

GENERAL PURPOSES COMMITTEE: MINUTES

Date: Tuesday, 23rd January 2018

Time: 10.00a.m. – 12.20p.m.

Present: Councillors Bailey, Bates, Bywater, Count (Chairman), Criswell, Dupre, Giles, Hay (substituting for Councillor Schumann), Hickford, Hudson, Jenkins, Kavanagh, Nethsingha, Shuter and Whitehead

Apologies: Councillor Schumann

64. DECLARATIONS OF INTEREST

There were no declarations of interest.

65. MINUTES – 19TH DECEMBER 2017 AND ACTION LOG

The minutes of the meeting held on 19th December 2017 were agreed as a correct record and signed by the Chairman. The action log was noted.

66. PETITIONS

No petitions were received.

67. FINANCE AND PERFORMANCE REPORT – NOVEMBER 2017

The Committee was presented with the November 2017 Finance and Performance report for Corporate Services and LGSS Cambridge Office, which was forecasting an underspend of £1.4m. It was noted that there were no material exceptions in relation to capital but there had been a slight improvement in revenue resulting from the Commercial Review Programme.

It was resolved unanimously to review, note and comment upon the report.

68. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 30TH NOVEMBER 2017

The Committee received a report detailing the financial and performance information to assess progress in delivering the Council's Business Plan. The overall revenue budget position was showing a forecast year-end overspend of +£4.2m, which was a decrease of £21k from October. Attention was drawn to the outcomes and, in particular, the number of staff days lost to sickness which was falling. Members were reminded of the mitigations to manage the pressures which totalled £5.9m. There were also one-off mitigation measures in a number of areas. Attention was drawn to recommendation c) relating to the additional borrowing for County Farms Investment Projects, which would produce additional revenue of £55k. The annual costs of borrowing started in 2018/19 at £11k and decreased each year thereafter.

The Chairman thanked officers for the report which now included the cost of borrowing as requested by Members.

One Member reported that Commercial and Investment (C&I) Committee was the appropriate committee to approve the County Farms Investment Projects and not General Purposes Committee (GPC). It was noted that GPC had responsibility for changes to the overall capital programme. The Chairman, with the unanimous agreement of the Committee, proposed that recommendation c) should include "subject to approval" at the end in order to reflect the role of C&I Committee. There was some confusion regarding the role of GPC and C&I Committee in relation to the approval of capital projects. The Chairman therefore proposed that a briefing note should be prepared to clarify the situation. **Action Required.**

Another Member highlighted a tension in relation to traded services which were the responsibility of C&I Committee. She confirmed that she would be writing to the Chairman of Constitution and Ethics Committee to ask the committee to consider the role of C&I Committee and the parent committee in relation to these services. The Chairman acknowledged the issue but stressed the need to avoid a report being considered by a number of committees. He highlighted the need for a smooth and clear process in order to best represent the interests of Cambridgeshire residents.

One Member highlighted the fact that the number of Looked After Children (LAC) in Cambridgeshire had exceeded 700 for the first time. She was concerned about this relentless and upward trend, and was particularly worried about the impact both socially and financially. She queried what was driving this increase. The Chairman of Children and Young People (CYP) Committee reported that at 15th January 2018 there were currently 696 LAC, which included 61 asylum seekers. This figure was beginning to plateau but it was important to note that it could be influenced by the size of a family coming in to care. He reminded the Committee of a bid to the Transformation Fund to review processes dealing within children below the threshold. In response, the same Member commented that she was concerned that the social work team was not moving children out of care fast enough.

The Chairman reminded the Committee of the Council's performance since June when at that point there had also been a deficit of around £4.2m. Without the mitigations totalling £5.9m outlined in the report, the Council would have been in an even more difficult situation. He thanked Members and officers for their help in this area. It was therefore quite clear how much demand led services impacted on budgets. He acknowledged the underlying trends and the fact that numbers had been rebased in next year's budget to help manage the situation.

In response, one Member commented that the relentless pressure of demand led services had not been unpredicted. Some Members had challenged the fact that some of last year's savings would not be achievable. She was concerned that the Council had taken out demography for services, which had impacted on the budgets of these services. The Chairman reported that a lot of savings had been made and there were new pressures. He reminded the Committee that demography had been managed by GPC last year and that Children's Services had received funding. Another Member commented that a number of measures agreed by CYP Committee, such as increasing the number of foster carers and adoptions, had been successful. She explained that

the Committee was trying to understand why there had been an increase in demand. However, it was important to continue with initiatives. The Chairman added that it had been easy to identify transformation efficiencies in the first and second year. However, the risk profile was now increasing as the effect was not so clearly understood.

It was resolved unanimously to:

- a) Analyse resources and performance information and note the significant remedial action being taken.
- b) Note the changes to capital funding requirements as set out in Section 6.7.
- c) Approve an additional £197k of prudential borrowing in 2017/18 for County Farms Investment projects, as set out in section 6.8 subject to approval.
- d) Note the transfers in revenue budget responsibility and reporting as set out in section 7.2.

