GENERAL PURPOSES COMMITTEE: MINUTES

Date: Tuesday, 2nd February 2016

Time: 2.05p.m. – 4.10p.m.

Present: Councillors Bailey, Cearns, Count (Chairman), Criswell, Divine (substituting for Councillor Bullen), Harty (substituting for Councillor I Bates), Hickford, Hipkin, Jenkins, McGuire, Nethsingha, Orgee, Reeve, Schumann (substituting for Councillor D Brown), Tew, Walsh and Whitehead

Apologies: Councillors Bates, D Brown and Bullen

197. DECLARATIONS OF INTEREST

There were no declarations of interest.

198. MINUTES – 14TH JANUARY 2016 AND ACTION LOG

The minutes of the meeting held on 14th January 2016 were agreed as a correct record and signed by the Chairman. The Action Log and following updates were noted:

- Item 189: the Chief Finance Officer (CFO) reported that detailed proposals to be presented to the Committee regarding the associated costs of implementing the new Operating Model for Business Planning were still ongoing. **Action Required.**

- Item 194: the Chairman reported that the Greater Cambridge Greater Peterborough Partnership were happy to sign the Accountable Body Agreement subject to confirming the budgets to fund local authority functions in supporting the Local Enterprise Partnership (LEP). The LEP budgets for 2016-17 were currently being finalised. **Action Required.**

199. PETITIONS

No petitions were received.

200. MUNICIPAL BONDS AGENCY UPDATE

The Committee received an update on the Municipal Bonds Agency (MBA). The Council had become a shareholder in the MBA following approval at a Council meeting to invest £400k equity. A local authority in order to be able to borrow from the MBA had to accept the terms of the Framework Agreement and grant joint and several guarantee, which meant guaranteeing all the existing finance obligations of the MBA and future obligations which were entered into. Counsel's opinion as to whether local authorities could lawfully enter into the Framework Agreement and Guarantee and borrow from the Agency had been sought and was attached as a confidential appendix. Counsel had concluded that local authorities did have the power, in principle, to enter into the arrangement envisaged by the Framework Agreement. Attention was drawn to the risks which were minimal.

In welcoming the report, Members asked a number of questions which received the following responses:

- acknowledged that borrowing costs were at an historic low. However, the Public Works Loan Board (PWLB) was charging local authorities above the base rate. There were therefore still margins of approximately 0.1% for local authorities to have even though rates were low. Borrowing would be open to local authorities, initially shareholders, and the risk of default would be predicated on an assessment carried out by the Bonds Agency.

- the MBA was asking local authorities to identify their borrowing needs before going to the market. Apart from individual local authority borrowing limits and the ability to repay, there would be no cap.

- a reduction in the borrowing rate of 0.1% would result in a saving of £0.5million applied to the whole borrowing base.

- acknowledged that there was a corporate risk but it was a low level risk based on the scale of exposure and likelihood.

- Cambridgeshire County Council would be the first authority to take this proposal through its governance arrangements. However, it had been well received by other local authorities with 56 seeking to become shareholders.

- no shareholder would be exposed to an authority defaulting on a loan. The liability would lie with the borrowers and would be based on the proportion of overall borrowing. However, it was important to bear in mind what would happen if a local authority defaulted on a loan. The authority would first be required to look at its current expenditure, revenue streams and call on its reserves. The Section 151 officer might than be required to issue a Section 144 Statement which would mean the authority was effectively bankrupt. This statement would freeze expenditure apart from contractual commitments. The authority would be required to consider where it could stop spending taking into account its statutory responsibilities. It was important to bear in mind that there was a significant amount of governance review before default and possible government intervention.

- the provision detailed in 4.5 to mitigate the risk identified in the report would apply to every loan application.

It was resolved unanimously to:

1. Recommend to Council that they note:

    a) The risks of entry into the Framework Agreement and Guarantee, and undertaking borrowing from the UK Municipal Bonds Agency; and

    b) The Counsel opinion of Jonathan Swift QC

2. Recommend to Council that they approve entry into the Framework Agreement and accompanying Schedules (Document 3 of the Documents Package within confidential Appendix A: Documents Package) listed:

c) Schedule 1: Form of Authority Accession Deed
d) Schedule 2: Form of Guarantee
e) Schedule 3: Loan Standard Terms
f) Schedule 4: Form of Loan Confirmation

3. Subject to the above, delegate authority to the Council's Section 151 Officer and Monitoring Officer to execute all the necessary contractual arrangements, including the Framework Agreement, Guarantee and Schedules listed in recommendation number 2.

