

**SERVICE COMMITTEE REVIEW OF THE BUSINESS PLAN – ECONOMY,
TRANSPORT AND ENVIRONMENT**

To: **Highways and Community Infrastructure Committee**

Meeting Date: **15 July 2014**

From: **Graham Hughes, Executive Director, Economy, Transport & Environment
Chris Malyon, Chief Finance Officer**

Electoral division: **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **This report provides the Committee with an overview of the Business Planning Process for Economy, Transport and Environment**

Recommendation: **Committee is asked to:**

- a) note the Council-wide financial overview set out in section 2.**
- b) note the overview and financial context for Economy, Transport and Environment.**
- c) comment on the review of 2015/16 savings proposals and the approach to future savings for Economy, Transport and Environment.**
- d) request officers to work with Members of the Highways and Community Infrastructure Committee to develop more detailed proposals for presenting to future meetings of the Committee.**

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1. VISION AND PRIORITIES

- 1.1 Each year the Council adopts a five year Business Plan, committing to a clear indication of what will happen in years one and two, and indicative proposals for years three to five.
- 1.2 To ensure that the Council is clear to its residents, partners, and employees about what it wants to achieve within available resources, a vision and set of strategic priorities are set out at the beginning of the Business Plan.
- 1.3 The vision for the Council is: *making Cambridgeshire a great place to call home*, and the three strategic priorities are:
 - Developing the local economy for the benefit of all
 - Helping people live healthy and independent lives
 - Supporting and protecting vulnerable people
- 1.4 The Council's Strategic Framework then translates these priorities into more specific objectives and targets for specific service areas. The business planning process is a continual cycle, with services in a constant process of developing and implementing the budget proposals in line with this strategic direction.
- 1.5 It is expected that during this year's business planning process, Service Committees will consider and refresh the sections of the Strategic Framework which apply to them.

2. FINANCIAL OVERVIEW

Business Plan Issues

- 2.1 One of the key reasons for this report is to update Members on the current issues that could affect the Business Plan as agreed by Council in February. No recommendation is required on these issues at this point as it is not proposed to change the cash limits for the current financial year and future years limits will not be altered until the annual review of demography, inflation and service pressures has been undertaken. This will be reported to General Purposes Committee in September for approval by Council on 14th October. Council has always approved the Service Block cash limits, but the process is being brought forward this year in order to facilitate more certainty for services in the budget building process.
- 2.2 It is difficult to project the level of demand for services and resources that will be available over the timeframe of the Business Plan but it is important to take a medium term planning view in order to make considered judgements over service resource allocations. Transformation and alternative service delivery models often have a long lead in period which also requires a longer term perspective to ensure that these processes are managed effectively.

2.3 The gross budgets for each Service Block identified in the Business Plan are as follows:

Service Block	2014-15 £'000	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000
Children, Families and Adults	352,472	347,724	339,106	336,710	336,158
Economy, Transport and Environment	86,962	86,025	83,849	82,368	82,106
Public Health	14,482	14,774	15,074	15,312	14,856
Corporate and Managed Services	21,085	20,546	20,242	19,959	20,178
LGSS Operational	24,069	24,013	23,705	23,113	22,628

2.4 The focus for the 2014/15 Business Planning process was to ensure that the Council approved a balanced budget for years one and two of the plan. Focus on the latter years was deemed important for planning purposes, but it is more difficult to prepare detailed proposals for these years. Therefore there are still some significant savings to be identified even without any additional service/funding pressures that have yet to materialise.

2.5 The savings targets for ETE as contained in the current Business Plan are:

Service Block	2014-15 £'000	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000
Economy, Transport and Environment	1,930	4,476	5,283	3,976	3,074

Progressively, over time, less of these savings have been identified. The current level of savings yet to be identified is as follows:

Service Block	2014-15 £'000	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000
Children, Families and Adults	-	-	7,807	8,352	16,661
Economy, Transport and Environment	-	-	3,800	3,037	2,667
Public Health	-	-	-	-	-
Corporate and Managed Services	-	371	283	43	-
LGSS Operational	-	78	27	458	817

2.6 Delivering the savings proposals that are already built into the Plan will be challenging and the impact of the savings should not be underestimated. It is likely that this challenge will only increase as additional service pressures, potential interest rate increases, or potential increases in demography over and above those projected are identified.

