extend support through the Women's Wellness Zone network established in the borough. We will also remain committed to enforcing our public space protection order at Mattock Lane, ensuring women have access to family planning free from intimidation, and we will also invest more than £1m in making public spaces safer and well lit.	Extend street lighting to increase the feeling of safety for our residents including in response to the recent consultation on women and girls' safety.	0.550	0.169
We will bring even greater diversity to our festivals and events, ensuring that there is something for everyone in our borough, bringing communities from all backgrounds together, involving community organisations and deliver a major festival to celebrate the Queen's Platinum Jubilee.	Deliver an inclusive Platinum Jubilee programme including Big Lunch and Proms in the Park, Beacon lighting, grants for street parties and dressing the borough.	0.000	0.136

#### 4. Financial Implications

4.1. As set out in the sections above, the report is seeking approval from Cabinet to purpose the revenue growth allocation set aside for managing any in-year risks; approved by Cabinet and Full Council in February and March respectively.

#### 4.2. Financial Summary

4.2.1. The table below sets out a summary of how the 2022/23 revenue growth will be repurposed across the various council priority areas including the new capital investment requirements.

Table 1: Summary of Revenue Budget Growth Amendment and Additional Capital

Priority Area	2022/23 (£M)		2023/24 (£M)		2024/25 (£M)		2025/26 (£M)		2026/27 (£M)		Total 2022/23 to 2026/27 (£M)	
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
Climate Change	3.114	0.390	3.288	0.248	2.978	0.201	2.208	0.112	0.000	0.000	11.588	0.951

Priority Area	2022/23 (£M)		2023/24 (£M)		2024/25 (£M)		2025/26 (£M)		2026/27 (£M)		Total 2022/23 to 2026/27 (£M)	
	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue
Thriving Communities	0.000	0.136	0.000	(0.136)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Decent Living Income	0.000	2.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000
Tackling Inequality and Crime	0.000	0.200	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.150)	0.000	0.050
<b>Growth Allocation (repurpose)</b>	<b>3.114</b>	<b>2.726</b>	<b>3.288</b>	<b>0.112</b>	<b>2.978</b>	<b>0.201</b>	<b>2.208</b>	<b>0.112</b>	<b>0.000</b>	<b>(0.150)</b>	<b>11.588</b>	<b>3.001</b>

### 4.3. Capital Programme Additions

4.3.1. As set out in the table above an additional £11.588m of growth is being requested to be approved in this report for investment towards delivering council's climate change priority. Details of the capital additions are set out in Appendix 1.

4.3.2. There is a recognition that in principle agreement for some of the additions requires the service lead to undertake a detailed business case and option appraisal. To ensure that the capital investment is spent in line with capital spending legislative framework (as set out in the Capital and Treasury Management Strategies), Cabinet are asked to approve the incorporation of the additions into the capital programme and provide delegation to the Chief Finance Officer (Section 151) to release budget (thereby giving authority to spend) upon approval of a detailed business case and option appraisal and if required subject to approval by Full Council of the Treasury Management and Capital strategies.

4.3.3. The additional capital growth will be funded from mainstream borrowing with the cost of financing estimated to be £0.951m over a five-year period.

Table 2: Cost of Financing Summary

Revenue Budget Allocation (£M)	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2022/23 to 2026/27
Climate Change	0.270	0.268	0.240	0.172	0.000	0.951
<b>Total Cost of Financing</b>	<b>0.270</b>	<b>0.268</b>	<b>0.240</b>	<b>0.172</b>	<b>0.000</b>	<b>0.951</b>

4.3.4. Subject to the detailed assessment and following consultation with the Chief Finance Officer, officers will explore opportunities to minimise cost of borrowing.

### 4.4. Revenue Budget Impact

4.4.1. As set out in the table 1 above £3.001m is being sought to be repurposed from

of which £0.951m is funding the cost of borrowing for capital investment totalling c£12m and the remaining £2.050m is being used to support delivery of key priorities as detailed in section 3 above and in Appendix 2.

