

CABINET: MINUTES

Date: Tuesday 27th January 2004

Time: 10.00 – 12.00 noon

Present: Councillor K. Walters (Chairman)

Councillors: S Johnstone, V H Lucas
A Melton L J Oliver D R Pegram J A Powley
J E Reynolds R Wilkinson and F H Yeulett.

Also in Attendance:

Councillors: S Brinton P Downes J Eddy J Gluza A Kent
R Martlew and J Tuck

Apologies: None

434. MINUTES

It was resolved:

To agree the minutes of the meeting held on 6th January 2004
as a correct record.

435. DECLARATIONS OF INTEREST

None

436. ISSUES ARISING FROM SCRUTINY COMMITTEES

A) Shire Hall Club

Cabinet noted that the decisions on the report to 6th January Cabinet had been called in by the Policy, Scrutiny and Audit Committee who were to consider the decisions at their meeting on 2nd February and would report the outcome to the 11th February Cabinet meeting.

B) Health and Social Care Scrutiny Committee 22nd January 2004 - Integration of Older People's Services Feedback from Consultation and next Steps

This report circulated to Cabinet separately was considered in conjunction with the main report included later on the agenda.

437. COUNTY COUNCIL BUDGET 2004/05

(a) Budget Consultation

Cabinet received reports which summarised the views expressed in response to the recent consultation on the Council's Budget proposals.

This had comprised:

- A public meeting.
- Six drop in surgeries held in libraries across the County.
- Meetings with Parish Councils, representatives from the voluntary sector, business leaders, staff representatives, Head Teachers and School Governors.
- A leaflet questionnaire.
- A representative telephone based opinion poll of over 700 residents.
- A deliberative opinion poll involving 50 residents.
- A general media campaign generating individual letters, e-mails and Internet responses.

It was noted that the telephone based opinion poll was considered to be the most statistically valid and independent survey. It was also noted that there was an ongoing orchestrated campaign by some schools to persuade parents to complete and return questionnaires supporting the higher Council Tax option to fully fund passporting to schools. While valid, such views required to be put into context and the particular lobbying that was being undertaken to support one area of increased council expenditure.

An oral update of the latest position on returned questionnaires was provided at the meeting indicating the following:

No increase	4%
Around Inflation increase	11%
Option 1	16%
Option 2	24%
Option 3	41%

It was reported that schools had requested an additional 6,000 leaflets which were due to go out that day.

It was resolved:

To note the results of the broad consultation exercise and take these into account in determining the Budget for next year.

(b) Issues Raised by Budget Advisory Panels and Responses

Cabinet also received a report, which set out the issues raised by the Council's Budget Advisory Panels (BAPs) in the course of considering the implications of the proposed Budget Cash Limits for 2004/05 and the responses provided by the officers.

The Leader of the Council stressed the need to balance the comments made by BAPs and other consultees about individual service pressures and the needs of service users against those views expressed by Cambridgeshire residents especially those on lower fixed incomes, the majority of whom, in independent surveys, wanted the Council to keep

the Council Tax increase to 6% or less. There was also the issue of whether “efficiency savings” could continue to be made when in reality this entailed having to make cuts which would inevitably impact on service delivery.

It was indicated that a 6% Council Tax increase would enable the Council to provide schools with a 4% per pupil cash increase. Despite significant extra money they would still be £2 million short of what they require to meet all the pressures they faced. Service levels would be maintained for Social Services and Highways maintenance but there would be significant cuts of around £3 million in other areas and no scope for further service improvements.

It was resolved:

To note the issues raised by the Council’s BAPs in the course of considering the implications of Budget Cash Limits for 2004-05.

(c) Social Services Fees and Charges, Payment and Pricing Policy for 2004/5

Cabinet received a report, which set out the proposed fees, charges, payment rates and pricing policy for Social Services in the coming year.

In 2003/04 Fairer Charging legislation had resulted in a wholesale review of the way in which charges were levied for non-residential services for adults. The overall aim continued to ensure an equitable approach across all client groups. Each service user will receive a financial assessment to determine the contribution they can afford to make, as well advice on the welfare benefits they may be eligible for. It was agreed that service users with over £19,500 in capital or significant income would continue to pay a charge that reflects the cost of the service provided. It was confirmed that this sum did not include the value of the property lived in. Generally the fees and charges would be increased each year by the Council’s relevant inflation assumption (2% for 2004/05) with as number of exceptions as set out in the officers’ report.