2.7 Although we are only two months into the new financial year there are a few issues to update Members on that have an impact on the Business Plan bottom line:

2013/14 Service Pressure

- 2.8 Members will recall that during the last financial year a significant pressure was identified within the Older People's service and using the best information available at the time it was identified that an additional increase in the base funding of the service of £6.5m was required for 2014/15 and beyond.
- 2.9 Actual activity in Older People's services for 2013/14 did not reach the levels that had been anticipated, therefore resulting in an over allocation of base funding for 14/15 in the sum of £2.5m. The provision was made in good faith and on the basis of information available at the time, but the inclusion of this pressure increased the level of savings required across all services in order to maintain the Council's over-arching cash limit.
- 2.10 Members of the General Purposes Committee will have the opportunity to make recommendations to Full Council on whether this additional resource is retained within the service for 2015/16, to mitigate the challenging savings targets within the Older People's budget, or to allocate this sum through the cash limit formula. It is recommended, however, that no change is made to the in-year cash limit in order to maintain stability within the service.
- 2.11 The Committee is asked to note the following information (on Highways, Basic Need Funding, Dedicated Schools Grant and Business Plan impact) as these are issues that affect the Council's overall financial position.

Highways Maintenance

- 2.12 The Business Plan includes a programme of funding for Highways Maintenance in the total sum of £90m with the remaining unspent funds being expended over the next three financial years in the total sum of £64m. The Directorate will be bringing forward a paper in the near future to the Service Committee that will recommend a re-phasing of that programme. This will reduce the pressure on the Business Plan for a number of years, albeit the overall funding for the programme remains unchanged.

Basic Need Funding

- 2.13 The Government provide funding support for the delivery of new school places based on a formula. This formula changed for 2014/15 and has significantly reduced the level of funding that is made available to the Council. Representations have been made at a national level in order to address this issue but so far there has been no notification that additional funding will be forthcoming. Although the service continues to press for a solution the Council will need to consider the alternative options in the near future.
- 2.14 This does not affect the 2014/15 programme but the Business Plan has currently identified a shortfall in funding of £16.156m and £13.899m for 2015/16 and 2016/17 respectively. If no additional funding is forthcoming the Council will have to consider whether it wishes to retain the capital programme to its current funding level, by reducing the schools programme or other elements of the programme. Alternatively the Council could meet the shortfall through additional borrowing which would increase the level of revenue savings required in order to fund the capital financing costs.

Dedicated Schools Grant (DSG)

- 2.15 The Council currently recovers a contribution from the DSG towards corporate overheads. Having reviewed the legislation it appears that a significant element of what is currently being allocated to this activity needs to be removed. A detailed review of the legislation is in hand but this will create an additional pressure on the overall cash limits of the Council that will be included within detailed Business Plan proposals that will be considered in the Autumn as part of the Business Planning process.

Business Plan Impact

- 2.16 The financial impact of the above issues is set out in the table below, alongside known changes to funding since the publication of the 2014 to 2019 Business Plan. By application of reserves we have currently been able to smooth the impact of these issues and balance the budget to that set out in the 2014 to 2019 Business Plan, with the obvious exception of what is now year 5. Note that the figures show the change on the previous year (i.e., their impact is recurring) and increased income is shown as negative figures.