Table 3: Revenue Growth summary

Revenue Budget Allocation (£M)	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2022/23 to 2026/27
Climate Change	0.270	0.268	0.241	0.172	0.000	0.951
Subtotal: Cost of Financing	0.270	0.268	0.241	0.172	0.000	0.951
Climate Change	0.120	(0.020)	(0.040)	(0.060)	0.000	(0.000)
Thriving Communities	0.136	(0.136)	0.000	0.000	0.000	0.000
Decent Living Income	2.000	0.000	0.000	0.000	0.000	2.000
Tackling Inequality and Crime	0.200	0.000	0.000	0.000	(0.150)	0.050
Subtotal: Service Growth	2.456	(0.156)	(0.040)	(0.060)	(0.150)	2.050
<b>Total Revenue Allocation</b>	<b>2.726</b>	<b>0.112</b>	<b>0.201</b>	<b>0.112</b>	<b>(0.150)</b>	<b>3.001</b>

## 5. Legal

5.1. The Council has a legal duty to set a balanced budget.

5.2. Some savings proposals will have more detailed legal or practical implications. Where this is the case, these detailed implications will need to be considered before a final decision is taken on whether to implement the proposals or to implement them in a revised format.

### 5.3. In regard to the Council's employment law duties

5.3.1. Directors, including the Executive Directors and the Chief Executive, have the delegated authority to delete vacant posts and create new posts within their service, within budgetary constraints. Executive directors have the delegated authority (following, in relation to proposals to delete filled posts, consultation with the relevant cabinet Portfolio Holder and with the Chief Executive) to approve reorganisations and restructuring of their own departments, which may or may not lead to redundancies, including approving deletions of filled posts. That is why Cabinet is not being asked to approve as part of this report any of the staffing change proposals that will be required in order to deliver the budget proposals. Executive Directors must, when taking any decisions on staffing change proposals, follow the law and principles set out in this section and in section 18 below (Equalities, Human Rights and Community Cohesion).

5.3.2. Under s188 of the Trade Union and Labour Relations Act 1992, the Council has a legal obligation to consult if there are proposals to dismiss 20 or more employees (within 90 days of each other).



- 5.3.3. Employees have the right not to be unfairly dismissed. The Council's policies and practices reflect this right. Contractual arrangements for matching and redeployment will be applied to minimise the need for compulsory redundancies.
- 5.3.4. The Council has a legal obligation to make redundancy payments to any employees with more than 2 years' service who are dismissed by reason of redundancy. This arises from the Employment Rights Act 1996 and contracts of employment.
- 5.3.5. Employees whose posts are deleted are contractually entitled to pay protection in certain circumstances.

## **6. Value for Money**

- 6.1. Managing within budget and the achievement of efficiency savings are key responsibilities of budget managers, identified as such in their performance objectives, which have helped promote the Value for Money (VFM) culture. Proposals included within this report will continue to deliver VFM through the council's financial and policy frameworks such as contract procedure rules and social value.

## **7. Sustainability Impact Assessment**

- 7.1. Any sustainability impacts will be taken into account before final decisions are taken on whether or not to implement each proposal. All capital budget proposals are required to set out how the proposal contributes towards carbon emission reduction.

## **8. Risk Management**

- 8.1. Under Section 25 of the Local Government Act 2003, the S151 Officer is required to provide his statutory advice to Council, in the annual budget report his view of the robustness of the budget estimates, which for 2022/23 was provided by the S151 officer in February 2022 to Cabinet and March 2022 to Full Council. Budget estimates are exactly that, estimates of spending and income at a point in time. At the time of setting the 2022/23 budget the S151 officer provided Full Council with reasonable assurance that the budget has been based on the best available information and assumptions at the point in time.
- 8.2. Council is faced with an uncertain financial climate over the short to long term which presents a high risk to the authority and there remains potential for further, as yet unrecognised, risks such as impact of rising inflation and energy prices, social care demand. It is important that the Council continues to maintain its spending within budget, puts in place corrective action or spend measures to contain spend within the resources available. Taking into account

the budget risks and uncertainties, and assuming that the recommendations set out above are agreed, the Council's contingency and balances are still considered prudent. However, Cabinet's attention is drawn to the need for close monitoring of the budget and, in particular, the achievement of savings. It will be essential for the Senior Leadership Team (SLT) to continue to exercise a firm financial management throughout the year to ensure that expenditure is contained within budget and targets for service improvements and savings delivery are met.