69. BUSINESS PLAN 2018-19 TO 2022-23

The Chief Finance Officer (CFO) introduced a report providing an overview of the key issues contained within the Business Plan prior to formal recommendation by GPC for Council decision in February. He thanked the Committee and Council for the work that had been put in to preparing the Plan. The Council was living in unprecedented times in relation to funding levels and experiencing stresses greater than ever before. This had been the driver for achieving efficiencies, transforming services and seeking return on investments. He acknowledged that the transformation approach had caused some tension in the budget as some schemes which were aspirational had created a pressure.

He reminded the Committee that the Business Plan was predicated on the Plan approved by Council last year. GPC was required to recommend a balanced budget to Council. He drew attention to the £4.3m budget gap for 2018/19. The Committee would need to recommend a way forward to address this gap. He advised Members that transformation had been pushed as far as it could at this point and a number of investment returns were long term. The Council would continue to work to drive further efficiencies which could be delivered in 2018/19. The Committee therefore had three options open to it to deliver a balanced budget, as follows: reduce services; balance next year's budget using reserves; or increase the rate at which Council Tax was set.

The CFO drew attention to the need to amend the numbers in the Business Plan to reflect the drop down table in Section 3.9. Members were informed of the impact of some funding decisions which could have helped the Council's financial situation: the Government's intention to cease the Transition Grant; the unsuccessful Combined Authority bid for a new 100% business rates retention pilot; the failure to extend the existing Business Rates scheme; and the lifting of the public sector pay cap resulting in a pressure of £1m. All this needed to be balanced against the continued pressure in demand led services.

Members queried why the Council had not been successful in the business rates pilot scheme. The Chairman reported that the scheme had been oversubscribed. He was of the view that Government had considered that Cambridgeshire had already benefitted from one Business Rates scheme. However, the Combined Authority was working with the Department for Communities and Local Government to see if a scheme was possible. The CFO added that all applications had been appropriate and the Government had therefore needed to rationalise them. The Council would be able to bid for the scheme again in 2019/20.

The Chairman proposed the Conservative amendment, seconded by Councillor Hickford, and attached at **Appendix 1**. He reported that he was proposing a 2.99% Council Tax increase to protect vital services and put the Council's finances on a firm footing. He thanked GPC, members of his group, and officers for their tireless work to deliver services throughout the year.

The Council received £75m less in Government funding than an average London Borough and £13.7m less than an average County Council. It was the third lowest funded County Council in the Country. He was of the view that if the outdated and broken funding formula had been rectified or transitional funding appropriately maintained, the Council would not need to consider whether to increase Council Tax. He drew attention to the budget gap of £4.3m for 2018/19, which was despite having already included the 2% Adult Social Care (ASC) precept. There were also further substantial gaps forecast for the next four years. As a result, he was reluctantly recommending an additional 2.99% council tax increase in 2018/19. Future years were indicative only and depended on the outcome of transformation plans.

The Chairman reported that the Council needed to concentrate on delivering for the long term by being financially stable and not cutting services. There were therefore no plans to cut winter gritting, spending on repairing potholes had increased by £2m, and there were plans to increase library provision. The Council had already delivered many efficiencies and would continue to strive for more. However, this needed to be driven from a stable financial position. The General Reserve at 3% of the overall budget, around £16m was extremely low. A 5% increase in demand would result in an unexpected pressure of £10m. Further efficiencies would be harder to find and could not match the speed of future funding requirements for a proven low-cost council. He drew attention to a report commissioned from independent financial analysts Grant Thornton, which stated that the Council's costs were very low but its income generation per head was high.

The Chairman drew attention to the Council's plans for commercialisation and investment to return £310m over the medium to longer term. The Council was looking at alternative methods to taxation funding. It had already and would continue to invest in imaginative and innovative schemes by retaining the Transformation Fund to support long term and sustainable transformation. Members were reminded of the £8m invested which would return £40m. A £1m fund had been created accessible to parishes administered by the Communities and Partnership Committee (C&P). The C&P Committee planned to invest a further £319m in transformation investments to return £620m over the medium term.

Members were reminded that the council was nationally at the front of public sector reform. It was the forerunner nationally of shared back office services, it had a shared Chief Executive, and an increasing number of shared senior positions and posts with Peterborough. It would continue to maintain that drive by bringing forward further shared working opportunities, where they could drive down costs, increase capacity and resilience and improve outcomes for residents.

The Chairman drew attention to work with communities which assisted partners such as the NHS to address challenges and priorities. He reported that there had been a sharp rise in delayed transfer of care cases from 100 per week in January 2017 to 150 week in December. Reductions in length of stay in hospital for older people, from 8.1 days in April to 5.6 days in October, meant older people were leaving hospital in higher numbers, more quickly and in a more fragile state, which increased capacity in hospitals but created significant pressure on social care budgets. The Council was using its resources to the absolute maximum to support the NHS.

The Chairman reported that the Council would continue to fight for a funding system that was fair to the residents of Cambridgeshire and did not penalise it for being at the forefront of delivering economic growth. The increase in the number of people wanting to live in Cambridgeshire put an unprecedented demand on services. In 2018/19, changes to demography, pressures and inflation accounted for an additional burden of £31m on already stretched budgets. He drew attention to radical and ambitious plans to deliver significant savings which included relocating from Shire Hall. In conclusion, he reported that the proposed ASC precept increase of 2% and the Council Tax increase of 2.99% would add £23.76 annually (46p weekly) and £35.64 annually (68p weekly) respectively to a Band D property.