Issue	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
2014-19 Plan budget gap	-	-	-	-	-
Changes to expenditure, fees, charges & ring-fenced grants	-3,265	+459	-425	+564	+19,992
Changes to corporate funding & transfers to/from reserves	+3,265	-459	+425	-564	-10,504
Current budget gap	-	-	-	-	+9,488

Breakdown of changes to expenditure, fees, charges & ring-fenced grants:

New year 5 inflation & demography estimate	-	-	-	-	+19,439
Pressure – Correction to 2014-15 Older People pressure	-2,500	-	-	-	-
Pressure – 2 nd State Pension	-	+1,963	-	-	-
Debt charges – Highways	-765	-1,504	-425	564	+553
Total change	-3,246	+459	-425	+564	+19,992

Breakdown of changes to corporate funding & transfers to/from reserves:

New year 5 funding	-	-	-	-	-5,052
1.99% Council Tax increase	-	-	-	-	-5,395
Business Rates	+1,109	-1,216	+46	-69	+142
New Homes Bonus	-	+478	+451	+357	+357
Corporate DSG	+1,902	-	-	-	-
Other Corporate Grants	-166	-315	+482	-	-
Reserves	+420	+594	-554	-852	-556
Total change	+3,656	-459	+425	-564	-10,504

2.17 The above figures have made no adjustment in relation to the Basic Need funding shortfall at this point. If no additional funding is forthcoming and Members agree to leave the programme as it is included within the Business Plan there will be an additional budgetary pressure of £400k in 15/16, £1.7m in 16/17 and £2.6m in 17/18 which will need to be distributed across services.

2.18 The forecast balance on the General Reserve over the Business Planning period is outlined below:

	31 st Mar 2014 £'000	31 st Mar 2015 £'000	31 st Mar 2016 £'000	31 st Mar 2017 £'000	31 st Mar 2018 £'000	31 st Mar 2019 £'000	31 st Mar 2020 £'000
General Reserve	12,337	15,438	14,859	14,693	14,574	14,385	14,708
% of gross budget	2.5%	3.1%	3.0%	3.0%	3.0%	3.0%	3.0%

3. OVERVIEW OF ECONOMY, TRANSPORT AND ENVIRONMENT

- 3.1 Economy, Transport and Environment (ETE) provides a wide range of services that are crucial to maintaining and improving quality of life for the people of Cambridgeshire and supporting a growing and prosperous economy. Key to overall satisfaction with the Council, ETE makes a substantial contribution to the aim of promoting Cambridgeshire as being open for business and a great place to call home.
- 3.2 Within ETE, the two Service Directorates are Infrastructure Management and Operations and Strategy and Development.
- 3.3 Infrastructure Management and Operations (IMO) is responsible for the county's transport and waste assets and provides important community and cultural services that contribute to the well-being of the people living in Cambridgeshire. In detail, IMO manages, maintains and improves the county's transport network, manages waste disposal and recycling, provides trading standards support to businesses and communities and looks after the county's libraries and registration and coroners services.
- 3.4 Strategy and Development (S&D) delivers the county's infrastructure, such as roads and bridges, and promotes cycling. It has responsibility for transport strategy, managing developer contributions, public transport services throughout Cambridgeshire and for land-use planning. S&D provides economic development, flood risk management, ecological advice, archaeological advice and travel planning. It also delivers adult learning and provides an adult careers service.
- 3.5 Also reporting to the Executive Director of ETE are Policy and Business Development and Connecting Cambridgeshire. Policy and Business Development provides support and specialist advice to the senior managers and all of ETE, developing more efficient and effective ways of working.
- 3.6 The Connecting Cambridgeshire programme aims to improve the county's digital infrastructure to drive economic growth, help our communities to thrive and streamline public service delivery.

3.7 The key priorities of Economy, Transport and Environment are:

- Maintaining a safe highway network through prioritising maintenance of those roads that are of economic importance, have persistent problems and safety issues.
- Promoting jobs and supporting infrastructure through ensuring that reduced funding is focused on infrastructure to support growth.
- Managing congestion, which is a major issue in and around Cambridge, on major routes, and in some market towns.
- Helping people to live healthy and fulfilled lives.
- Fostering a sense of identity, nurturing stronger communities, helping to embed new communities and encouraging active citizenship.
- Seeking new ways to mitigate the impact of overall reductions in public sector spending.
- Helping people access learning and skill development opportunities

4. ECONOMY, TRANSPORT AND ENVIRONMENT FINANCIAL OVERVIEW, APPROACH TO ACHIEVING SAVINGS AND NEXT STEPS

4.1 In order to provide the full context of the ETE budget this report covers proposals relating to both the Economy and Environment Committee and the Highways and Community Infrastructure Committee. Responsibility for proposals is stated as appropriate.