Councillor Reeve declared a non-statutory disclosable interest under the Code of Conduct, as Deputy Chairman of the Local Government Association.

201. MINIMUM REVENUE PROVISION POLICY

The Committee received an update on the Minimum Revenue Provision Policy for 2015-16 and the weighted average useful life of the assets on the Council's balance sheet. Members were reminded that they had considered a report on the MRP at their meeting in December which had included two options - a straight line basis over 50 years or an annuity method over 50 years. Officers had been asked to calculate an estimate for the average life of assets held on the Council's balance sheet so that this could be used in the calculation for the annual provision, rather than 50 years. Attention was drawn to section 2.6 detailing useful lives for various categories of asset used in the annual calculation. The evaluation of the assets on the Council's balance sheet as at 31st March 2015 had resulted in an estimated average life (remaining) of 43 years. It was noted that this funding had not been included in the base budget for 16/17 onwards instead it would be put in the transformation fund to help reduce operating costs. Following a request from Councillor Nethsingha, the CFO tabled a graph detailing the impact of the annuity method on a year by year basis

In considering the report, Members made the following comments:

- queried how officers calculated the asset life. The CFO acknowledged that they had to make a judgement and use what they felt was appropriate. He added that he hoped new build would last longer than 44 years.

- highlighted the need to recalculate at 50 years and not 45 when reviewing every five years. The CFO acknowledged that this was a decision for Committee.

- expressed concern that the authority was effectively moving the debt burden to the future. However, it was acknowledged that the authority's financial situation made this necessary. The Chairman informed the Committee that the life span of these assets meant that future generations would also benefit from capital assets such as new schools and better roads. It therefore seemed more appropriate funding them should be recovered over their lifespan. However, he reminded the Committee he had asked that a specific question be put to the committee to review this policy again in five years to ensure the policy, methodology and asset lives used were all still appropriate.

- queried the wording of the recommendation. The CFO informed the Committee that it could change the policy at any time during the financial year and this recommendation applied to this financial year 2015/16. The fundamental review would take place in five years, however the Chairman added that the policy would automatically be reviewed every year as part of Communities and Local Government Regulations.

It was resolved unanimously to:

- recommend full Council approve the Minimum Revenue Provision Policy for 2015-16.

202. BUSINESS PLAN 2016-17

In pursuant to S.33(2)(c) of the Localism Act 2012, the monitoring officer exercised his discretion to grant a dispensation to all elected members of Cambridgeshire County taking part in the debate on the council's business plan during the General Purposes Committee meeting on the 2nd February 2016.

The Chairman received confirmation from every Policy and Service Committee Chairman/woman and the Vice-Chairman of the Economy and Environment Policy and Service Committee that all of their committees development of business planning proposals to date had taken into consideration associated Community Impact Assessments and that due regard had been given to the three aims of the Public Sector Equality Duty.

The CFO presented the Council's Business Plan covering the period 2016-17 in detail, and 2017-18 through to 2020-21 in outline for Committee recommendation to Council for approval. He drew attention to the reinstatement of proposals by Policy and Service Committees at Section 2.3. He reminded Members that the Business Plan was based on the Government's grant settlement which was still provisional. It was likely that the settlement would be confirmed within the next few days. It was important to note that no significant changes were expected despite pressure from Shire Councils which had lost out disproportionately to city and urban authorities.

The Committee was reminded that it had notified the Secretary of State that the Council was 'not minded' at this state to set the additional Adult Social Care precept on Council Tax. Given the late notification, the cost of the National Living Wage which the Council had expected the Government to grant fund would therefore be funded by the 2015-16 underspend. It was noted that an assumption had been made that the Council would not accept the Government's offer in future years.

Members were informed that there were still proposals, some of which had a high risk of deliverability, which needed to be worked on. It was noted that there would be some reshaping of the budget after it had been approved. The Chairman added that this would not make any difference to the total amount of budget spend agreed by Council in February.