One Member highlighted the need to split the amendment into how much was being raised, and how it was to be spent. The Committee was in agreement with the proposal. Before a vote was taken on the amendment excluding the last bullet in 3a), the Chairman invited the opposition Group Leaders to address the Committee.

The Liberal Democrat Group Leader reported that she was both relieved and delighted that the Conservative Group had listened to arguments she had made to the Council about increasing Council Tax. However, she was disappointed that the Council was not using the additional funding to increase the level and improve the quality of public services. The level of services was decreasing year on year as demonstrated by the closure of children's centres and the level of service offered to families, parents and children. There had been a reduction in bus services leaving residents isolated. Families of 16-18 year olds obliged to stay in education received no transport subsidy. These increasing costs were falling on the most vulnerable. The Council should therefore be doing all it could to support these vulnerable individuals.

She drew attention to the cuts in local highway improvements and the burden being placed on parish councils. She was of the view that if additional funding was available it should be spent on repairing roads, which were in a worse condition than ever before. She concluded that she was pleased that the Council was raising money but disappointed that it was not being spent where it was desperately needed.

The Labour Group Leader reported that there was just not enough money in public services. Whilst the Council could blame the Government, it could also take action itself by raising Council Tax. The Labour Group supported an increase in Council Tax and had been advocating such an increase since 2013.

She informed the Committee that the Labour Group had looked across areas of the budget where residents had raised pressures in order to identify where the additional investment should be made. She drew attention to the need to invest a further £325k in libraries, £200k in local highway initiatives, £450k in street lighting, £60k for the Bikeability Programme, and £1.5m for LAC. She was particularly concerned about the level of lighting in residential streets especially the 'pools of darkness'. She was therefore proposing that some of the 10% of lights which had been removed should be put back. A fund would be created and residents would be asked to make a case for a lamp to be re-introduced.

The Labour Group also proposed to create a strategic reserve of £1.117m for 'in year' financial pressures or shortfall in funding. Members were informed that £750k from this reserve would be used to protect staffing in Children's Centres. Given the lack of respite care beds, the Labour Group was urging the Council to build its own care home. The Group Leader identified areas of future investment relating to Health Visiting and Adult Services. She drew attention to the Conservative amendment regarding no further cuts to bus subsidies and highlighted the fact that there were no buses in some rural areas to subsidise. She stressed the importance of buses in rural areas and the need for the work of the Total Transport Group to continue.

One Member queried what was meant by respite care. The Labour Group Leader reported that she was referring to the issue of elderly people in hospital who were not ready to return to their homes. Convalescence homes which would have provided a stage of provision had disappeared. The same Member also queried the reference in the report for the potential to increase the ASC precept to 3%. The Chairman explained that the precept could have gone up by 3% in 2018/19 resulting in a reduction to 1% in 2019/20. There would be an impact to the base budget earlier but the effects were marginal.

The amendment on being put to the vote, with the exclusion of the fourth bullet point at Section 3a), was agreed unanimously.

The Chairman advised the Committee to focus on what to do with the extra amount of funding. He drew attention to the significant risks in the medium and long term. Despite the increase in Council Tax raising more than was needed in 2018/19, it was now time to alter plans to address the serious funding concerns in years three, four and five of the Plan.

During discussion of the fourth bullet of Section 3a) of the amendment, the following comments were raised by individual members:

- concern that funding was being held back for a 'rainy day' when it had effectively been raining for years. The Council's roads were deteriorating, there was pressure on public transport, families of 16-18 year olds faced huge transport costs to meet the requirement of keeping their children in education, and the costs of people

needing care were increasing. It was imperative a signal was sent that the Council was putting residents first. The Council should therefore reverse its decision to increase Members' Allowances and to establish two new committees.

- confirmation from the Chairman of Health Committee that health visits to new born children and mothers would continue in 2018-19 at the same level as the current financial year to be paid from Public Health reserves. The Council together with Peterborough City Council was taking a transformational approach which would see the establishment of a new service for new born children based on need and a clinic approach for 1 to 2 and a half year olds again based on need. He added that the Public Health Directorate had changed significantly. There was now a joint public health commissioning unit working together to achieve savings without affecting outcomes. The Council had the lowest funding for public health per head of population. The Directorate was focusing on innovation which included the piloting of a prioritisation framework. Public Health England had attended workshops reflecting the fact that the service was well run and efficient.
- confirmation from the Vice-Chairwoman of C&I Committee that the PPD Housing Project had a ten year plan which would create 2000 mixed residential units, and develop extra care facilities. Surplus sites would be used to address the need for specialist housing, affordable housing and key worker homes. However, it was acknowledged that it would take time.
- highlighted the need for the Council to help itself and have a more detailed debate on what to do with the additional £3m.
- confirmation from the Chairman of Highways and Community Infrastructure (H&CI) Committee that there had been a £55m contract replacement programme for street lighting, which had been difficult but had also been managed properly and efficiently. He drew attention to the fact that just re-introducing lights on an ad hoc basis was expensive and not useful. The programme had re-positioned street lights to provide a mix of coverage. This view was challenged by some members of the Committee. The Chairman therefore proposed that the Committee should receive a briefing regarding the changes made since the commencement of the PFI contract.