ETE Capital Funding

4.2 Increasingly, the service delivery strategy of ETE is led and driven by capital funding. Capital funding comes from three main sources; prudential borrowing, funding from developers, and grants. Prudential borrowing has to be repaid from the revenue account, unless it is invested to produce a return that covers the borrowing costs. Funding from developers is to a great degree tied to mitigating the impact on the transport network of the development. The bulk of grant funding is from central government, although European Union funding is also accessed.

4.3 In recent years Government grants have become more specific limiting the Council's options for spending. From 2015/16 onwards the bulk of Government grant to local authorities for new works will come through the Growth Deal, led by the Local Enterprise Partnership (LEP); an announcement on this is expected in July. This is in addition to the City Deal, but will be a fraction of the amounts secured in the City Deal.

4.4 The capital programme for ETE (excluding the Growth Deal and City Deal) is as follows:

- 2014/15 = £90,999k
- 2015/ 16 = £92,354k
- 2016/17 = £66,408k
- 2017/18 = £34,788k
- 2018/19 = £26,014k

- 4.5 The profile in the early years is higher than in the later years due to major one off items of expenditure in the Capital Programme such as the Highway Maintenance programme, Ely Crossing, King's Dyke Crossing and Cambridge Science Park Station, although borrowing for the latter is expected to come from Network Rail it has been retained in the business plan until this is formally confirmed by the Department for Transport.
- 4.6 The City Deal, recently signed will also provide significant amounts of additional capital for investment in the Greater Cambridge transport network. Between 2015/16 and 2019/20, this will total £20m per year. The governance arrangements being agreed for the City Deal will create a joint body between the County Council, Cambridge City Council and South Cambridgeshire District Council to make decisions on how this money is spent. It is likely, however, that the County Council will remain the accountable body and thus will be responsible for ensuring this funding is spent correctly.

ETE Revenue Budget

- 4.7 ETE has a gross revenue budget of £86,962k for 2014/15. This represents 16.1% of the Council's total gross revenue budget.
- 4.8 When considering the required savings target for ETE, it is important to be aware of the structure of the ETE budget, as shown below.

	£'000
ETE Gross Budget	86,962
Less: Grants and Income	-23,737
ETE Net Budget	63,225
Less: Waste PFI	-26,865
Streetlighting PFI	-2,479
Concessionary Fares	-5,460
Flexible Budget	28,421

- 4.9 Whilst the gross budget for ETE is over £86m, there are a number of items that are either fixed or from which savings would have no effect on the Council's budgetary position. In the case of the waste and street lighting PFIs for example, these are contractual payments to the service providers and in the short term at least, they cannot be varied. Concessionary Fares is a demand led service that is a right of pass holders and the Council does not have the ability to alter what is paid out. This means that the actual part of the ETE budget where the savings noted in paragraph 2.5 can be made from is much smaller than the headline budget figure. As a percentage of the flexible budget of £28.421m, the savings targets over the years represent a very high proportion (around 55%).
- 4.10 Additionally, the way in which the Waste PFI is reflected in the Council's budget (variations are accounted for corporately) means that, even if savings could be found, they would not benefit the overall ETE budgetary position.

2014/15 Revenue Savings and Income Proposals

- 4.11 The savings and increased income target for the ETE revenue budget in the current year is £1,930k. This target is on track to be met as set out in the existing Business Plan. Key proposals are shown below:

