

**OVERVIEW OF BUSINESS PLANNING PROPOSALS**

*To:* **General Purposes Committee**

*Date:* **10 January 2017**

*From:* **Chief Finance Officer**

*Electoral division(s):* **All**

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

*Purpose:* **To update the General Purposes Committee on the Business Planning Process and make associated recommendations.**

*Recommendation:* **The General Purposes Committee is requested to:**

- a) comment on the Business Planning proposals that have been considered by Service Committees; and**
- b) note the remaining milestones in the Business Planning Process.**

<b><i>Officer contact:</i></b>	
Name:	Chris Malyon
Post:	Chief Finance Officer
Email:	<a href="mailto:Chris.malyon@cambridgeshire.gov.uk">Chris.malyon@cambridgeshire.gov.uk</a>
Tel:	01223 699796

## 1. OVERVIEW

- 1.1 The Council's Business Plan sets out how we will spend our money to achieve our vision and priorities for Cambridgeshire. Like all Councils across the country, we are facing a major challenge. Our funding is reducing at a time when our costs continue to rise. Those increases are driven by inflationary and demographic pressures. As the fastest growing county in the country, the pressures of demography are far greater in this county than elsewhere.
- 1.2 The Council has now experienced a number of years of seeking to protect frontline services in response to reducing government funding. Looking back, we have saved £68m in the last two years and are on course to save a further £41m this year (2016/17). As a result, we have had to make tough decisions over service levels during this time. Over the coming five years those decisions become even more challenging. That is why this year the Council has adopted a new approach to meeting these financial challenges, which builds upon the outcome-led approach that was developed last year. The Council has a statutory responsibility to set a balanced budget each year, as well as a duty to provide the best possible services for Cambridgeshire's communities. It is the Chief Finance Officer's statutory role to provide a statement on the robustness of the budget proposals when they are considered by Council in February.
- 1.3 Last year the Council adopted an outcome-led approach to business planning and established the strategic outcomes it will be guided by throughout the Business Planning process. Early in the process this year, a number of Transformation Programmes have been established to identify the specific proposals that will meet these outcomes within the resources available to the Council. This is defined and described through the Transformation Programme that was endorsed by the General Purposes Committee on 26 July this year ([link](#)).
- 1.4 The funding projections within this report have been updated based on the latest available information prior to the Local Government Finance Settlement being released. An update on the Settlement is presented in a separate report, and the two will be brought together in the final tables presented on 24th January.
- 1.5 The Council publishes budget allocations for the period covered by the Business Plan (rolling five years) in order to provide clear guidance on the level of resources that services are likely to have available to deliver services over that period. To maintain stability for services and committees as they build their budgets we will endeavor to minimise variation in budget allocation during the remainder of the process unless there is a material change in the budget gap.
- 1.6 General Purposes Committee has a coordinating and strategic oversight role in the Business Planning Process, and as such this report provides the latest position on the Council's Business Planning Process. It provides an update on the resolutions of service committees that considered budget proposals in October and December and includes an update on the financial overview and the Capital Programme.
- 1.7 The Committee is asked to note the remaining milestones in the Business Planning Process, which are:
  - **GPC 24 January**– Strategic Framework and Transformation Strategy, Treasury Management Strategy, recommend full draft Business Plan to Full Council (all sections)

- **Full Council 14 February** – draft Business Plan debated by Council (there is a reserve Council date on 17 February)

## 2. FINANCIAL OVERVIEW

- 2.1 In order to balance the budget in light of the cost and reduced government funding, savings or additional income of £40.7m are required for 2017-18, and a total of £118m across the full five years of the Business Plan. The following table shows the total amount necessary for each of the next five years, split by service block:

Service Block	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Council	-32,601	-21,729	-16,713	-18,544	-10,583
Public Health	-606	-	-	-	-
<b>Total</b>	<b>-33,207</b>	<b>-21,729</b>	<b>-16,713</b>	<b>-18,544</b>	<b>-10,583</b>

- 2.2 In some cases services have planned to increase locally generated income instead of cutting expenditure. For the purpose of balancing the budget these two approaches have the same effect and are treated in the same way.
- 2.3 Delivering the level of savings required to balance the budget becomes increasingly difficult each year. Work is still underway to explore any alternative savings that could mitigate the impact of our reducing budgets on our front line services, and business planning proposals are still being developed to deliver the following:

	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Council	-4,510	-1,692	-10,656	-12,187	-9,879
<b>Total</b>	<b>-4,510</b>	<b>-1,692</b>	<b>-10,656</b>	<b>-12,187</b>	<b>-9,879</b>