Action Required.

- confirmation from the Chairman of H&CI Committee that the large number of potholes which had appeared over the winter period were being repaired. The Council was driving savings with the contractor Skanska. A 'Dragon Patcher' had been purchased which would improve the speed and efficiency of patching. He also drew attention on the significant amount of work taking place in Libraries to drive innovation, which would be considered by H&CI Committee at its meeting in February.
- the Chairwoman of Adults Committee highlighted the difficulties she had experienced in agreeing to increase Council Tax. She reminded the Committee that opposition members had refused to support the significant transformation programme. She thanked staff for driving through these proposals and drew attention to the fact that the Council would have been in an even worse situation if they had not happened. She stressed the need to plan carefully for the medium

term as the Council would be capped on what it could raise in the future. There was a £22m inherent risk in the transformation programme so it was prudent to have some reserves to call on. She was of the view that everything that could have been done before increasing Council Tax had now been done. She was aware that people on low wages would find it difficult and highlighted the need for them to get support from District Councils and Citizens Advice. It was therefore important that the additional funding was prioritised and managed responsibly to respond to any areas of need.

- confirmation from the Chairwoman of Adults Committee that the Council was recruiting 100 extra re-ablement staff, had introduced 23 roving home care cars to provide support to people discharged from hospital, provided 14 care flats, agreed a new home care contract which would double care places, introduced 7-day working for dedicated workers based at hospitals dealing with the discharge of patients, and improved adult early help and falls prevention to avoid people being admitted to hospital. She highlighted the Neighbourhood Cares Pilot as a way of supporting people with social care needs. The Council was working over the medium term to support the most vulnerable communities in Cambridgeshire. She reported that the Council needed to consider radical transformation and it was working with external consultants to develop a 10-year vision.
- highlighted the Grant Thornton report which was available online. Attention was also drawn to the Business Cases which contained Community Impact Assessments (CIAs) considered by the relevant Policy and Service Committees. It was noted that these documents were also available on line.
- confirmation from the Chairman of Economy and Environment Committee that the budget proposals from this Committee had been agreed unanimously.
- concern expressed by one Member that if the additional funding went into a smoothing reserve, it could be swallowed up by pressures in Adults and Children's Social Care resulting in other priorities such as addressing street lighting concerns being overlooked. In response, another Member highlighted the need to be prudent going forward given the uncertain local government funding situation.
- confirmation from the Chairman of Children and Young People Committee of the need to consider how to do things differently in relation to LAC. He highlighted the positive experience of Hertfordshire County Council in relation to this area. He drew attention to the establishment of the Corporate Parenting Sub-Committee which was attended by young people. Other initiatives included the Step Programme to help young people with special educational needs. He stressed the need for more foster carers and supportive lodgings in Cambridgeshire. He reminded the Committee that he was involved in the Outdoor Education Programme and would be bringing a report to the next meeting of C&I Committee.
- support for local funding for local people and the need to therefore explain why Council Tax was being increased.
- concern regarding the cost of care beds and need to try and reduce this cost.

- acknowledged that raising Council Tax was a last resort and would put a burden on families in Cambridgeshire who were struggling. However, one Member was particularly concerned that the most vulnerable were shouldering the cost of cuts. She explained that year after year the cuts had hit the most vulnerable in relation to the reduction in bus subsidies, the fact some had been forced to pay for transport when they had previously used a free bus pass, and the reduction in children's centres. However, she was particularly concerned about the proposals to increase charges for carers for people with disabilities. She highlighted the importance of being fair and not asking the most vulnerable to pay more. She therefore stressed the need to put services back to support the most vulnerable.
- confirmation from the Chairman of C&P Committee that the diagram on pages 56 and 79 should be amended to "Communities and Partnerships". He explained that the Committee had made a significant impact meeting with officers and the Chairs of Adults, Children and Young People, and Health to help relieve the pressures. He asked for reference to be made in the Business Plan to the work of C&P Committee in relation to outcomes. **Action Required.**

In conclusion, the Chairman explained that, at this point in time, he had no choice but to propose to raise Council Tax. He reported that the Council had not needed to increase Council Tax over the last three years. He was now satisfied that the Council was more efficient and was transforming the way it operated. He reminded the Committee that outcomes remained steady or had improved. He had reviewed all the CIAs and was satisfied that there were no major concerns. He advised the Committee to consider the CIAs before full Council as it was vital that Members understood the impact before making a decision. He drew attention to the fact that the opposition groups had not proposed anything to address the medium term. The Council would need to save £42m next year, £26m in 2019/20 and £21.8m in 2020/21. He was concerned that so much rested on income generation and commercialisation. It was therefore important that the Council had a credible five year plan.

The fourth bullet point at Section 3a) of the amendment, on being put to the vote, was agreed by a majority. The following recommendation detailed below would therefore be recommended to Council for approval.