The Director of Social Services continued to have delegated authority to reduce or waive charges in exceptional circumstances and this facility would be used in cases of undue hardship.

It was resolved:

To approve the proposed Fees and Charges, Payment Rates and Pricing Policy as set out in the report of the Director of Social Services and the schedules attached as Appendices 1-3 to the signed copy of the minutes.

(d) Schools Budget Determination

Cabinet received a report notifying the receipt on 13th January of a Determination from the Secretary of State for Education and Skills on the Council's proposed schools budget, which he considered was considered inadequate. The Determination stated that the minimum amount of the Council's schools should be set at £234.681m which represented full passporting (i.e. ignoring the loss/ readjustment of Government grant). This exceeded the Council's proposed schools budget of £230.120m by £4.561m. The difference between the two budgets was the equivalent to an additional 3% increase on the Council Tax. This additional increase was not supported. The only other option to find the increase in resources necessary to fund full passporting, was through further cuts to other service areas, which was considered unacceptable.

It was pointed out that in the current year the Council had passported a higher level of additional resources (equivalent of 113%) of the FSS increase made available for schools. Cabinet wished to make clear that they supported the increase of resources to schools in principle, but had not been provided with the necessary grant settlement to enable full passporting, without increasing Council Tax by an unacceptable amount.

Cabinet was informed of the action taken by the Chief Executive on 26th January, following consultation with the Leader of the Council, in formally objecting to the Determination.

It was noted that there had been unanimous agreement from all three parties on the concerns that with this Determination, Central Government was in effect taking away local choice as to the level of Council Tax that could be levied and that the Direction invalidated the consultation on the two lower Council Tax options.

As a result of the objection now lodged, the Secretary of State's Determination had ceased to have effect. Cabinet noted that if the Secretary of State wished to enforce a minimum schools budget he would need to draw up an Order which would require approval by a resolution of the House of Commons. The outcome of the Secretary of State's decision was now awaited and it was noted that the timing could impact on the Council's ability to determine its Budget on the date planned. (10th February)

It was resolved:

- i) To note the receipt of the notice determining the minimum schools' budget at £234.681m and endorse the action by the Chief Executive in formally objecting to the determination;
- ii) To note the outcome of the meeting between the Leader of the Council and the Government's Schools Minister

and also the results of the public consultation on the Council's budget proposals;

- iii) Confirm the recommended schools budget for 2004/05 at £230.120m

e) Budget 2004/05

Cabinet considered detailed proposals for the County Council's 2004/05 Budget, in the light of the revised Revenue Support Grant (RSG) Settlement and other financial issues.

It was noted that the Government's provisional funding settlement indicated that Cambridgeshire's Formula Spending Share (FSS) for 2004/05 was £462.3m, an adjusted increase of 6.8% on the current year. However this had again resulted in the Council hitting the ceiling on grant increases which had resulted in the Council initially losing £12.5m of Grant funding (roughly equivalent to 8% on the Council tax). As reported to the Council on 17th December 2003 some additional funding has been provided by the Government and as a result of changes too the ceiling, the ceiling loss was now £11.1m.

Key features of the proposed 6% Budget Strategy were as follows:

- Supporting increasing needs of children and vulnerable adults
- Continuing to spend at or above the Government's guideline FSS for Schools
- Looking for efficiency savings across all areas of the Council
- Keeping the Council Tax increases to a minimum in order to reduce the financial burden on local tax payers
- Focusing on "doing the basics well" and on what we *have* to do, rather than investing in new areas.
- Continuously improving what we do and how we do it, so that we can aim for "excellence" in the Comprehensive Performance Assessment, despite resource pressures.

The budget would not be able to:

- Provide for full passporting i.e. increasing school budgets by the increase in schools FSS (but it was stressed that the Council will pass on all the resources the Council has actually received, i.e. FSS adjusted for ceiling losses, and this will meet the minimum per pupil guarantee)
- Provide new funding for Comprehensive Performance Assessment (CPA) Improvement investment.