- 2.4 The level of savings required is based on an assumption that the Adults Social Care precept is levied in every year it is available (currently 2% increase up to and including 2019-20), but a 0% general Council Tax increase. This is built into the Medium Term Financial Strategy (MTFS) which was agreed by Full Council in October. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.5m.
- 2.5 It is noted that, in the Local Government Finance Settlement released on 15th December, social care authorities have been afforded additional flexibility in levying the Adult Social Care precept. This is detailed in the Finance Settlement paper elsewhere on the agenda.
- 2.6 There is currently a limit on the increase of Council Tax of 2% and above. Should councils wish to increase their Council Tax above this it can only do so having sought the views of the local electorate in a local referendum. It is estimated that the cost of holding such a referendum would be around £100k, rising to as much as £350k should the public reject the proposed tax increase (as new bills would need to be issued). The Medium Term Financial Strategy (MTFS) assumes that the 2% and above limit on increases will remain in place for all five years.

## 3. SUMMARY OF BUSINESS PLANNING PROPOSALS (REVENUE)

- 3.1 General Purposes Committee has a coordinating and strategic oversight role in the Business Planning Process, and as such this report is an opportunity for GPC to comment on any of the business planning activity that has been discussed and approved by Service Committees. As outlined in paragraph 1.7 this is in advance of the 24

January GPC meeting when the Committee is asked to recommend the Business Plan to Full Council.

- 3.2 Proposals from all Committees are attached to this report as Appendix A (with associated Community Impact Assessments attached as Appendix B).
- 3.3 Changes that have been made to Business Planning revenue tables since the publication of papers for December Service Committees are attached as Appendix C.
- 3.4 At Full Council on 13th December, Members voted to reinstate funding for Winter Maintenance, reversing the £650k saving in 2016-17, and Street Lighting, reversing the £230k saving in 2016-17 and rejecting the proposed £30k saving in 2017-18. All of these amendments have been made and are reflected in the figures within this paper and accompanying tables.
- 3.5 A brief summary of discussions at each December Service Committee on key business planning proposals is attached as Appendix D. *(This Appendix will be published in early January)*

#### **4. CAPITAL PROGRAMME UPDATE**

- 4.1 The draft capital programme was reviewed individually by service committees in September and was subsequently reviewed in its entirety, along with the prioritisation of schemes, by General Purposes Committee in October. No changes were made as a result of these reviews, though work is ongoing to revise and update the programme in light of continuing review by the Capital Programme Board, changes to overall funding or to specific circumstances surrounding individual schemes.
- 4.2 The Council is still awaiting funding announcements regarding various capital grants which are expected to be made during January, plus the ongoing nature of the capital programme inevitably means that circumstances are continual changing. Therefore Services will continue to make any necessary updates in the lead up to the 24th January GPC meeting at which the Business Plan is considered.
- 4.3 The Capital Programme is detailed in Appendix A and changes that have been made to Business Planning capital tables since the publication of papers for December Service Committees are attached as Appendix C.

#### **5. ALIGNMENT WITH CORPORATE PRIORITIES**

- 5.1 This report gives an overview of the Business Planning Process which itself is the document that sets out how the Council will meet the corporate priorities.

#### **6. SIGNIFICANT IMPLICATIONS**

##### **6.1 Resource Implications**

This report outlines the overall resource position for the Council over the business planning cycle 2017-22.

##### **6.2 Statutory, Legal and Risk Implications**

Business planning proposals will inevitably carry statutory, risk and legal implications. These are addressed alongside each proposal where appropriate, and also in more detail at service committee meetings.

### 6.3 Equality and Diversity Implications

Community Impact Assessments have been completed for the proposals considered in this report, and are attached as appendixes.

### 6.4 Engagement and Communications Implications

Significant consultation has been taken out as part of the Business Planning Process. The outcome of consultation was presented to GPC in November.

### 6.5 Localism and Local Member Involvement

Business Planning Proposals have been developed with significant Member involvement and consideration of the implications for localism.

### 6.6 Public Health Implications

These are dealt with specifically in the proposals relating to the Health Committee, and where there are implications for work of other Committees these are highlighted.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Chris Malyon
Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?	N/A – no implications Fiona McMillan
Are there any Equality and Diversity implications?	N/A – no implications Daniel Thorp
Have any engagement and communication implications been cleared by Communications?	N/A – no implications Mark Miller
Are there any Localism and Local Member involvement issues?	N/A – no implications Mark Miller
Have any Public Health implications been cleared by Public Health?	N/A – no implications Tess Campbell

Source Documents	Location
The County Council 2016-17 Business Plan	<a href="http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2014_to_2015">http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2014_to_2015</a>
Consultation Results for the 2017-18 Business Plan (Item 7)	<a href="https://cmis.cambridgeshire.gov.uk/ccs_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/184/Committee/2/Default.aspx">https://cmis.cambridgeshire.gov.uk/ccs_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/184/Committee/2/Default.aspx</a>