Councillor Walsh proposed the following amendment – That the Section 151 Officer writes to the Secretary of State of the Department for Communities and Local

Government that Cambridgeshire County Council was minded to accept the Social Care Precept at 2% for 2016-17. The Chairman informed the Committee that this amendment would effectively rescind the recommendation agreed by the Committee at its last meeting.

In accordance with Part 4 - Rules of Procedure, Part 4.4 - Committee and Sub-Committee Meetings, Section 17.1 Motion to Rescind a Previous Decision of the Council's Constitution, the amendment to rescind the decision made at the last meeting of General Purposes Committee could not be moved as it was not supported by at least half of the members of the Committee.

Councillor Reeve proposed an amendment, seconded by Councillor Tew, to not increase Council Tax by 1.99% but instead use reserves giving the residents of Cambridgeshire a Council Tax freeze. On being put to the vote the amendment was lost.

In considering the report, Members made the following comments:

- queried whether the decision to not accept the Social Care Precept would be binding for future years. The CFO reported that it was not binding. However, the Government had not yet published regulations in relation to this issue. It was suggested that the fact it would be reviewed every year should be reflected in Section 2 (page 75), fifth bullet, of the Business Plan. With the agreement of the Committee, the Chairman proposed that this amendment be delegated to officers. **Action Required.**

- the need to clarify on paragraph two of page 79 the situation regarding the last spending review**. Action Required.**

- the need to provide more detail regarding the effective use of assets as set out on page 61. The CFO added that the Council would be producing a Strategic Estates Strategy. **Action Required.**

- highlighted the need for the Council to take the extra 2% for social care. Some members expressed disappointment that the Council was not taking this funding particularly as it had been publicising the financial crisis facing the Council. It was also asking Parish Councils to step up to the plate but was not doing its own bit in relation to taking the funding for social care which was needed by both the Council and the health system. It was hoped that some members would reconsider their position when the Council reached a budget impasse.

- queried why lollipop people were not included in table 2.3. It was noted that they were being funded via a different route. The Chairman asked for this information to be included before Council on 16 February. **Action Required.**

- highlighted the fact that officers, following the decision not to accept the Social Care Precept, had pulled back on cutting a number of areas originally put forward as they were not achievable such as Recycle for Cambridgeshire and Peterborough (RECAP). The Chairman clarified that some proposals in the Business Plan still had a risk and those reinstated had been member led through the committee system. The Chairman of RECAP reported that he had requested that RECAP be put back in as £18k could help reduce landfill costs of £8m.

- highlighted the fact that it was incumbent on all political groups to work together to achieve a compromise position. Given the nature of the cuts, it should not be an ill natured debate. The Leader of the Labour Group reported that he would consider a compromise option.

- highlighted a number of areas in the Business Plan. One Member drew attention to the fact that the Council was now in the position of considering the unthinkable as its choices were stark but it had a statutory responsibility to set a balanced budget. He drew attention to the need to ensure that cuts affected the most vulnerable least. He highlighted the increase in population of 25% over the next 25 years with a change in the age profile with the number of over 65s doubling over the next 20 years, which would create an unprecedented demand on social care services for the elderly. He reported that the Council had to achieve £123m of savings over the next five years which would involve it taking tough decisions on which areas to prioritise. There were now minimal efficiencies to be made and the budget challenge would have to be met through service reductions. He also drew attention to significant cuts forecast to the Revenue Support Grant which was expected to be obsolete by 2019-20. Finally he expressed concern that despite all these issues the Council was not accepting the Social Care Precept of 2%.

- reported that the Council was not asking Government for 2%, it would instead be taxing its residents. Consultation had identified that only 25% of people were prepared to pay above a 4% increase in Council Tax. One Member reported that many households could not afford to pay an increase in Council Tax. He queried whether the City Council's lack of ability to collect Council Tax was due to that reason. He acknowledged comments about efficiencies but highlighted the fact that it was now more about transforming services. The Chairman stressed the importance of keeping tax burdens low but highlighted the fact that Cambridgeshire remained underfunded. As Leader of the Council, he would continue to make the case for Cambridgeshire but as Leader of the Conservative Group he had to be mindful of the tax burden on local residents.