It was resolved to:

1. Consider the Business Plan, including supporting budget, business cases, consultation responses and other material, in light of all the planning activities undertaken to date.
2. Review the options set out in Section 4 of this paper to establish a balanced budget position and make recommendation to Full Council.
3. Agree the following recommendations to Council:
 - a. That approval be given to the Service/Directorate budget allocations as set out in each Service/Directorate table in Section 3 of the Business Plan subject to the changes detailed below:

- Set the general council tax precept increase for 2018-19 to 2.99% as per b-d below.
 - Balance the 2018-19 budget by use of additional council tax receipts.
 - Refresh the Medium Term Financial Strategy to reflect the potential continuation of the adult social care precept beyond 2019-20.
 - Allocate the additional funds raised from the increase in general council tax beyond those used to balance the 2018-19 budget to a smoothing reserve.
- b. That approval be given to a total county budget requirement in respect of general expenses applicable to the whole County area of £808,406,000 as set out in Section 2 Table 6.3 of the Business Plan.
- c. That approval be given to a recommended County Precept for Council Tax from District Councils of £279,489,859.22, as set out in Section 2, Table 6.3 of the Business Plan (to be received in ten equal instalments in accordance with the fall-back provisions of the Local Authorities (Funds) (England) (Amendment) Regulations 1995).
- d. 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 the District Councils (220,287), as set out in Section 2, Table 6.4 of the Business Plan reflecting a 2% ASC precept increase and a 2.99% increase in the Basic Council Tax precept:

Band	Ratio	Amount (£)
A	6/9	£833.22
B	7/9	£972.09
C	8/9	£1,110.96
D	9/9	£1,249.83
E	11/9	£1,527.57
F	13/9	£1,805.31
G	15/9	£2,083.05
H	18/9	£2,499.66

- e. That approval be given to the report of the Chief Finance Officer on the levels of reserves and robustness of the estimates as set out within the Section 25 Statement (given in Appendix B).
- f. That approval be given to the Capital Strategy as set out in Section 6 of the Business Plan including capital expenditure in 2018-19 up to £254.7m arising from:
- Commitments from schemes already approved;
 - The consequences of new starts in 2018-19 shown in summary in Section 2, Table 6.9 of the Business Plan.

- g. That approval be given to the Treasury Management Strategy as set out in Section 7 of the Business Plan, including:
 - i. The Council's policy on the making of the Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008
 - ii. The Affordable Borrowing Limit for 2018- 19 as required by the Local Government Act 2003)
 - iii. The Investment Strategy for 2018-19 as required by the Communities and Local Government (CLG) revised Guidance on Local Government Investments issued in 2010, and the Prudential Indicators as set out in Appendix 3 of Section 7 of the Business Plan.
- 4. Endorse the priorities and opportunities as set out in the Strategic Framework.
- 5. Authorise the Chief Finance Officer, in consultation with the Leader of the Council, to make technical revisions to the Business Plan, including the foregoing recommendations to the County Council, so as to take into account any changes deemed appropriate, including updated information on District Council Tax Base and Collection Funds, Business Rates forecasts and Collection Funds and any grant changes.

CCC BUDGET AMENDMENT 2018-19

POLITICAL PARTY CONSERVATIVES

	2018-19	2019-20	2020-21	2021-22	2022-23
TOTAL ADULT SOCIAL CARE PRECEPT INCREASE	2%	2%	2%*	2%*	2%*
TOTAL GENERAL COUNCIL TAX INCREASE	2.99%	1.99%	0%	0%	0%
BUDGET GAP BEFORE AMENDMENTS	£4,318,000	£11,958,000	£21,835,000	£6,069,000	£13,003,000

ADDITIONAL FUNDING FROM COUNCIL TAX	- £7,969,899	-£5,881,856	-£6,129,277	- £6,419,030	-£6,536,665
DRAW ON MRP FUNDING	-	-	-	-	-

PLANNED USE OF SURPLUS

CREATION OF A SMOOTHING RESERVE	- £3,651,899	-£5,881,856	-	-	-
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FINALISED BUDGET POSITION RECOMMENDED TO COUNCIL	-	£11,958,000	£15,726,343	-£350,030	£6,508,821
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* The availability of the indicative 2% Adult Social Care increase in 2020-21, and beyond, have not been confirmed by Government. These assumptions will be reviewed annually, updated as required and may directly affect the potential use of the smoothing reserve which is set out below.

70. GENERAL PURPOSES COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES, INTERNAL ADVISORY GROUPS AND PANELS, AND PARTNERSHIP LIAISON AND ADVISORY GROUPS

The Committee considered its agenda plan, training plan and appointments to Outside Bodies.

It was resolved unanimously to:

- a) review its Agenda Plan attached at Appendix 1; and
- b) review and agree its Training Plan attached at Appendix 2.

Chairman

GENERAL PURPOSES COMMITTEE: 23RD JANUARY 2018

Business Plan Amendment

Conservative Group

Fairer funding and our budget for 2018/19

Let us be clear, at present we receive in Government funding £75m less than an average London Borough and £13.7m less than an average County Council. We are the third lowest funded upper tier Council in the Country. If the outdated and broken funding formula had been rectified by now or if transitional funding was appropriately maintained, we would not need to consider whether to increase Council Tax in Cambridgeshire.

