

**HIGHWAYS AND COMMUNITY INFRASTRUCTURE COMMITTEE REVIEW OF
DRAFT REVENUE AND CAPITAL BUSINESS PLANNING PROPOSALS FOR
2017/18 TO 2021/22**

To: HIGHWAYS AND COMMUNITY INFRASTRUCTURE
COMMITTEE

Meeting Date: 7 December 2016

From: Graham Hughes, Executive Director, Economy Transport
and Environment

Chris Malyon, Chief Finance Officer

Electoral division(s): All

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

Purpose: This report provides the Committee with an overview of
the draft Business Plan revenue and capital proposals for
Economy Transport and Environment that are within the
remit of the Highways and Community Infrastructure
Committee.

Recommendation: It is requested that the Committee:

- a) notes the overview and context provided for the 2017/18
to 2021/22 Business Plan revenue proposals for the
Service, updated since the last report to the Committee
in October.
- b) comments on the draft revenue savings proposals that
are within the remit of the Highways and Community
Infrastructure Committee for 2017/18 to 2021/22, and
endorse them to the General Purposes Committee as
part of consideration for the Council's overall Business
Plan
- c) comments on the changes to the capital programme
that are within the remit of the Highways and
Community Infrastructure Committee and endorse
them.
- d) Considers the proposed fees and charges for those
Economy, Transport and Environment services that are
within the remit of the Highways and Community
Infrastructure Committee for 2017/18.

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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 continues to reduce whilst 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.
- 1.3 The Council last year established the strategic outcomes it will be guided by throughout the Business Planning process, which are outlined on the right. 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.
- 1.4 These Transformation Programmes are the lens through which this year's Business Planning Process has been approached, and will feature in the material considered by Members in workshops and Committees. There are 11 Programmes, made up of "vertical" service-based Programmes, and "horizontal" cross-cutting Programmes:

Outcomes	
Older people live well independently.	
Places that work with children help them to reach their full potential.	
People lead a healthy lifestyle and stay healthy for longer.	
People with disabilities live well independently.	
People live in a safe environment.	
The Cambridgeshire economy prospers to the benefit of all Cambridgeshire residents.	
People at risk of harm are kept safe.	

1. Adult Services	2. Children's Services	3. Economy, Transport and Environment	4. Corporate and LGSS	5. Public Health
6. Finance and Budget Review				
7. Customers and Communities				
8. Assets, Estates and Facilities Management				
9. Commissioning				
10. Contracts, Commercial and Procurement				
11. Workforce Planning and Development				

- 1.5 In July 2016 General Purposes Committee considered and endorsed a report which summarised the role that the new approach to transformation has played so far this year.
- 1.6 Within this new framework, the Council continues to undertake financial planning of its revenue budget over a five year timescale which creates links with its longer term financial modelling and planning for growth. This paper presents an overview of the proposals being put forward as part of the Council's draft revenue budget, which are relevant to this Committee.
- 1.7 Funding projections have been updated based on the latest available information to provide a current picture of the total resource available to the Council. At this stage in the year, however, projections remain fluid and will be reviewed as more accurate data becomes available.
- 1.8 The main cause of uncertainty is the upcoming Comprehensive Spending Review and Local Government Finance Settlement. General Purposes Committee resolved not to accept the multi-year grant settlement that was being offered by the Government and therefore this uncertainty will be an annual event.
- 1.8 The Committee is asked to endorse these proposals for consideration as part of the Council's development of the Business Plan for the next five years.

2. FINANCIAL OVERVIEW

- 2.1 In order to balance the budget in light of the cost increases set out in the previous section and reduced Government funding, savings or additional income of £33.6m are required for 2017-18, and a total of £99m across the full five years of the Business Plan. The level of savings required do change each year as cost projections are updated to reflect the latest information available including the latest service pressures that have been identified. The following table shows the total amount necessary for each of the next five years, separating Public Health in 2017-18 as it is ring-fenced:

Service Block	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Council	-33,002	-19,440	-16,892	-18,495	-10,583
Public Health	-606	-	-	-	-
Total	-33,608	-19,440	-16,892	-18,495	-10,583

- 2.2 There are also a number of risks which are not included in the numbers above, or accompanying tables. These will be incorporated (as required) as the Business Plan is developed. Estimates are given below where possible.