- highlighted the lack of clarity around the impact of cutting £63k to community transport providers to fund half the fare of those users who had bus passes. Councillor Bailey, a member of the Total Transport Steering Group, reported that she had investigated funding for three providers covering Fenland, Huntingdonshire and East Cambridgeshire. She was concerned that it was not clear what this cut would mean to providers and users. She drew attention to the way community transport users had been consulted about this budget reduction as some had clearly thought the service was being withdrawn. She reported that she was not advocating that the Council should fund community transport in total as many users were ex motorists who were use to funding their own transport. It appeared that providers had received late notice and no consultation and it was not clear how it would impact on their ability to continue. The Chairman drew attention to the Community Impact Assessment on page 328 which detailed the number of people who had been consulted. He requested that more work take place to investigate the loss to operators before the budget was agreed. **Action Required.**

Before putting the recommendation to the vote, as permitted under Part 4 - Rules of Procedure, Part 4.4 - Committee and Sub-Committee Meetings, Section 18 Voting of the Council's Constitution, all members of the committee requested a recorded vote.

It was resolved <u>not</u> to:

1. Consider the Business Plan, including supporting Budget, Community Impact Assessments, Consultation Responses and other material, in the light of all planning activities undertaken to date. *(Note – the Chairman took a vote on the recommendations on block. As detailed in the above minute, this recommendation was actioned)*

2. Recommend to Council the following:

   a. That approval be given to the Service/Directorate cash limits as set out in each Service/Directorate table in Section 3 of the Business Plan.

   b. That approval be given to a total County Budget Requirement in respect of general expenses applicable to the whole County area of £764,225,000 as set out in Section 2 Table 5.3 of the Business Plan.

   c. That approval be given to a recommended County Precept for Council Tax from District Councils of £253,238,306.80 (to be received in ten equal instalments in accordance with the fall-back provisions of the Local Authorities (Funds) (England) (Amendment) Regulations 1995), as set out in Section 2, Table 5.3 of the Business Plan.

   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 (217,164), as set out in Section 2, Table 5.4 of the Business Plan reflecting a 1.99% increase in the County Council element of the Council Tax:

Band	Ratio	Amount (£)
A	6/9	£778.02
B	7/9	£907.69
C	8/9	£1,037.36
D	9/9	£1,167.03
E	11/9	£1,426.37
F	13/9	£1,685.71
G	15/9	£1,945.05
H	18/9	£2,334.06

   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 in Section 2 of the Business Plan.

f. That approval be given to the Capital Strategy as set out in Section 6 of the Business Plan.

g. That approval be given to capital expenditure in 2016-17 up to £185.8m arising from:
   - Commitments from schemes already approved; and
   - The consequences of new starts in 2016-17 shown in summary in Section 2, Table 5.9 of the Business Plan.

h. That approval be given to the Treasury Management Strategy as set out in Section 7 of the Business Plan.

i. That approval be given to the Prudential Borrowing Prudential Indicators as set out in Appendix 3 of Section 7 of the Business Plan.

3. Endorse the priorities and opportunities as set out in the Strategic Framework.

   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 2a to 2i 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.

[Councillors Bailey, Count, Criswell, Harty, Hickford, McGuire, Orgee, Schumann voted in favour; Councillors Cearns, Divine, Hipkin, Jenkins, Nethsingha, Reeve, Tew, Walsh and Whitehead voted against]

[Note – the Business Plan will now proceed to full Council on 16 February 2016 without a recommendation from General Purposes Committee]

203. CUSTOMER SERVICES TRANSITIONAL FUNDING

The Committee was asked to consider the use of transitional funding to underpin the current operation of the Contact Centre. Attention was drawn to the background to the Contact Centre, which was identified as 'First Point of Contact' in the Council's new Operating Model. The Council was proposing to review how the Centre operated. A business case would be put together on an 'Invest to Transform' basis to bring forward the re-design of the Contact Centre as part of the Council's wider work in supporting its customers to receive the information or support they required the first time they contact the Council. It was expected that a period of up to a year would be required to review future resource requirements which would be considered by the Committee. In the meantime, some transitional funding was required to underpin the current operation of the Centre. Diminishing resource and increased workload had impacted on performance.

