

**SERVICE COMMITTEE REVIEW OF DRAFT BUSINESS PLANNING PROPOSALS
FOR 2016/17 TO 2020/21**

To: **General Purposes Committee**

Meeting Date: **14 January 2016**

From: **Sue Grace, Director Customer Service and Transformation
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 Proposals for Corporate and Managed Services that are within the remit of the General Purposes Committee.**

The report provides a summary of the latest available results from the budget consultation.

Recommendation: **General Purposes Committee is recommended to:**

- a) note the overview and context provided for the 2016/17 to 2020/21 Business Plan proposals for the Service, updated since the last report to the Committee in December.**
- b) comment on the draft revenue savings proposals that are within the remit of the General Purposes Committee for 2016/17 to 2020/21, and endorse them to the General Purposes Committee as part of consideration for the Council's overall Business Plan.**
- c) note the ongoing stakeholder consultation and discussions with partners and service users regarding emerging business planning proposals.**
- d) approve the proposal to increase Blue Badge charges from April 2016 for new and replacement Badges to the maximum permitted under legislation.**

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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 is reducing at a time when our costs continue to rise significantly due to inflationary and demographic pressures. This means that despite the way in which we have been able to stimulate local economic growth, and the improving national economy, the financial forecast for the Council continues to present huge challenges.
- 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 £73m in the last two years and are on course to save a further £30m this year (2015/16). 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. The choices are stark and unpalatable but very difficult decisions will need to be made as the Council has a statutory responsibility to set a balanced budget each year, as well as a duty to provide the best possible services for Cambridgeshire's communities. It is the Chief Finance Officer's statutory role to provide a statement on the robustness of the budget proposals when they are considered by Council in February.
- 1.3 This year the Council has agreed to move towards an outcome-led approach to business planning. This is defined and described through the draft Strategic Framework that was approved by the General Purposes Committee on 20 October this year (<http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=12221>).
- 1.4 The Strategic Framework sets out the outcomes that the Council will work towards achieving, and the ways of working the Council will adopt, in the face of prolonged and extensive budget pressures. It is not a solution to austerity in itself, but instead it is the approach the Council has taken to best tackle the huge challenges it faces.
- 1.5 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. As we prepare for the 2017/18 budget round early in the next financial year further work will be done to embed the outcome led approach to planning within the way the council operates and manages its budgets. This paper presents an overview of the proposals being put forward for 2016/17 as part of the Council's draft revenue budget.
- 1.6 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.
- 1.7 The main causes of uncertainty are the effects of the Comprehensive Spending Review (CSR) issued on 25 November. Several of the announcements impact on the funding available to, and responsibilities of, local government from 2016/17 onwards, although a consultation document

on the grant settlement has been published. Until the detailed Local Government Finance Settlement is issued and can be analysed we cannot be certain of the impact on the Council. These budget proposals are prepared on the basis of financial modelling that takes into account some announcements from the CSR, but that does not yet take into account the full settlement. It should be noted that an initial assessment of 2016/17 settlement consultation document suggests that the council is likely to lose an additional £5m of Revenue Support Grant in 2016/17.

A full briefing on the finance settlement is expected to be issued in early January. Once the finance settlement is issued, a full review of our estimates of funding for the five year period will be undertaken, and budget proposals will be reviewed if necessary.

- 1.8 The Council issues cash limits for the period covered by the Business Plan (rolling five years) in order to provide clear guidance on the level of resources that services are likely to have available to deliver services over that period. To maintain stability for services and committees as they build their budgets we will endeavor to minimise variation in cash limits during the remainder of the process unless there is a material change in the budget gap.
- 1.9 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.
- 1.10 The Committee has previously received reports from the public consultation carried out as part of this year's business planning process. An updated summary report is attached as **Appendix E**.

2. SUMMARY OF THE DRAFT REVENUE BUDGET

- 2.1 In order to balance the budget in light of the cost and reduced government funding, savings or additional income of £42.9m are required for 2016-17, and a total of £121m across the full five years of the Business Plan. The following table shows the total amount necessary for each of the next five years, split by service block:

Service Block	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000
Children, Families and Adults	-31,299	-22,175	-16,499	-13,112	-8,048
Economy, Transport and Environment	-6,815	-3,663	-2,856	-2,041	-982
Public Health	-1,979	-1,198	-685	-830	-515
Corporate and Managed Services	-1,892	-1,746	-319	-869	-430
LGSS Operational	-971	-571	-803	-708	-351
Total	-42,956	-29,353	-21,162	-17,560	-10,326

- 2.2 In some cases services have planned to increase locally generated income instead of cutting expenditure. For the purpose of balancing the budget these two approaches have the same effect and are treated in the same way.