It was resolved:

That, subject to the result of the appeal on the Direction from the Secretary of State, Cabinet agreed to recommend the Budget to the County Council as follows:

- i) That approval be given to a County Budget requirement of £463,346,843m in respect of general expenses applicable to the whole County area.
- (ii) That approval be given to a recommended County Precept of £161,476,789m for Council Tax from District Councils (to be received in ten equal instalments payable from 21st April 2004, in accordance with the 'fall back' provisions of the Local Authorities (Funds) (England) (Amendment) Regulations 1995).
- (iii) That approval be given to a Council Tax for each Band of property, based on the number of 'Band D' equivalent properties notified to the County Council by District Councils (200,249):

Band	Council Tax
A	£537.59
B	£627.18
C	£716.78
D	£806.38
E	£985.58
F	£1,164.77
G	£1,343.97
H	£1,612.76

- (iv) That approval be given to the Council's Prudential indicators as set out on pages 19-20 of the County Council Budget Summary Document.
- (v) That approval be given to the prudential indicators as set out on pages 20 of the County Council Budget Summary Document.
- (vi) That the report of the Head of Finance on the levels of reserves and robustness of the estimates be noted.
- (vii) That approval be given to Capital Payments in 2004/05 up to £79.8m arising from:
 - Commitments from schemes already approved; and
 - The consequences of new starts (for the three years 2004/05 to 2006/07) listed in the Budget Summary document:

subject to the receipt of appropriate Grants and Supplementary Credit approvals or when the Director of

Resources is satisfied that sufficient funds have been secured.

- (vi) To authorise the Director of Resources, in consultation with the Leader of the Council to make technical revisions to the Budget recommendations to the County Council so as to take into account the final Revenue Support Grant Settlement, and information on District Council Tax base and Collection Funds as this information will only be received after the meeting of Cabinet.

438. GUIDED BUS – PROPOSALS FOR TRANSPORT AND WORKS ACT SUBMISSION

Cabinet received a report detailing the proposed contents of the Transport and Works Act submission on the Cambridge to Huntingdon Guided Bus scheme. Following Government acceptance of the Cambridge to Huntingdon Multi Modal Study (CHUMMS) recommendations on the re-use of the rail corridor, the County Council made an Annex E bid in July 2002 for funding to Government as part of the Local Transport Plan Annual Performance Report.

Following on from the initial bid, work had continued on the detail of the scheme and had now reached a point for submission under the Transport and Works Act (TWA), required to obtain the necessary legal powers to implement delivery of major public transport schemes, such as the Guided Bus Project.

The main components of the system would be to provide a key sub-regional high quality public transport system for the A14 corridor, utilising the disused railway corridors northwest of Cambridge (the former route of the Cambridge to Huntingdon railway line) and to the south, part of the Cambridge to Bedford line. The proposal was for an open access guided bus-way consisting of both segregated and street running sections. Modelling work has predicted that the scheme would be financially viable at the predicted operating level and would bring journey time benefits to both users and non-users (e.g. car drivers on the A14).

The Local Transport Plan settlement letter issued by Government on 19th December 2003 had granted provisional approval to the scheme and allocated £65m on the basis of a bid of approximately £74m, subject to the outcome of the TWA inquiry and completion of statutory procedures. The current estimate of costs of the scheme is around £85m. This is an outturn figure and includes allowances for inflation, risk and contingencies. In terms of funding, assurances were given that any shortfall would not require financing by the County Council.

The legal powers to be sought under the TWA process would only apply to the guided sections of the route with the on road sections to be delivered through Traffic Regulation Orders to be agreed through the relevant Area Joint Committees.

It was resolved to endorse the proposals and recommend that Council:

- i) Approves a Transport and Works Act (TWA) application for the Guided Bus Scheme, the proposals as outlined in the officers' report, to be submitted to Government on 19th February, and delegates to the Cabinet Member for Environment & Transport the authority to finalise the detailed TWA application in consultation with the Director of Environment and Transport and;
- ii) Agrees to delegate to the Huntingdonshire, South Cambridgeshire and Cambridge City Environment & Transport Area Joint Committees the responsibility for approving the detail of the on-road sections in accordance with the broad specification in the report.