In considering the report, Members made the following comments:

- queried whether the Contact Centre would receive any of the £330k allocated by Adults Policy and Service Committee for a multi-disciplinary team to be established in the Centre. The Director Customer Service and Transformation reported that this funding would not be allocated to Customer Services Advisors. Although work with Adults Services would require Customer Services Advisors to have a deeper and more developed role.

- expressed concern at the pace of change particularly as it could take a year to complete the review. Members were informed that it was expected that a bid for transformation funding would be submitted within the next couple of months. The CFO reported that a year was the maximum timescale; it was expected to be completed before then. It was noted that the use of the transformation fund would be considered by the Investment Review Group which would then recommend proposals to GPC for approval.

- highlighted the need for the Centre to take on work for other partners such as the Clinical Commissioning Group.

- highlighted the fact that transformation was not necessarily quick or always cheaper. The CFO reported that the Contact Centre was a good example of where the Council could invest resources in the front end to reduce operating costs in the back end and avoid high cost professionals undertaking routine activities.

- queried the role of the Learning and Development/Quality Assurance Co-ordinator It was noted that the job was being re-evaluated. Members were informed that the role had been removed in 2012 to contribute to savings. Given the interest from Services for the Centre to be 'the first point of contact', the role was needed to train operators particularly as the operational management team were busy managing the vast number of projects.

- queried whether people were being steered to the Contact Centre first rather than digital first. The Chairman drew attention to section 1.4 where officers were reviewing how residents made first contact. The Committee was informed that the Centre did not deliver functionality if services were available online. Officers were confident that the digital strategy was working in practice.

It was resolved to:

- Support the use of transitional funding of £382,309 to underpin the current operation of the Contact Centre, whilst a business case for the transformation of the Contact Centre is developed as part of a wider review of our Customer Strategy.

204. CORPORATE RISK REGISTER UPDATE

The Committee considered a report detailing the current status of corporate risk. The Risk Register had been reviewed by Strategic Management Team, Group Leaders and Audit and Accounts Committee. It was scheduled to be reviewed by the officer group who would consider all comments raised.

With reference to Actions 1a and 1b, it was noted that the action status was green but the risk score was red. It was also suggested that the CFO should be identified as the owner of this risk. In relation to Risk 29, it was suggested that it should be 'Failure to reduce inequalities in the county' rather than address. The Chairman highlighted the distinct lack of action in relation to this risk. He also informed the Committee that the Children and Young People Policy and Service Committee would be reviewing the Children Risk Strategy as it had some concerns. Finally he queried the need to change actions associated with pandemic to epidemic.

It was resolved unanimously to note the position in respect of corporate risk.

205. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 30TH NOVEMBER 2015

The Committee received a report detailing the financial and performance information to assess progress in delivering the Council's Business Plan. It was noted that the overall revenue budget position had improved since the last meeting and was now showing a forecast year end underspend of £3.6m. The CFO reported that he expected this underspend to be in excess of £5m by the end of March. However, it was important to note that the increase was primarily due to spending on Mental Capacity Act/Deprivation of Liberty Safeguards which had been at a significantly lower level than anticipated due to the shortage of available assessors nationally. The Capital Programme was also showing a forecast year end underspend.

The Chief Executive highlighted the further work needed to review key performance indicators to make them outcome based. It was noted that there were some indicators where the Council had no direct impact. It was proposed to hold a workshop setting outcome based indicators relating to work. The Chairman highlighted the need to review the RAG rating as the amber rating was not seen in a positive light. He drew attention to the proportion of children in year 12 taking a place in learning where the target was 96% and the Council had achieved a creditable 94.4% but an amber rating implied the Council was somehow not performing.

It was resolved unanimously to analyse resources and performance information and note the remedial action currently being taken and consider if any further remedial action is required.

206. FINANCE AND PERFORMANCE REPORT – NOVEMBER 2015

The Committee was presented with the November 2015 Finance and Performance report for Corporate Services and LGSS Cambridge Office. The CFO reported that the projected overspend in the LGSS Managed budget was due to delays in finalising Castle Court which had now been completed.

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

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

The Committee considered its agenda plan, training plan and appointments to outside bodies, partnership liaison and advisory groups, and internal advisory groups and panels. In relation to its next meeting on 15th March, it was noted that item 5 had been moved to May and item 6 would be rescheduled. An item on the Total Transport Pilot Scheme had been added.

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