2014/15 Key Savings and Income Proposals		£'000
E&E	Remove Enterprise and Economy Grant Used to pump prime schemes and bids.	5
E&E	Phase out bus subsidies Cambridgeshire Future Transport will provide alternative, more efficient means of transport than through traditional bus subsidy, wherever possible.	873
E&E	Reduce funding to support community transport schemes Reduce base budget funding for community transport but replace this with one off community transport grant funding that will protect services for at least 2014/15 and 2015/16. The discretionary 50% subsidy for concessionary pass holders using community transport will be removed.	150
E&E	Review of Regional Spatial Strategy Although the Regional Spatial Strategy is now abolished, Cambridgeshire authorities will continue to collaborate.	10
E&E	Repay cash investment in Floods and Water Act activity The County Council became responsible for new duties under the Flood and Water Bill, it made provision for £200k from its base budget, however Government funding was made available in 2011/12 and 2012/13, totally £347k. This Government funding remains in our base, and as such, it is now felt that the original £200k of Council funding can be withdrawn.	200
E&E	Expand range of fees in Growth & Economy Fees relating to transport, planning and ecology advice.	75
E&E	Introduce Park and Ride car parking charges Implementation planned for July 2014.	230
H&CI	Review Rights of Way provision Review how the service is provided and make operational savings.	40
H&CI	Use of the On-Street Account The use of the on-street account will be reviewed to ensure it is being applied in the most efficient way. The review will include the potential to fund concessionary fares not covered by funding from Central Government, Cambridge and South Cambridgeshire traffic survey, Drummer Street Bus Station and allocation of overhead costs.	745
H&CI	Efficiencies from Highways Services Contract The highways contract should deliver efficiencies year on year. New ways of working are continuously being explored to reduce overheads, improve systems and make operations more efficient.	669
H&CI	Highways & road safety charges to cover costs Increased charges resulting from the review of charges across ETE.	256
H&CI	Changes to Library Services Reduce senior management and central support for the service. Review of library service infrastructure.	128

It should be noted that the 2014/15 business plan also includes investments of £400,000 in Cambridgeshire Future Transport, and £500,000 in Community Transport Initiatives. Whilst the Community Transport savings noted in the table above remain in the business plan, in reality and subject to Member decision, they may be offset by these additional investments.

2015/16 Revenue Savings and Income Proposals

- 4.12 The existing Business Plan includes proposals for 2015/16, which balanced the ETE required savings and increased income target of £4,476k. A review of those savings and income proposals has been carried out, which has identified that, whilst still achievable, some of the proposals are now looking very challenging.
- 4.13 The Highways and Community Infrastructure Committee is asked to consider the proposals for 2015/16. It should be noted that the removal of any of the existing proposals will require replacement with savings proposals or income targets of the same amount, to ensure the cash limit balances overall. This is particularly the case where proposals are now looking very challenging and alternative savings may be necessary.
- 4.14 Reports relating to the development and implementation of 2015/16 proposals will be going through the Committee process in the coming months.
- 4.15 The status of the ETE 2015/16 proposals is shown below. The non shaded sections cover the elements within the remit of the Environment and Economy (E&E) Committee and the shaded sections cover the elements within the remit of the Highways and Community Infrastructure (H&CI) Committee.

2015/16 Savings and Income Proposals		£'000	Status and Comments
E&E	Further reduce support to community transport schemes. Reduce base budget funding for community transport but replace this with one off community transport grant funding that will protect services for at least 2014/15 and 2015/16.	113	Achievable The proposed reduction of community transport funding could be partially or fully offset by the additional £500,000 allocation for community transport that was made in the budget last year. If this is not acceptable, other equivalent savings will be required.
E&E	Income generation through advertising and sponsorship Generate advertising income through sale of space on assets, such as the Guided Busway and Park and Ride sites.	50	Achievable
E&E	Section 106 funding for Clay Farm Hub Funding for running costs to cover first three years.	35	Achievable