439. INTEGRATION OF OLDER PEOPLE'S SERVICES – FEEDBACK FROM CONSULTATION AND NEXT STEPS

The Health Act 1999 provides the Council and Primary Care Trusts (PCTs) with the opportunity to change organisational arrangements for delivery of health and social care services for the benefit of the people of Cambridgeshire. The County's vision is to improve the care of older people by integrating health and social care services. The Health Act powers enable lead commissioning, integrated management and pooled budgets to be put in place. Over the past year the Council had been working closely with PCTs to plan for the use of these powers to integrate the delivery of older people's services in order to better meet the needs of older people by pooling and making best use of resources to create a seamless and more effective service for older people.

Outline proposals had been the subject of an extensive consultation exercise, the outcome of which have been reported to Cabinet and were reflected in the report, a copy of which has been sent to all Members of the Council. The feedback received indicated that there was strong and positive support for integrating Health and Social Care services for older people.

At the invitation of the Chairman, Councillor Tuck the Chairman of the Health and Social Services Scrutiny Committee was invited to present a response from that Committee who had met on 22nd January to consider the report in advance of the Cabinet meeting and whose written response had been circulated to Cabinet members in advance of the current meeting. While supporting the principles of integrated service provision, it was indicated that the Committee were concerned about the opportunities for the Scrutiny Committee and the wider Council membership to contribute to the proposals. In addition, they had expressed concern about the aim to introduce integration by 1st April without Cabinet having considered the partnership agreement, which included proposed governance arrangements. It was indicated that the Scrutiny Committee had agreed to hold a further meeting on 12th February to discuss the proposed partnership agreement and governance arrangements.

In considering the concerns raised by Scrutiny Committee, Cabinet noted that many of the issues raised had been discussed in some detail at a workshop

held with representatives from the Children and Adult Member Working Party and Primary Care Trusts on 23rd January. In the light of this, detailed documentation was nearing completion. *[Note: This documentation will form part of the information to be presented to the proposed corporate seminar on the integration proposals which will take place on 18th February.]*

The Transfer of Undertakings Protection of Employment (TUPE) transfer of staff represents the next stage of the integration process and will facilitate the setting up of new management arrangements within the PCTS. The process has included formal consultation with all staff affected.

It was resolved:

- i) To receive the feedback from the consultation exercise and to endorse the proposed responses
- ii) To note that agreement has been reached on a way forward on key issues with the Primary Care Trusts (PCTs).
- iii) To recommend that the Council:
 - (a) Agrees to proceed with the integration of older people's services from 1st April 2004, subject to completion of negotiations on the detailed Section 31 Agreement.
 - (b) Delegates authority to approve and sign the proposed Section 31 Agreement to the Cabinet Member for Social Services in consultation with the Director of Social Services.
 - (c) Approves the proposed transfer of staff from the Council to PCTs and authorises the Head of Human Resources to proceed with the necessary TUPE transfer process.

440. LOCAL AUTHORITY PARKING ENFORCEMENT (LAPE) IN CAMBRIDGE

Local Authority Parking Enforcement (LAPE) allows local authorities to take over the enforcement of parking restrictions from the police. The order designates a Special Parking Area (SPA) and a Permitted Parking Area within which parking in contravention of waiting and loading restrictions is no longer a criminal offence. Subject to approval of the application, Parking attendants will in future be employed by the local council and will replace traffic wardens, with the Council retaining all the revenue and parking fines.

The benefits were expected to include:

- Improved compliance with parking restrictions,
- Less blocking of bus lanes, cycle lanes and major traffic by illegally parked vehicles,
- Improved turnover of short-stay parking places,

- Reduction in illegal parking in residents' bays and
- Matching enforcement to the County's transport strategy objectives.

Legislation requires that LAPE must correspond with existing administrative boundaries and that within these boundaries, all parking should be brought under uniform enforcement requiring a partnership agreement with the City Council for the delivery of LAPE including provision for contributions to any deficit and the sharing of surpluses. A contractor will be employed to deliver front line enforcement and the necessary information technology to operate LAPE, with all other services delivered in house by City Council staff. It was expected that the initial contract will be for five years, extendable for a further five years.

