

OVERVIEW OF BUSINESS PLANNING PROPOSALS

To: Highways and Community Infrastructure Committee

Date: 9 December 2014

From: Graham Hughes, Executive Director, Economy, Transport and Environment; Chris Malyon, Chief Finance Officer

Electoral division(s): All

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

Purpose: To update the Highways and Community Infrastructure Committee on the Business Planning Process and make associated recommendations

Recommendation: The Highways and Community Infrastructure Committee is requested to:

- a) note the remaining milestones in the Business Planning Process;
- b) confirm the potential use of additional funding identified through the General Purposes Committee on 2 December 2014 as set down in paragraph 3.4 of this report for inclusion in the budget for the Committee to be considered by General Purposes Committee on 27th January 2015.

Officer contact:

Name:	Graham Hughes
Post:	Executive Director: Economy, Transport and Environment
Email:	Graham.hughes@cambridgeshire.gov.uk
Tel:	01223 715660

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 This report provides the latest position on the Council's Business Planning Process. This includes an update on the financial overview, proposals agreed by service committees, the consultation process, and the Strategic Framework.
- 1.3 The Committee is asked to note the remaining milestones in the Business Planning Process, which are:
- **GPC 6 January** – report on Local Government Finance Settlement, and any feedback from Service Committees in December
 - **GPC 27 January** – GPC recommends full draft Business Plan to Full Council (all sections)
 - **Full Council 17 February** – draft Business Plan debated by Council (there is a reserve Council date on 20 February)
- 1.4 The Medium Term Financial Strategy (MTFS) and the 2015-25 Capital Strategy have both previously been agreed by GPC, and so will not be reported to GPC again until 27 January.

2. FINANCIAL OVERVIEW

- 2.1 Across the full five years of the Business Plan savings of £121.6m are required to balance the budget, with £32.4m of these in relation to 2015-16. The following table shows the total amount of savings / increased income necessary for each of the next five years, split by service block.

Service Block	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Children, Families and Adults	-25,238	-25,566	-19,288	-16,066	-7,173
Economy, Transport and Environment	-4,491	-5,339	-3,925	-2,882	-1,170
Public Health	-767	-141	-132	-759	-417
Corporate and Managed Services	-882	-1,402	-1,330	-318	-560
LGSS Operational	-1,043	-485	-1,037	-774	-390
Total	-32,421	-32,933	-25,712	-20,799	-9,710

- 2.2 In some cases services are able to increase locally generated income instead of cutting expenditure. For the purpose of balancing the budget these two approaches have the same effect and are treated in the same way.
- 2.3 Delivering the level of savings required to balance the budget becomes increasingly difficult each year. While Services have considered the gap across the full five year planning period when developing savings proposals, the focus has been on 2015-16 as it is a statutory requirement to present a balanced budget for the first year of the planning cycle. The remaining unidentified savings are as follows:

Service Block	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Children, Families and Adults	-	-13,752	-10,992	-15,666	-6,773
Children, Families and Adults (DSG funded)	-	-318	-361	-400	-400
Economy, Transport and Environment	-	-1,495	-917	-2,876	-1,170
Public Health	-	-140	-131	-758	-416
Corporate and Managed Services	-	-412	149	-47	-289
LGSS Operational	-	259	2	14	-390
Total	-	-15,858	-12,250	-19,733	-9,438

CAPITAL PROGRAMME UPDATE

2.4 The draft Capital Programme was reviewed individually by Service Committees in September, following that it 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; however, Services continued to work on the programme to update it for the latest known position which was summarised as part of the Service Committee reports in November. Several further amendments have been made which include the following changes to borrowing:

- Increase in scope for Optimising the benefits of IT for Smarter Business Working scheme (+£1.3m);
- Increase in scope for Conditions, Suitability and Maintenance due to identification of current commitments (£1m);
- Reduction in scope for Sawston Primary according to revised requirements (-£2.3m; -£3.5m overall);
- Increase in cost for Renewable Energy Soham (+£1.7m) for replacement of parts in later years, plus rephasing back 1 year (+/- £10.0m)
- Reduction in cost for Trinity School (-£1m);
- Reduction in cost for North West Cambridge Primary scheme (-£0.2m);
- Reduction in cost for Millfield Primary (-£0.3m);
- Rephasing/change of funding for Isle of Ely Primary (+£0.5m);
- Rephasing Northstowe 1st Primary scheme (+/- £1.7m);
- Rephasing of Early Years schemes (+/- £0.4m);
- Rephasing of Making Assets Count Market Towns Project (March) (+/- £0.2m); and
- Rephasing of Closed Landfill Sites (+/- £0.1m).

2.5 As a result, revised borrowing levels included within the draft Capital Programme result in the following levels of revenue debt charges:

Financing Costs	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
2014-15 agreed BP	39,227	43,577	44,382	44,870	-
2015-16 draft BP as per October committee cash limits	37,605	41,654	41,458	41,810	41,943
2015-16 draft BP as per current capital programme	36,443	41,154	42,535	42,601	42,744
Change since October	-1,162	-500	1,077	791	801

2.6 Despite the shortfall of £32m in Department for Education Basic Need funding as a result of the 2014-15 funding announcements, re-working, removing and rephasing schemes within the programme has actually managed to achieve a saving on the debt charges budget when compared to the 2014-15 Business Plan. Part of this saving has been

recycled through the cash limit allocation process to reduce Service savings targets and the remainder is currently being held as contingency against any unexpected changes in funding that may arise from the Local Government Finance Settlement in December and final Council Tax and Business Rates forecasts due from District Councils in January.