A list of pressures was reported in October, but since then two further pressures have been factored into financial modelling. These further pressures have not required an increase in the total level of savings, as it is anticipated that corporate funding will be available. The pressures are:

Service Block/Description	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000
CFA: National Living Wage	4,956	4,861	4,765	4,763	4,833
CST: Apprenticeship Levy	0	500	0	0	0

Budget tables to date had assumed government funding to offset the National Living Wage pressure. The 2016/17 settlement consultation contained no funding for this new burden, however. It is likely that the flexibility for upper-tier councils to raise Council Tax by an additional 2% to support adult social care announced in the Autumn Statement is intended to give councils a means to fund this pressure.

- 2.3 Delivering the level of savings required to balance the budget becomes increasingly difficult each year. Work is still underway to explore any alternative savings that could mitigate the impact of our reducing budgets on our front line services, and business plan proposals are still being developed to deliver the following:

Service Block	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000
Children, Families and Adults	0	0	0	0	0
Economy, Transport and Environment	0	-1,135	-2,391	-2,041	-982
Public Health	0	0	-755	-912	-562
Corporate and Managed Services	0	0	-285	-827	0
LGSS Operational	0	0	0	0	0
Total	0	-1,135	-3,431	-3,780	-1,544

- 2.4 The level of savings required is predicated on an expected 1.99% increase in council tax each year. This assumption was built into the Medium Term Financial Strategy (MTFS) which was agreed by Full Council. For each 1% more or less that council tax is changed, the level of savings required will change by approximately +/-£2.4m.
- 2.5 Since the reports that were considered by the December service committees, additional funding headroom has been identified as a result of the change in the treatment of Public Health Grant (PHG) funding required by an announcement in the Comprehensive Spending Review. The PHG was ring-fenced for a further two years, which has resulted in an element of the overall savings allocation moving to PHG-funded services in order to ensure total PHG-funded expenditure matches the actual grant. This headroom will allow the removal of a limited number of savings that were originally planned, described in the paragraphs below.

2.6 The following savings in ETE were recommended to be removed by Highways & Community Infrastructure and Economy & Environment Committees in December:

Directorate	Committee	Proposal	2016/17 Impact £'000	2017/18 Impact £'000
ETE	HCI	Reactive highway maintenance	452	
ETE	HCI	Cyclic highway maintenance	217	
ETE	HCI	Mobile libraries	55	105
ETE	EE	Fenland Learning Centres		90
ETE	EE	Reduction in Passenger Transport Services	694	
Total			1,418	195

2.7 The following savings are also proposed to be removed or reduced subject to the views of the relevant committees:

Directorate	Committee	Proposal	2016/17 Impact £'000	2017/18 Impact £'000
CFA	CYP	Post-16 home to school transport saving for disadvantaged students	250	
CFA	CYP	Assistant Locality Manager posts in highest need areas	80	
CFA	Adults	Voluntary sector adult mental health contracts	134	
CFA	Adults	Community Equipment	100	
CFA	CYP	Personal budgets for children with disabilities	200	
CFA	CYP	NEET post to partly offset planned reductions	40	
PH	Health	Tobacco control: engagement with at risk groups	50	
PH	Health	Joint health intelligence unit with NHS/ reduced JSNA work	50	
PH	Health	Health visiting/family nurse partnership	100	
CST	GPC/Health	Community Engagement (including Time-banking) and contact centre public health activities	35	
CFA	Adults/Health	Older people's day services £150k	150	
ETE	EE/Health	Market town transport strategy – public health impact	40	

ETE	EE/Health	Fenland learning (public health MOU funding)		90
Total			1,229	90

3. OVERVIEW OF CORPORATE AND LGSS MANAGED SERVICES' DRAFT REVENUE PROGRAMME

- 3.1 The Committee has received and discussed proposals for Corporate and Managed Services in October and November 2015. The Committee is asked to endorse these as described in **Appendix A**, taking into account the update on specific issues as set out below.