It was noted that in terms of penalty charges, the Government's maximum allowed penalty charge outside London is £60 with a 50% discount if the charge is paid within 14 days.

Cabinet supported the scheme and the view that in time, LAPE should be extended to the whole of the County.

It was resolved:

- i) Make an application to the Department for Transport for the creation of a Special Parking Area in Cambridge to include the Park and Ride sites.
- ii) Agree the setting of a £60 penalty charge notice level for on-street parking contraventions from the date of commencement of the Special Parking Area.
- iii) Support the employment of a contractor by the city council to supply parking attendants and information technology systems.
- iv) Approve the proposed agency agreement with the city council for the delivery of LAPE.
- v) Join the National Parking Adjudication Service Joint Committee and nominate through Group Leader's a member to the Joint Committee.
- vi) Note the proposals to absorb the City Centre Access Team into the Parking Service.

441. REVIEW OF FORMULA FOR FUNDING SCHOOLS IN CAMBRIDGESHIRE

Cabinet received a report setting out the results of the Formula Funding Review Consultation on Activity Led Resourcing (ALR). The ALR model was expected to address shortcomings of the existing funding model, while having the flexibility to address the evolving needs and pressures within the education service.

The consultation followed joint working between head-teachers in Primary and Secondary schools and officers to identify the potential for improvements in the current formula for the distribution of responsibilities to schools. This work had been prompted by an acknowledgement that the current formula suffered from serious shortcomings as detailed in the report. For the record Councillor Lucas expressed his thanks to the governors and Head teachers for all the work undertaken.

As an approach to funding schools, ALR has as a starting point the recognition of the activities that the resources distributed to schools are supporting, compared to the existing approach based on the concept that there are fixed costs for every school, irrespective of size, and variable costs relate only to the number and ages of pupils in the school.

It was noted that as the Secretary of State for Education and Skills had emphasised the importance of avoiding turbulence in school funding in 2004/05 and it was therefore recommended that implementation originally intended for April 2004 should be delayed until April 2005.

It was suggested that details of 'shadow budgets' showing what the new formula would have distributed, should be provided to schools to enable Head teachers and Governing Bodies to gain greater familiarity with the formula and begin the necessary planning to enable implementation. This lead in time to implementation, alongside the publication of shadow budgets, should reduce the level of transitional protection required on the introduction of the revised formula in 2005-06.

Cabinet noted that work was continuing with Head teachers of special schools, where it was also intended to move towards an ALR model. In nursery schools it was not intended to make any major changes to the distribution model, other than those necessary to ensure consistency across the sector.

It was resolved to:

- a) Implement the following changes, which do not involve the introduction of the revised formula but were included as part of the broader consultation, for use in the calculation of School Budgets for 2004/05:
 - use of actual pupil numbers as at January rather than predicted pupil numbers in driving budget calculations
 - the delegation of resources for Learning Support Assistants (LSAs) with no year end adjustment
 - the top-slicing of the resources distributed to support pupils with statements to create a fund, to be administered by the Student Assessment Service to assist schools which admit a pupil with a post April 2003 statement
- b) Undertake further work on the development of the proposed new formula for implementation from April 2005 in response to the

detailed feedback from consultation, with particular emphasis on:

- turnover, Reception Year funding and the Form of Entry factor together with any necessary adjustments arising from work with schools as they explore the implications of the new formula following the publication of 'shadow budgets' based on the new model from Easter.
- c) Approve the implementation of the revised formula based on an activity led approach with effect from April 2005, subject;
- To any necessary adjustments in the light of detailed feedback from consultation and experience during 2004-05
 - To the final detail of the special and nursery school ALR models being determined by the Lead Member for ELH Resources, with advice from the Education Resources SDG.

442. SOCIAL SERVICES BUDGETARY CONTROL INQUIRY

Cabinet received the findings of the Member led inquiry concerning the late identification of a substantial overspend in the Social Services Budget at the end of the 2001/02 and 2002/03 financial years.