8.3. Given the uncertainties of the economic environment and the anticipated scale of the expenditure reductions required in the medium to long term, there are inevitably significant risks involved in delivering balanced budgets over the medium term. Key strategic risks will be;

- included in the Corporate Risk Register;
- regularly reported to Audit Committee;
- reviewed through quarterly budget updates reports to Cabinet of 2022/23 financial position; and
- reviewed through updated Budget and MTFs Strategy reports to Cabinet.

## **9. Community Safety**

9.1. Not applicable.

## **10. Links to Strategic Objectives**

10.1. The Council's MTFs, budgets, capital programme and capital strategy are designed to deliver the Council's strategic priorities. The proposed budget amendment for 2022/23 will continue to address the delivery of national and local priorities.

## **11. Equalities, Human Rights and Community Cohesion**

11.1. Budget proposals have been developed and impacts considered in line with the principles set out under S149 Equality Act 2010 and Human Rights Act 1988, including the need to protect elderly, disabled, children and young people who are the most vulnerable residents of the borough.

11.2. Implementation of each of the proposals will follow the Council's processes, policies and local terms and conditions to ensure fair selection, assimilation, and recruitment and to ensure on-going monitoring of diversity.

### **11.3. Equalities Analysis Assessments (EAAs)**

11.3.1. Where proposals will have equalities implications an EAA is required. EAAs are tools that help the Council make sure its policies, and the ways it carries

out its functions, do what they are intended to do and for everybody. If an EAA is required, it will be prepared and taken into account prior to the final decision on whether or not to proceed with the proposal being taken.

## **12. In Regard to the Council's Public Law Duties**

- 12.1. When making decisions the Council must act reasonably and rationally. It must take into account all relevant information and disregard all irrelevant information and consult those affected, taking into account their views before final decisions are made. It must also comply with its legal duties, including those relating to equalities as referred to above. Many proposals will impact upon third parties and where this is the case there may be a requirement for the Council to consult those affected before a final decision is taken on whether or not to implement the proposal or to amend the proposal prior to implementation.

## **13. Staffing / Workforce and Accommodation Implications**

- 13.1. Not applicable.

## **14. Property and Assets**

- 14.1. The Capital investment proposals set out in this report for approval in principle reflect the need to make efficient use of the Council's property and assets at an affordable cost to support the delivery of Council priorities.

## **15. Consultation**

- 15.1. Consultation may be required in relation to some of the budget proposals set out in this report. Where this is the case, the consultation will be undertaken in accordance with legal requirements and within a timetable appropriate to the individual circumstances of the proposal in question, including with recognised trade unions and affected individuals. The outcomes from each consultation undertaken will be taken into account before a final decision is taken on whether or not to proceed with the proposal in question, either as presently proposed or in an amended form.

## **16. Timetable for Implementation**

- 16.1. Upon approval of the budget amendment, council officers will undertake the necessary steps to agreeing the detailed implementation plans with their relevant Portfolio Holders and put in action the steps required to implementing the agreed priorities within the approved budget.

## **17. Appendices**

- Appendix 1 – Capital Additions

- Appendix 2 – Revenue Growth

**18. Background Information**

- 2022/23 Budget Strategy and Council Tax Resolution – Council 1 March 2022
- Budget Strategy and MTFS 2022/23 to 2024/25 – Cabinet 9 February 2022

## Consultation

Name of consultee	Department	Date sent to consultee	Date response received from consultee	Comments appear in report para:
<b>Internal</b>				
Ross Brown	Chief Finance Officer	Continuous	Continuous	Throughout
Paul Martin	Acting Chief Executive	Continuous	Continuous	Throughout
Judith Finlay Lucy Taylor	Executive Directors	Continuous	Continuous	Throughout
Helen Harris	Director of Legal and Democratic Services	06/05/2022	10/10/2022	Throughout
Councillor Peter Mason	Leader of the Council	Continuous	Continuous	Throughout
Councillor Steve Donnelly	Cabinet Member for Inclusive Economy	Continuous	Continuous	Throughout

## Report History

<b>Decision Type:</b> For Decision	<b>Urgency Item?</b> No	
Authorised by Cabinet Date:	Report Deadline:	Date Report Sent:
Member:		
Report no:	<b>Report authors and contact queries:</b> Kieran Read, Director Strategy and Engagement, 020 8825 6395 Shabana Kausar, Assistant Director Strategic Finance, 020 8825 7549	