Blue Badges

- 3.2 At the request of the Committee, a consultation was carried out to assess the impact of proposals to increase charges for new and replacement Blue Badges to the statutory maximum allowed by legislation. For new badges this is an increase of £1, and for replacement badges it is an increase of £5. It was also suggested by the Committee that if legislation changes in the future, then the Council will automatically increase charges to stay in line with the statutory maximum.
- 3.3 Even with these increases, the Council would continue to subsidise the Blue Badge scheme at a cost of around £113,000 per year due to the significant gap between income and the cost of operation.
- 3.4 A public consultation was held from 24 November 2015 to 5 January 2016. The consultation was targeted specifically at Blue Badge holders, but was also open to the public. This was the first occasion that the Council has utilised new software for carrying out such consultations which has enabled us to target our consultation more effectively to those who are likely to be impacted by the proposed change (mainly existing badge holders who had supplied the County Council with a valid e-mail address). This has resulted in a substantial return in comparison with other consultations with 3390 respondents (compared with 681 respondents for the Budget Challenge consultation).
- 3.5 The full results of the consultation are included as **Appendix B** of this report, but in summary:
- 95% of respondents and all seven of the respondent organisations "agreed" or "strongly agreed" with the proposal to increase the charge for applying for a Blue Badge from £9 to £10. The main reasons given for supporting the proposal were:

The high value placed on the Blue Badge by users compared to the size of increase:

"Cost of badge is more than compensated for by reduced parking charges in most places"

Ability to pay:

“I am extremely grateful for having a Blue Badge and the proposed increase is minimal compared to the freedom it gives me. Therefore, I have no problem with paying a little more...”

- 87.5% of respondents and all seven of the respondent organisations “agreed” or “strongly agreed” with the proposal to increase the charge for replacement Blue Badges from £5 to £10. There was some concern expressed about the size of the charge however, if someone had had their badge stolen:

“I believe that I would only be affected if my Blue Badge had been stolen, and to be honest I think that I would be annoyed to have to pay for a replacement, in those circumstances, however if the loss was my own fault then I should pay for the replacement.”

- 78% of respondents agreed to the proposal that the Council automatically follows any national increases to the statutory maximum charges in this area, with four out of seven organisations agreeing
- 85% of respondents with four out of seven organisations felt that the proposed changes would have “little or no impact” on themselves and/or their families. Where impact was mentioned this was related to the additional costs of having a disability or being on a low income:

“I have a very small income - that will be eaten into. Yes, it's only a small amount... but. Typical to hit the people with the least - never hit the really wealthy people with cuts which would make little difference.”

3.6 Overall the sample of people responding to the consultation was well balanced.

- There was nearly an equal mix of genders with 53% of respondents being female
- 57% of respondents were aged over 65, with 23% aged between 55 and 64
- When asked about their employment status, 64% classed themselves as retired. 8.6% of respondents selected “Other”, the majority of these stated that they were disabled and not employed, instead of opting for the “unemployed” option given, where only 3% of respondents classed themselves as unemployed.
- The majority of respondents were White British; however there was at least one respondent in the most of the ethnic backgrounds.

3.7 When asked to comment on the impact the proposal would have the most frequent topics raised by respondents were:

- The benefits of the blue badge considerably outweighed the price;
- The proposed changes are too small, and they would be happy to pay more money for the badge;
- Fraudulent use of the badge should be monitored more closely;
- The increase will have a negative financial impact on holders with a low income (e.g. retired and unemployed people), with some stating that this

proposal penalises the disabled further when it is combined with other disability benefit cuts;

- Cost of replacing a stolen badge could be less than the cost of a replacement. A police crime report number could be given as evidence.
- Examples of alternative proposals the respondents gave include the following, although it is important to note that the Blue Badge scheme is Government led and so has very limited local flexibility over delivery:
- Issuing a short-time badge for the winter months, as some disabilities are worse in the colder weather;
- The badge could be means tested so that it does not adversely impact people of low incomes, allowing those who can to pay more for the badge;
- The issuing of badges could link in with the DLA or universal credit system

3.8 It is therefore proposed that the Committee approve the proposal to increase Blue Badge charges from April 2016 for new and replacement Badges to the maximum permitted under legislation.