However, a new formula is not in place, so we therefore need to look at our alternatives to balance our budget for next year and produce a prudent but stable five-year financial plan. The first question is how efficient is the Council and whether we can drive further significant savings out that way. Additionally, can we accelerate our ongoing plans for further transformation and efficiencies? Are there more opportunities for commercialisation and investment, bringing in additional income to reduce the burden on Taxation? What are the implications of forthcoming pressures in our demand led services, demography and inflation for not only next year's budget but for the next five years. Our reserves levels are also important to consider as we work on that prudent but stable five-year financial plan. We have since this journey started already saved £176 Million but we now need a plan that deals with the £106 Million in savings we will need to make over the next five years. Almost £42 Million of those savings are in next year's budget alone. We also cannot ignore whether there are service reductions or removals that the public would wish us to consider further? Only when we have exhausted all of these opportunities and considerations will we, as a Conservative run council, consider increasing taxation.

For 2018/19 our Total gross budget excluding schools is £556m. As Conservatives we have worked hard to increase efficiencies and transformation. To evaluate our progress on this we commissioned a well-respected independent external organisation, Grant Thornton, to benchmark us against our statistical neighbours and the Country. We are pleased to reveal work by our administration so far, means the costs of running our services as Net expenditure per head of population is officially evaluated **"Very Low"** [\[link\]](#). There is always room for improvement, but this is clear evidence that we have transformed (as we promised) into a much more efficient council over recent times. Though with the pressures we face we cannot rest on our laurels. We continue to strip out management costs, in the current financial year alone we reduced the costs of central management functions by £4.9m.

Since we introduced the transformation fund we have already invested £8m which will return £40m to reduce the annual cost of services. We also created a £1 Million fund which parishes and local communities can bid for in order to deliver and improve local services. Over the next five years we have plans to invest a further £319 Million in transformation and investments to return £620 Million over the medium to long term. This is on top of the fact that Grant Thornton have already evaluated our income generation per head as **"High"**.

Cambridgeshire is a great place to call home, which is why so many people want to live here. We are the fastest growing County in the country and one of the most valuable to the nation economically. Yet the success of the economy is one of the reasons for driving this growth and why people want to live here. It is that growth that is also placing unprecedented demands on our services. In 2018/19 our changes to demography, pressures and inflation account for an additional £31 Million burden on our already stretched budgets. Next year just in Adult social care, the pressures will be £12.7 Million with only £5.3 Million matched by the 2% Adult Social Care Precept. This structural deficit across the whole organisation and acutely painful in adults and children's services means that £7.7 Million as well as the rest of the savings must be found elsewhere.

It is important to explain why a Council with "demand led" services is significantly different in budget handling to other service delivery organisations. It could be a vulnerable child needs taking into care, or an adult discharged from hospital needs assistance, before being able to move back home, it could be a person with complex disability needs moves into the area; all of these mean you automatically provide that service. But these services have been increasing exponentially compared to population growth. Some correlations are well understood, such as the welcome news life expectancy is increasing, however our ageing population has a greater care need. Others are more difficult to explain and unexpected such as the rise in hospital discharges that we need to deal with. In January 2017 this was 100 a week, currently this has escalated to 150 a week, a 50% increase. Additionally, to increase the capacity in hospitals stays for older people had reduced from 8.1 days in April to 5.6 days in October. This has resulted in older people leaving hospital in higher numbers, more quickly, and obviously in a more fragile state. This is a major service responsibility in our budgets and although this creates difficulties for us we are proud of the way we have been able to assist the NHS in the ever-escalating burden that has been placed on us. We understand the pressures the NHS are under and we continue to use our resources to the absolute maximum to try and help, whilst understanding the repercussions this has on our resources.

In recent times we have kept the General Reserve at 3% of the overall budget, around £16 Million. The level of the General Reserve was established following a risk assessment of the likely impact and probability of individual service overspends in any single financial year. It was set at the lowest prudent level possible however as demand led services account for more than 75% of our budget, just a 5% increase in demand would create a pressure of £10 Million. It is therefore essential that the Council retains the policy to reinstate the General Reserve to this level if it is drawn upon as part of the following years' budget setting process.

There are other considerations such, as the ability to predict accurately inflation which affects contract prices, and Government announcements such as no continuation of the RSG Transition Grant and adult social care support grant, nationally negotiated (but funded locally) Staff pay increases. These items alone amount to £6.3 Million. Whilst we are prepared to continue reserves at just 3% in the five-year term we have significant concerns regarding being able to achieve the £22 Million of revenue savings needed for 2020/2021. Whilst we believe our plans in this budget will see us through next year and 2019/20 we consider it prudent to consider a smoothing reserve be created to put us in the best position to avoid drastic measures in year's three to five of the plan. This will of course change yearly as more up to date information and predictions become available.