2015/16 Savings and Income Proposals		£'000	Status and Comments
E&E	Raise other grant funding and European Social Fund Income with no increase in establishment Securing an increase in grant funding without increasing overheads.	15	Achievable
E&E	Expand the range of fees in Growth and Economy Fees relating to transport, planning and ecology advice.	41	Achievable
E&E	Secure funding for the Historic Environment Team The team is to become self-funding by 2018/19.	30	Achievable
E&E	Introduce Park and Ride car parking charges Implementation from July 2014.	100	Achievable
E&E	Introduce charges for parking at Guided Busway sites Charges would apply at Longstanton and St Ives	120	Achievable Work will commence shortly on a financial assessment of the introduction of parking charges at the Busway Park and Rides with the intention of taking a report to the Economy and Environment Committee in September seeking approval to advertise the necessary Traffic Regulation Orders and commence procurement of the equipment. Assuming this approval is given the charges can be introduced by 1 April 2015, in accordance with the business plan.
E&E	Charge concessionaires on Park and Ride Remove the potential to use concessionary bus passes on Cambridge Park and Ride services.	300	More challenging The regulations around the applicability of concessionary fares are complex, but in summary, for a service not to be eligible for concessionary fares it should include something additional to the bus service for which a premium fare is charged. Officers have considered the potential to charge for concessionary bus travel at park and ride sites and believe that given this requirement, implementing this saving is high risk and they will work with Members to identify how to progress alternative proposals.

2015/16 Savings and Income Proposals		£'000	Status and Comments
H&CI	Efficiencies from Highways Services Contract The highways contract should deliver efficiencies year on year. New ways of working are continuously being explored to reduce overheads, improve systems and make operations more efficient.	300	Achievable Substantial efficiency savings have been delivered in recent years on the highways services contract and negotiations continue with the contractor to ensure delivery of the proposed savings identified for 2015/16.
H&CI	Waste PFI – Revision of funding gap Based on opportunities and risks within the PFI contract.	436	Achievable
H&CI	Reduce Highways Surveys Highways surveys reduced to only those that provide value to the County Council.	58	Achievable Some surveys for national comparison purposes will no longer be undertaken.
H&CI	Reduce other hired contract services budget Reduce commissioned technical and commercial advice for the Waste PFI.	124	Achievable
H&CI	Reduce cutting of highways verges Reduce number of grass cuts of highways verges. Visibility splays will not be affected.	100	Achievable
H&CI	Review Rights of Way provision Review the way Rights of Way is provided.	50	Achievable
H&CI	Review communications and policy work This activity will be reviewed to create further efficiencies by working across services in Infrastructure Management and Operations.	28	Achievable
H&CI	Reduce arts & sports grants funding There is a small budget for arts and sports grants to external organisations. The money is often used as match funding to attract other funding to Cambridgeshire, such as from the Arts Council and Sport England.	20	Achievable This proposed reduction will reduce the leverage of the Council in securing substantial investment in cultural activities which contribute to economic and social objectives. However, the impacts of savings can be reduced by targeting remaining funding at bids that support more vulnerable people and help bring more opportunities to those with greatest need.

2015/16 Savings and Income Proposals		£'000	Status and Comments
H&CI	Reduce community grants A number of grants which are given to local organisations for community activity will be reduced or removed.	40	Achievable This proposed reduction will have an impact on voluntary services dependent on public sector finance. It is possible that some organisations will no longer be able to continue to provide services as a result of these savings.
H&CI	Cambridge Archives and Local Studies efficiencies in staffing Fully integrate Local Studies and Archives staffing to operate across all CALS service points. Includes potential reduction in staffing and opening hours.	55	Achievable
H&CI	Registration and Coroners service efficiencies Efficiencies and service reductions, including staff restructuring, review of opening hours and appointment times.	28	Achievable
H&CI	Review of Coroner finance Seek to implement findings of Scrutiny Committee review.	30	Achievable Report to be brought to future H&CI Committee.
H&CI	A review of opportunities to work with District Councils on place management pilots – Regulatory Hub and highways operations Collaborative working with the City and District Council partners to reduce costs and improve services through joined up delivery.	30	Achievable Implementation of Business Hub joint service provision with South Cambridgeshire District Council. Further options being explored.
H&CI	Increase highways and road safety charges to cover costs Increased charges resulting from the review of charges across ETE. Further targeted review of charges will continue.	86	Achievable Agreed proposals being implemented.
H&CI	Implement cost recovery model for Supporting Business and Communities Introduce a charging model for some areas of work, such as business advice services and marketing the use of our financial investigations.	56	Achievable
H&CI	Registration income generation/cost recovery Increase the range and scope of services to generate further income.	7	Achievable