	2017-18 £'000	Risk
Dedicated Schools Grant funding	4,300	This potential pressure is the result of a consultation on national funding reforms and review by Schools Forum.
Business rates revaluation	-	The Business Rates re-valuation is due to take effect from 1st April 2017, which could see significant rises in business rate liabilities in some areas and for some types of property.
Local Government Finance Settlement	-	Risk that the Council's funding is lower than budgeted.
Total	4,300	

- 2.3 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.
- 2.4 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:

Service Block	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Council	-	-1,823	-12,224	-12,168	-9,879
Public Health	-	-	-	-	-
Total	-	-1,823	-12,224	-12,168	-9,879

Note, this assumes the Public Health Grant is un-ring-fenced from 2018-19 onwards.

- 2.5 The level of savings required is based on a 2% increase in Council Tax, through levying the Adults Social Care precept in all years it is available (up to and including 2019-20), but a 0% general Council Tax increase. This assumption is built into the MTFS which was discussed by GPC in July. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.5m.
- 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 MTFS assumes that the council tax limit of 2% and above will remain in place for all five years.
- 2.7 Following December service committees, GPC will review the overall programme in early January, before recommending the programme in late January as part of the overarching Business Plan for Full Council to consider in February.

3. TRANSFORMATION UPDATE

- 3.1 In response to recognising that the traditional method of developing budgets and savings targets through departmental based cash limits was unsustainable in the long term, the Council has agreed a new approach that will result in an outcome focussed method to Business Planning.
- 3.2 As a consequence it was agreed that the Council would establish a fund that would be used to supplement base budgets, ensuring that finance is not seen as a barrier to the level and pace of transformation that can be achieved.
- 3.3 All savings proposals have been aligned with one of the eleven transformation workstreams and £7,387k has been requested from the transformation fund to support the delivery of these savings in 2017-18.

Investments requested:

Transformation Workstream	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Finance & Budget Review	-	133	-46	-87	-	-
Customer & Communities	-	-	-	-	-	-
Assets, Estates & Facilities Management	-	-	-	-	-	-
Commissioning	73	1,412	-1,042	-332	-38	-
Contracts, Commercial & Procurement	-	-	-	-	-	-
Workforce Planning & Development	-	-	-	-	-	-
Adult Services	146	5,442	-4,646	-796	-	-
Children's Services	-	-	-	-	-	-
Economy, Transport & Environment	800	-	-	-	-	-
Corporate & LGSS	-	-	-	-	-	-
Public Health	-	-	-	-	-	-
Total	1,019	7,387	-6,134	-1,215	-38	-
Absolute	1,019	7,387	1,253	38	-	-
Cumulative	1,019	8,406	9,659	9,697	9,697	9,697

Savings aligned to workstreams:

Transformation Workstream	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Finance & Budget Review	-5,041	-5	2,283	-10	-
Customer & Communities	-687	-606	-168	-27	-
Assets, Estates & Facilities Management	-174	-19	-19	-561	2
Commissioning	-8,429	-5,223	-2,506	-2,752	-
Contracts, Commercial & Procurement	-4,717	-3,978	-1,000	-	-
Workforce Planning & Development	-4,589	-3,668	-	-	-
Adult Services	-2,836	-1,457	-1,062	-1,057	-
Children's Services	-2,108	-1,834	-1,414	-1,157	-
Economy, Transport & Environment	-459	-135	-134	-127	-127
Corporate & LGSS	-468	-706	-619	-607	-566
Public Health	-606	-	-	-	-

Changes to fees, charges & ring-fenced grants	-1,154	14	-29	-29	-13
Proposals to be finalised	-2,340				
Subtotal	-33,608	-17,617	-4,668	-6,327	-704
Unidentified savings		-1,823	-12,224	-12,168	-9,879
Total	-33,608	-19,440	-16,892	-18,495	-10,583

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 December/January, plus the ongoing nature of the capital programme inevitably means that circumstances are continually changing. Therefore Services will continue to make any necessary updates in the lead up to the January GPC meeting at which the Business Plan is considered.