In terms of reductions or removal of services, we are proud of our record since taking back control. For example we have refused to re-visit winter gritting, we have increased expenditure by £2 Million on repairing pot – holes, we have plans to increase library provision, our children centre proposals increased expenditure on the front line and focussed on those areas which needed the services the most. There is always more we could do if finances were unlimited, but they are not. What we continue to do is deliver services that the public value and appreciate and are balanced against the effective use of resources; our current plans envisage no further reduction in the front line services that our citizens value most highly.

We have looked at our efficiency where we have proven our costs are **“Very Low”**. We have stretched our plans for commercialisation and investment to return an excess of £301 Million over the medium to longer term. Our reserves are undoubtedly tight, with foreseen difficulties in the medium term. Yet despite all of this and even with planned savings next year of £26 Million and additional income generation of £11.6 Million, we still predict a budget gap of £4.3 Million next year and foreseen difficulties in the medium term. We therefore propose to increase council tax to 2.99% for 2018/19 and set out provisional plans for the medium term that we will revisit yearly to see how and when they can be reduced if possible. This is 1% lower in total taxation than the flexibility afforded by Government. Whilst we cannot confirm final plans by other authorities, Fire, Police, Parishes, The Mayor, we recognise the Adult social care precept at 2% and Council Tax at 2.99% will add to a band D household respectively £23.76 annually (46p weekly) and £35.64 annually (68p weekly).

Our future plans continue to prioritise transformation, commercialisation and automation, to further drive down costs. We also aim to increase income generation to reduce the burden on council tax funding. This has accelerated with our recent creation of the Commercialisation and Investments Committee. We will continue to lobby the Government to accelerate the move to a new funding formula which the expected 75% Business Rates retention will use as their base line figures. Whilst we can already be proud of being the forerunner in the country with our shared back office services, a shared chief executive, an increasing number of shared senior positions and posts with Peterborough, we are continuing to look to bring forward further shared working opportunities; where they drive down costs, increase capacity and resilience and improve outcomes for our residents. The recently formed Communities & Partnerships Committee work is gaining recognition and moving from strength to strength as it signals our commitment to support and work more closely with our communities and residents. We are also working with the Conservative Mayor and the new Combined Authority to deliver those long overdue and vital improvements to our infrastructure. The delivery of 100,000 extra affordable homes and public-sector reform to further improve the lives of the people of Cambridgeshire.

We would like to thank officers for their tireless efforts in driving through the efficiencies and transformation so desperately needed. As a Group we also recognise the work that has been put in by both officers and politicians in bringing the Business Plan proposals to this Committee.

In summary therefore we must act now to protect future services. Reluctantly therefore we are recommending a general council tax increase of 2.99% in addition to the adult social care precept. This clearly demonstrates that:

- We are a council concentrating on delivering for the long term –by being financially stable, not by cutting services
- We are a council that has already delivered many efficiencies and will continue to strive for more but against a backdrop of financial stability
- We are a proven very low cost council but further efficiencies cannot match the speed of future funding requirements
- We are a council that has and will continue to invest in imaginative and innovative schemes by retaining the Transformation Fund to support long term and sustainable transformation
- We are a council that is nationally at the front of public sector reform and intend to maintain that drive
- We are a council that works with our communities and assists our partners such as the NHS when they need it
- We are council that will continue to fight for a funding system that is fair to the residents of Cambridgeshire and doesn't penalise them for being at the forefront of delivering economic growth

Cambridgeshire is a great place to live and this Conservative run council continues to strive to maintain and even improve on that.

Proposed changes to council tax over the Business Plan Period

Although the Council will consider the budget on an annual basis the Medium Term Financial Strategy, and therefore the resource allocations within the Business Plan, are predicated on a rolling five year approach. It is therefore proposed that the MTFS should reflect the following indicative tax proposals at this point for financial planning purposes.

Year	18/19	19/20	20/21	21/22	22/23
ASC precept	2%	2%	2%*	2%*	2%*
Council Tax	2.99%	1.99%	0%	0%	0%
Total	4.99%	3.99%	2%*	2%*	2%*

* The availability of the indicative 2% Adult Social Care increase in 2020-21, and beyond, have not been confirmed by Government. These assumptions will be reviewed annually, updated as required and may directly affect the potential use of the smoothing reserve which is set out below.

Proposed changes to resource allocations

Reflecting the above commentary, the amendments to the resources allocated in the finance tables are as follows:-

Service	Additional Resource Allocation £000 18/19
Creation of a Smoothing Reserve	3,652
Total	3,652

These amendments are permanent changes to the resources allocated within the Business Plan unless otherwise stated.