Cabinet in July 2003 had agreed that Councillor Pegram should undertake a member led review into the late identification of overspending in the Social Services Adult Services 2002/03 budget. In particular, the review examined the adequacy of the actions undertaken in response to late identification of overspending in 2001/02, and the progress made in implementing recommendations arising from Internal Audit investigations into the year-end movements in the financial position.

In considering the findings and recommendations of the report, Cabinet noted that the report reflected the current organisational arrangements within the Council. However, attention was drawn to the fact that Social Services faces a major change agenda and new challenges will arise as a result of these changes e.g. the integration of Older People's Services.

The report concluded that the Social Services Budget over-spend was unavoidable and was due to the increased demand for services. However, the report also recognised that delays in identifying the scale of the overspend, had been the result of poor reconciliation between demand for services and budget provision. It was stressed that the money has been entirely properly spent, but previous management systems and procedures had been inadequate.

The report identified key themes within Social Services setting out why the 2002/03 overspend had not been promptly identified and were divided into sections with headings People, Computer systems, Budget Setting, Budget Monitoring and Reporting, Corporate Financial Issues and Internal Audit reports and for each of these indicated the specific recommendations that had been made to remedy identified shortcomings.

Cabinet noted that the Directorate has implemented a number of changes since the year-end overspend had been identified, including changes to processes and systems and improving financial capacity and capability. The action plan set out the actions either planned or already underway, to further improve financial management within Social Services.

On behalf of the Cabinet, the portfolio holder for Social Services thanked the report authors for the comprehensive review and for the action plan that had been produced which was supported and would be implemented and monitored in a further report to Cabinet.

It was resolved:

- i) To agree the Action Plan at annex 2 of the Inquiry report which has been appended to the bound minutes.
- ii) To note that a report on the progress on the action plan would be presented to the June Cabinet meeting.

443. ANNUAL AUDIT MANAGEMENT LETTER 2002-2003

Details were provided regarding the District Audit's published Annual Audit Letter, which highlighted key issues arising from its audit activity in 2002/03.

In summary these were:

- An unqualified audit opinion on the Council's financial statements.
- That the Council's Best Value Performance Plan complies in all significant respects with statutory requirements, with improvements made in the accuracy of Best Value Performance Indicators.
- That overall, the Council manages its resources well but further overspends in Social Services will impact on next years expenditure plans.
- The Council's risk management strategy continues to be developed and needs to be fully integrated into the service planning, resource allocation and budgeting processes as soon as possible.
- Working balances are held at relatively low levels.
- The Council has proper arrangements to ensure standards of financial conduct, the prevention of fraud and corruption and for ensuring the legality of financial transactions. There have been temporary weaknesses in financial controls and performance following the introduction of new systems and solutions introduced will need to be monitored.

Cabinet welcomed confirmation that the Council displays a sound level of financial and performance management, particularly when set in the context of the pressures on local government generally and Cambridgeshire in particular. The letter had recognised the improvement in some key services and the investment in the ability to improve further through developing skills

and systems. An action plan set out the measures to be taken to address the issues raised in the letter and included:

- Reference to the spending problems in Social Services.
- Clarification regarding the organisational and governance issues on integrating Adult Services with Health.
- Assessment in terms of the consultation on the 2004-05 budget, of the stated aim to achieve value for money and 'stretch' in the use of resources and the impact on improvement priorities.
- A need to strengthen further links between matching policy objectives and service demands with resources available.
- Reference to the temporary weaknesses in financial controls that have arisen following the introduction of new systems.

It was resolved

To note the Annual Audit and Inspection letter and agree the responses as set out in the officers' report.

444. DELEGATIONS BY CABINET TO INDIVIDUAL CABINET MEMBERS AND OFFICERS

Cabinet received a report detailing the progress on decisions delegated to individual Cabinet members or to officers who have been delegated powers to make decisions on behalf of Cabinet.

It was resolved:

To note the matters listed on which delegations from Cabinet to individual Cabinet Members have been discharged.

445. Cabinet Outline Agenda 11th February

It was resolved:

To note the agenda for the 11th February meeting and that since publication of the outline agenda the following reports had been withdrawn: Item 4 Review of Nursery Education; Item 6 Provision for Youth Facilities in St Neots and Item 8 Historical Resources and Cultural Centre

Chairman

11.2.04