2015/16 Savings and Income Proposals		£'000	Status and Comments
H&CI	Reduce household waste recycling provision Reductions in service levels, including up to three potential site closures and consider revenue raising opportunities.	440	More challenging The Committee is also considering a report at this meeting on a review of household waste recycling provision. The approach being taken is to seek to understand community needs and priorities and to develop strategies that best meet these priorities within funding constraints. The review will result in a reduction in services in 2015/16.
H&CI	Review of Library Services Reduce senior management and central support for the service. Review of library service infrastructure.	516	More challenging A paper on the library services review will be brought to a future H&CI Committee meeting. The approach being taken is to seek to understand community needs and priorities and to develop strategies that best meet these priorities within funding constraints. The review will result in a reduction in services in 2015/16.
H&CI	Reduce winter maintenance service Overall reduction of 35% of the total £2.2 million budget. Reduction will be phased, with route optimisation in the first year, followed by more effective and different salt application volumes and reduction of routes.	600	More challenging A paper on highways winter maintenance will be brought to a future H&CI Committee meeting. The approach being taken is to seek to understand community needs and priorities and to develop strategies that best meet these priorities within funding constraints. The review will result in a reduction in services in 2015/16.
H&CI	Reduce energy costs of street lights Implement a combination of additional measures such as further dimming or switching off residential streetlights between 00.00 and 06.00, ie periods of low street activity.	400	More challenging The H&CI Committee is also considering a report at this meeting on a review of street-lighting energy savings. The approach being taken is to seek to understand community needs and priorities and to develop strategies that best meet these priorities within funding constraints. The review will result in a reduction in services in 2015/16.
Cross ETE	Reduce service budgets through efficiencies Reduce or remove a variety of budgets in ETE, including budgets that cover internal and external legal costs.	70	Achievable
Cross ETE	Reduce back office budgets General efficiencies and reduction in IT, Training and Office Support budgets. Shift to video traffic census.	33	Achievable

2015/16 Savings and Income Proposals		£'000	Status and Comments
Cross ETE	Employment Review costs	165	Achievable

2016/17 to 2018/19 Revenue Savings and Income Proposals

- 4.16 Moving on from 2015/16, the ETE unidentified savings targets for 2016/17 to 2018/19 are:
- 2016/17 = £3,800k
 - 2017/18 = £3,037k
 - 2018/19 = £2,667k
- 4.17 Given the restricted ETE flexible budget (£28.421m in 2014/15), the scale of these savings targets means there will be inevitable impact on service delivery, including potentially our ability to meet statutory obligations. However, opportunities to mitigate these implications are being identified along with savings and income proposals.
- 4.18 The Highways and Community Infrastructure Committee is asked to consider and provide a steer on how savings and income proposals should be pursued for the coming financial years. The approach taken by officers so far has identified the following areas that will be further developed.
- 4.19 We need to **withdraw from providing some services** but will seek to develop alternative ways of making provision through working with partners and the third sector. We will work with Members to identify services that are not core and make recommendations as to whether the Council should withdraw entirely or work with others to deliver.
- 4.20 A significant area is extracting **greater value from our major contracts** and identifying whether a review of commissioning can deliver future savings. For example, officers are investigating opportunities to reduce costs on the Waste PFI contract.
- 4.21 We will further develop **joint service delivery**, working closely with partners in the area and beginning to identify where there are opportunities to deliver together, rather than on our own. This approach should reduce overheads and costs. The model is already in place in some services, such as economic development, and the City Deal offers further opportunities to consider how to join up planning and transport better.
- 4.22 We will **redesign service models to create new ways of delivery** fit for 2020, focusing on major service areas, such as Waste Services, Streetlighting and Libraries. This will involve resizing and reshaping to fit the budgets available, and will result in significant, not incremental, change.
- 4.23 We will continue to **maximise income** through identifying all opportunities where it can legitimately be raised and ensuring we are fully covering our costs.
- 4.24 We will continue to identify areas currently funded from revenue that can

genuinely be **charged to capital**.