Revised Overall Funding Position

	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000	2022-23 £'000	Total £'000
Total Saving Requirement	37,613	26,514	15,779	-1,217	3,989	82,678
Identified Savings	-25,960	-11,427	-590	1,074*	2,539*	-34,364
Identified additional Income Generation	-11,653	-3,129	537*	-207	-19	-14,471
Residual Savings to be identified	-	11,958	15,726	-350	6,509	33,843

*Positive figures represent a reversal of short term savings/investments from previous years

In light of the above the following amendment is proposed to the Recommendations:

6. **Business Plan 2018-19 to 2022-23**

Amendment from Councillor Steve Count

Additions in bold and deletions shown in strikethrough

Recommendation:

It is recommended that the Committee:

1. Considers the Business Plan, including supporting budget, business cases, consultation responses and other material, in light of all the planning activities undertaken to date.
2. Reviews the options set out in Section 4 of this paper to establish a balanced budget position and makes recommendation to Full Council.
3. **Agrees** ~~Reviews~~ the following recommendations to Council:
 - a. That approval is given to the Service/Directorate budget allocations as set out in each Service/Directorate table in Section 3 of the Business Plan **subject to the changes detailed below:**
 - **Set the general council tax precept increase for 2018-19 to 2.99% as per b-d below.**
 - **Balance the 2018-19 budget by use of additional council tax receipts.**
 - **Refresh the Medium Term Financial Strategy to reflect the potential continuation of the adult social care precept beyond 2019-20**
 - **Allocate the additional funds raised from the increase in general council tax beyond those used to balance the 2018-19 budget to a smoothing reserve.**
 - b. That approval ~~be~~ is given to a total county budget requirement **in respect of general expenses applicable to the whole County area of £808,406,000 as set out in Section 2 Table 6.3 of the Business Plan** and precept level.
 - c. That approval ~~be~~ is given to a **recommended County Precept for Council Tax from District Councils of £279,489,859.22, as set out in Section 2, Table 6.3 of the Business Plan (to be received in ten equal instalments in accordance with the fall-back provisions of the Local Authorities (Funds) (England) (Amendment) Regulations 1995)** ~~for each Band of property, based on the number of "Band D" equivalent properties notified to the County Council by the District Councils (223,622.3) as set out in Section 2, Table 6.4 of the Business Plan.~~

- d. That approval ~~be~~ is 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 the District Councils (220,287), as set out in Section 2, Table 6.4 of the Business Plan reflecting a 2% ASC precept increase and a 2.99% increase in the Basic Council Tax precept:**

Band	Ratio	Amount (£)
A	6/9	£833.22
B	7/9	£972.09
C	8/9	£1,110.96
D	9/9	£1,249.83
E	11/9	£1,527.57
F	13/9	£1,805.31
G	15/9	£2,083.05
H	18/9	£2,499.66

~~the Capital Strategy as set out in Section 6 of the Business Plan including capital expenditure in 2018-19 up to £254.7m arising from:~~

- ~~• Commitments from schemes already approved;~~
- ~~• The consequences of new starts in 2018-19 shown in summary in Section 2, Table 6.9 of the Business Plan.~~

- e. **That approval be given to the report of the Chief Finance Officer on the levels of reserves and robustness of the estimates as set out within the Section 25 Statement (given in Appendix B).**

- ~~d.f.~~ That approval is given to the Capital Strategy as set out in Section 6 of the Business Plan including capital expenditure in 2018-19 up to £254.7m arising from:

- Commitments from schemes already approved;
- The consequences of new starts in 2018-19 shown in summary in Section 2, Table 6.9 of the Business Plan.

- ~~e.g.~~ That approval is given to the Treasury Management Strategy as set out in Section 7 of the Business Plan, including:

- The Council's policy on the making of the Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local

Authorities (Capital Finance & Accounting)
(England) (Amendment) Regulations 2008

- ii. The Affordable Borrowing Limit for 2018- 19 as required by the Local Government Act 2003)
 - iii. The Investment Strategy for 2018-19 as required by the Communities and Local Government (CLG) revised Guidance on Local Government Investments issued in 2010, and the Prudential Indicators as set out in Appendix 3 of Section 7 of the Business Plan.
4. Endorse the priorities and opportunities as set out in the Strategic Framework.
5. Authorise the Chief Finance Officer, in consultation with the Leader of the Council, to make technical revisions to the Business Plan, including the foregoing recommendations to the County Council, so as to take into account any changes deemed appropriate, including updated information on District Council Tax Base and Collection Funds, Business Rates forecasts and Collection Funds and any grant changes.

CCC BUDGET AMENDMENT 2018-19

POLITICAL PARTY CONSERVATIVES

	2018-19	2019-20	2020-21	2021-22	2022-23
TOTAL ADULT SOCIAL CARE PRECEPT INCREASE	2%	2%	2%*	2%*	2%*
TOTAL GENERAL COUNCIL TAX INCREASE	2.99%	1.99%	0%	0%	0%
BUDGET GAP BEFORE AMENDMENTS	£4,318,000	£11,958,000	£21,835,000	£6,069,000	£13,003,000

ADDITIONAL FUNDING FROM COUNCIL TAX	- £7,969,899	-£5,881,856	-£6,129,277	- £6,419,030	-£6,536,665
DRAW ON MRP FUNDING	-	-	-	-	-

PLANNED USE OF SURPLUS

CREATION OF A SMOOTHING RESERVE	- £3,651,899	-£5,881,856	-	-	-
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FINALISED BUDGET POSITION RECOMMENDED TO COUNCIL	-	£11,958,000	£15,726,343	-£350,030	£6,508,821
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* The availability of the indicative 2% Adult Social Care increase in 2020-21, and beyond, have not been confirmed by Government. These assumptions will be reviewed annually, updated as required and may directly affect the potential use of the smoothing reserve which is set out below.