5. OVERVIEW OF ECONOMY TRANSPORT AND ENVIRONMENT'S DRAFT REVENUE PROGRAMME

- 5.1 ETE, as the focus for the Council's place based services, provides a very wide and diverse range of services to the people and businesses of Cambridgeshire. Much of what is provided by the Directorate is experienced by residents on a daily basis.
- 5.2 A broad overview of the services provided by the Directorate includes highway maintenance and improvement, the delivery of all major transport infrastructure schemes, the management of a series of major contracts such as highways, waste and street lighting, tackling rogue and other illegal trading and providing business advice, delivery of non-commercial superfast broadband services, waste disposal, libraries and cultural services, registration and coroner services, planning, s106 negotiation, economic development, floods and water management, adult learning and skills, development of transport policy, funding bids, cycling, commissioning of community transport, operation of the Busway and the park and ride sites, and management of home to school, special needs and adults transport.
- 5.3 As noted above, transformation of the way we do things has been the main focus in developing new savings proposals for the new financial year. There are also a series of savings proposals that are already identified in the business plan and are due to be made in 2017/18
- 5.5 The full table of proposals can be found at **appendix 1** and the associated Community Impact Assessments are contained in **appendix 2**.

- 5.6 Any proposals added to the table at appendix 1 since Committees in October are summarised at **appendix 3**, along with the proposals rejected at October Committees for completeness.
- 5.7 Proposals are still subject to change pending Full Council in February 2016 were all proposals then become the Council's Business Plan.

6. OVERVIEW OF ECONOMY TRANSPORT AND ENVIRONMENT DRAFT CAPITAL PROGRAMME

- 6.1 The capital programme is shown in full in appendix 1 as part of the finance tables. Since the Capital Programme was presented in September there has been a change to B/C.3.101 Development of Archives centre premises. This increased from £4.2m to £5.06m as agreed by H&CI Committee in October 2016. This relates to the development of fit for purpose premises for Cambridgeshire Archives, to conserve and make available unique historical records of the county and meet The National Archives' deadline for approval. The cost of the project has increased from the original estimate, following more detailed design work.

7. ECONOMY TRANSPORT AND ENVIRONMENT FEES AND CHARGES

- 7.1 Economy Transport and Environment fees and charges are contained within two schedules which are updated throughout the year: a schedule of discretionary charges and a schedule of statutory charges. These schedules can be found in appendices 4 and 5. Discretionary charges are reviewed on an annual basis taking account of the Council's standard inflation rate of 1.7% and changes in the market for the discretionary service. There are a small number of charges which do not have updated figures for 2017 because of how those charges are constructed; these will be reviewed between December 2016 and March 2017. All statutory charges are currently set at their legal maximum.

8. NEXT STEPS

- 8.1 The proposals will be considered alongside those from the other service committees at the General Purposes Committee in early January.

January	General Purposes Committee will review the whole draft Business Plan and review again in late January for recommendation to Full Council
February	Full Council will consider the draft Business Plan

9. ALIGNMENT WITH CORPORATE PRIORITIES

9.1 Developing the local economy for the benefit of all

Many of the services delivered by ETE are used by our residents on a daily basis and are vital in maintaining and developing the local economy, as well as helping people to live healthy and independent lives. Well maintained roads and local public transport services where commercial companies can't provide buses are but two of the key elements of the work of ETE. If these current or transformed versions of these services are not available there will be a significant impact on our communities.

9.2 Helping people live healthy and independent lives

See wording under 9.1 above.

9.3 Supporting and protecting vulnerable people

See wording under 9.1 above.

10. SIGNIFICANT IMPLICATIONS

10.1 The following bullet points set out details of significant implications identified by officers:

- Resource Implications – All implications are detailed in the CIAs at appendix 2
- Statutory, Legal and Risk – All implications are detailed in the CIAs at appendix 2
- Equality and Diversity – All implications are detailed in the CIAs at appendix 2
- Engagement and Communications - All implications are detailed in the CIAs at appendix 2
- Localism and Local Member Involvement –Members have been involved in the business planning process and attended a members workshop in August
- Public Health – All implications are detailed in the CIAs at appendix 2. Public Health colleagues are involved in discussions regarding the implications.

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?	Yes Lynne Owen:
Are there any Equality and Diversity implications?	Yes Tamar Oviatt-Ham
Have any engagement and communication implications been cleared by Communications?	Yes Mark Miller
Are there any Localism and Local Member involvement issues?	Yes Paul Tadd
Have any Public Health implications been cleared by Public Health	Yes Tess Campbell

Source Documents	Location
n/a	