3.9 An updated version of the Community Impact Assessment for this proposal is included as **Appendix C** of this report.

Short-term funding of the Directorate's transformation resource, as part of the Council-wide Corporate Capacity Review

3.10 As part of the proposals described in the October and November Business Planning reports to the Committee, it is being proposed that £150,000 of the savings required from Corporate Service are achieved through splitting out "core" functions from "transformation" functions within the directorate and funding these "transformation" functions through one-off resources rather than through base revenue funding.

3.11 Since this proposal was first developed, the new Chief Executive has launched a Corporate Capacity Review which will in effect widen the scope of the proposal for this directorate, across the entire Council.

3.12 As discussed with the Committee and Group Leaders, it is proposed that operational reserves from within Corporate Services are used to retain the "transformation" functions within the directorate whilst the Corporate Capacity Review is underway so that those working within transformation teams in Corporate Services are able to be included within the Corporate Capacity Review. The Corporate Capacity Review will be fully implemented during 2016/17.

Further Directorate revenue proposals

3.13 The remaining revenue proposals for Corporate and LGSS Managed Services are unchanged from those considered by the General Purposes Committee in October and November 2015. These are included within **Appendix A**, and the associated Community Impact Assessment is included as **Appendix D**.

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 has been

ongoing to revise and update the programme in light of changes to overall funding or to individual schemes. Any changes, if required, were presented to service committees in December.

- 4.2 The Council is still awaiting funding announcements regarding various capital grants which are expected to be made during January, plus the ongoing nature of the capital programme inevitably means that circumstances are continual changing. Therefore Services will continue to make any necessary updates in the lead up to the GPC meeting at which the full draft Business Plan is considered.
- 4.3 The Capital Programme Board is to review the phasing of the capital programme, which will result in changes to the programme and consequently changes to the revenue financing costs of the capital programme.
- 4.4 In light of the level of slippage that as occurred in the capital programme over the last three years, a programme board has been established to improve the governance around the construction and delivery of the capital programme.
- 4.5 No changes have been made to the Corporate and Managed Services capital programme since the December committee.

5. NEXT STEPS

January	General Purposes Committee meets to consider the impacts of the Local Government Finance Settlement
February	General Purposes Committee meets to consider the full Business Plan and recommend it to Full Council
February	Draft Business Plan for 2016/17 discussed by Full Council.
March	Publication of final CCC Business Plan for 2016/17. Ongoing work to deliver savings proposals.

6. ALIGNMENT WITH CORPORATE PRIORITIES

6.1 Developing the local economy for the benefit of all

There are no direct implications for this priority. However, services provided through this directorate play a vital role in supporting the Council to achieve its priorities.

6.2 Helping people live healthy and independent lives

There are no direct implications for this priority. However, services provided through this directorate play a vital role in supporting the Council to achieve its priorities.

6.3 Supporting and protecting vulnerable people

There are no direct implications for this priority. However, services provided through this directorate play a vital role in supporting the Council to achieve its priorities.

7. SIGNIFICANT IMPLICATIONS

7.1 Resource Implications

Section 4 of this report outlines and summarises the financial implications of the proposals under corporate and managed services.

7.2 Statutory, Risk and Legal Implications

The proposals contained within this report span services that directly provide statutory functions, as well as services that support the Council as a whole to provide statutory functions.

7.3 Equality and Diversity Implications

Community Impact Assessments have been completed for these proposals and are attached as associated appendixes of this report.

7.4 Engagement and Consultation Implications

These proposals have been developed taking into account the responses Cambridgeshire communities gave through the Budget Challenge consultation, which incorporated an online survey as well as face-to-face engagement events across the county. Specific consultation has also been carried out around the proposal to increase charges for Blue Badges

7.5 Localism and Local Member Involvement

Local Members continue to be critical to the implementation of the Business Plan, and will play a central role in the shaping and delivery of corporate services to support the future organisation.

7.6 Public Health Implications

There are no direct implications for public health. However, services provided through this directorate play a vital role in supporting the Council to achieve its priorities.

Source Documents	Location
2015-16 Business Plan	http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2015_to_2016