- 4.25 There is also the opportunity to look at investment and the use of capital where it can contribute to the areas identified above, for example investing in higher quality roads and streets to allow future reductions in maintenance costs.
- 4.26 Developing and implementing these approaches will involve substantial proposed changes to services, and so the views of the Highways and Community Infrastructure Committee are sought at this early stage.

5. NEXT STEPS

- 5.1 It is suggested that a Highways and Community Infrastructure Committee workshop takes place in August where Councillors and officers will work together to discuss emerging business planning issues. This will provide officers with a steer going into October when more detailed revenue proposals for 2016/17 and beyond will need to be considered by the Committee. If the Committee would like to proceed in this way, it is suggested that the Executive Director agree arrangements with the Chairman and Spokes.
- 5.2 The table below sets out the activity over the coming months to build the Business Plan for 2015-16 and the next four years. We will update the Committee on progress throughout the coming months.

August	Ongoing work to develop budget plan and deliver savings proposals. Workshop with Highways and Community Infrastructure Committee to develop proposals.
September	Committee considers draft capital proposals for Business Plan and related Community Impact Assessments (CIAs). Ongoing work to develop budget plan and deliver savings proposals.
October	Committee considers draft revenue proposals for Business Plan and CIAs for these proposals. Ongoing work to develop budget plan and deliver savings proposals.
November	Committee considers final draft revenue and capital proposals. Ongoing work to develop budget plan and deliver savings proposals.
December	Ongoing work to develop budget plan and deliver savings proposals.
January	General Purposes Committee review draft Business Plan for 2015/16.
February	Draft Business Plan for 2015/16 discussed by Full Council.
March	Publication of final CCC Business Plan for 2015/16. Ongoing work to deliver savings proposals.

- 5.3 Officers in ETE will also support each Group through the alternative budget process as required and appropriate. As well as Finance colleagues providing objective assessment of alternative proposals in December, officers within ETE will be available to provide Service-based assessments of the

impacts of savings proposals.

6. ALIGNMENT WITH CORPORATE PRIORITIES

6.1 Developing the local economy for the benefit of all

The services discussed in this report play a significant role in enabling the Council to achieve this priority.

6.2 Helping people live healthy and independent lives

The services discussed in this report play a significant role in enabling the Council to achieve this priority.

6.3 Supporting and protecting vulnerable people

The services discussed in this report play a significant role in enabling the Council to achieve this priority.

7. SIGNIFICANT IMPLICATIONS

7.1 Resource Implications

There are significant resource implications associated with the proposals set out in the current Business Plan and that we are considering for future years. Our proposals seek to ensure that we are using the most effective use of available resources. The implications of the proposals will be considered throughout the Business Planning process and the Committee will be fully informed of progress.

7.2 Statutory, Risk and Legal Implications

The proposals set out in this report respond to the statutory duty on the Local Authority to deliver a balanced budget. Advice will be sought on possible legal implications and brought back to the Committee during the Business Planning process.

7.3 Equality and Diversity Implications

The size of the financial challenge means that services will continue to seek to improve their effectiveness, but the level and range of services that can be provided is generally reducing. The scale of the savings requires a fundamental review and change of service provision that will lead to very different way of working across ETE services compared to current arrangements.

7.4 Engagement and Consultation Implications

Our Business Planning proposals are informed by our knowledge of what communities want and need. They will also be informed by the CCC public consultation on the Business Plan and will be discussed with a wide range of partners throughout the process (some of which has begun already). Community Impact Assessments (CIAs) have been published for the 2014/15

proposals published within the current Business Plan. As we become clearer about the emerging proposals for 2015/16 and beyond, CIAs will be drafted and brought to the Committee for consideration in October.

7.5 Localism and Local Member Involvement

The proposals set out in this report, particularly in the latter years, are predicated on empowering communities (both geographical and of interest) to do more for themselves, as we shift our focus from meeting the needs of individuals to supporting communities and families. As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities.

7.6 Public Health Implications

A number of the proposals within this report will have implications on the community, including vulnerable adults and young people. We are working with Public Health colleagues to ensure our emerging Business Planning proposals are aligned.

Source Documents	Location
The 2014/15 Business Plan	http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2014_to_2015