- 2.7 The Council is still awaiting funding announcements regarding various capital grants which are expected to be made during December, 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 January GPC meeting at which the Business Plan is considered.

3. PROPOSALS FOR USE OF THIS COMMITTEES ELEMENT OF THE £2.5m BUSINESS PLAN FUNDING

- 3.1 During this year's business planning cycle the General Purposes Committee (GPC) retained £2.5m revenue funding so that it could be allocated against significant pressures as they emerged. This £2.5m had originally been presented to GPC as an over-provision of revenue funding through the 2014-15 business planning cycle.
- 3.2 On 2 December the GPC met and agreed the allocation of this resource. This has resulted in an additional allocation to Economy, Transport and Environment (ETE) of £0.5m with the balance for Children, Families and Adults. Within ETE, the allocation of the additional funding needs to be agreed between the two relevant Committees – this one and Economy and Environment.
- 3.3 Previous discussions within the two Committees have identified the four areas of the proposed budget savings that if reprieved, could make a significant difference to local communities and be in accordance with the Council's priorities. These are as follows, with shaded items being those under the control of Economy and Environment Committee and un-shaded items being under the control of this Committee.

Proposal	Impact
Winter Maintenance	The proposed budget saving of £300,000, after efficiencies of £450,000 would result in a reduction of the road network gritted from 44% to 32%. Reinstatement of the £300,000 would protect gritting routes.
Street lighting	This proposed saving of £240,000 would see all eligible street lights being switched off at 12 midnight. Reinstatement of up to £80,000 of this would allow lights to stay on until 2am. Variations are possible, for example only certain lights being extended past midnight that would reduce significantly the amount of additional funding that is needed.
Community Grants in Trading Standards	The proposed saving is £15,000 in each of the next three years. Reinstatement of the first of these reductions will provide more time to work with the organisations receiving the grants to develop alternative funding sources.
Fenland Learning Centres	The proposed saving is £179,000. Reinstatement of this funding will protect courses for up to 1,500 learners in Fenland.

- 3.4 With the additional funding that has been made available by the General Purposes Committee and the information contained in the table above, whilst not all of the proposed budget areas can be reinstated, it is suggested that the following changes be made to the proposed budget for the two Committees:

- £300,000 for winter maintenance to protect gritting routes;
- £15,000 for community grants;
- £179,000 for Fenland Learning Centres to protect the existing numbers of learners;
- £6,000 for street lighting to provide extended lighting beyond midnight in a restricted number of locations where there are high levels of late night activity; these locations to be considered in liaison with the police and local councils, and potential flexibility on the times of lighting in other areas.

3.5 Committee is asked to approve this proposed allocation of the additional funding made available by General Purposes Committee, to incorporate it into the budget approved by this Committee on 18 November 2014 and recommend this to General Purposes Committee on 27 January 2015.

4. ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

The services discussed in this report play a significant role in developing the local economy. The winter maintenance service allows people to access employment and services, and the Fenland Learning Centres provides significant amounts of training for local people. Without these it would be more difficult to meet our objectives for economic growth and prosperity.

4.2 Helping people live healthy and independent lives

Access to employment and services is a vital part of allowing people to maintain active and healthy lives. The proposals in this paper will contribute towards that objective.

4.3 Supporting and protecting vulnerable people

The services noted for funding in this report play an important part in supporting vulnerable people in our community. Winter maintenance (gritting) allows access to employment, training and vital services and the Fenland Learning proposals for example will allow the provision of basic employability skills.

5. SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

There are significant resource implications associated with the proposals set out in the current Business Plan and that we are considering for future years. Our proposals seek to ensure that we are using the most effective use of available resources across the range of ETE services. The proposals contained in this report will allow some of the most vital services that we provide and which could have been cut to continue to be funded.

5.2 Statutory, Risk and Legal Implications

The proposals set out in this report respond to the statutory duty on the Local Authority to deliver a balanced budget. There are no other significant implications.

5.3 Equality and Diversity Implications

The size of the financial challenge means that services will need to continue to seek to improve their effectiveness, but the level and range of services that can be provided is generally reducing. The scale of the savings requires a fundamental review and change of service provision that will lead to very different way of working across ETE Services compared to current arrangements. Further details are contained in the CIAs that were considered at the October H&CI Committee meeting.

5.4 Engagement and Consultation Implications

Our Business Planning proposals are informed by our knowledge of what communities want and need. No specific consultations on the proposals contained within this report have been undertaken, but from discussions with Members they are high priorities should additional funding become available as it has.

5.5 Localism and Local Member Involvement

Our Business Planning proposals, particularly in the latter years, are predicated on empowering communities (both geographical and of interest) to do more for themselves, as we shift our focus from meeting the needs of individuals to supporting communities and families. The proposals in this report will protect some of the services where this sort of activity will be more difficult to undertake.

5.6 Public Health Implications

Access to jobs, services and leisure activities is important to individual health and wellbeing and the proposals in this report will help to promote that. In terms of the street lighting proposals in particular, this has the potential to give people in key parts of the county, a greater perceived sense of personal safety

Source Documents	Location
The 2014/15 Business Plan	http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2014_to_2015