

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

**To: General Purposes Committee**

**Meeting Date: 20 December 2016**

**From: Sue Grace, Corporate Director  
Chris Malyon, Chief Finance Officer**

**Electoral division(s): All**

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

**Purpose: This report provides the Committee with an overview of the draft Business Plan revenue and capital proposals for Corporate and LGSS Managed Services and cross-Council proposals that are within the remit of the General Purposes Committee.**

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

- a) note the overview and context provided for the 2017/18 to 2021/22 Business Plan revenue proposals for the Service, updated since the last report to the Committee in October.**
- b) comment on the revenue savings proposals that are within the remit of the General Purposes Committee for 2017/18 to 2021/22.**
- c) comment on the changes to the capital programme that are within the remit of the General Purposes Committee.**

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## 1. OVERVIEW

1.1 The Council's Business Plan sets out how we will spend our money to achieve our vision and priorities for Cambridgeshire. Like all Councils across the country we are facing a major challenge. Our funding continues to reduce whilst our costs continue to rise. Those increases are driven by inflationary and demographic pressures. As the fastest growing county in the country the pressures of demography are far greater in this county than elsewhere.

1.2 The Council has now experienced a number of years of seeking to protect frontline services in response to reducing Government funding. Looking back, we have saved £68m in the last two years and are on course to save a further £41m this year (2016/17). As a result, we have had to make tough decisions over service levels during this time. Over the coming five years those decisions become even more challenging. That is why this year the Council has adopted a new approach to meeting these financial challenges, which builds upon the outcome-led approach that was developed last year.

1.3 The Council last year established the strategic outcomes it will be guided by throughout the Business Planning process, which are outlined on the right. Early in the process this year, a number of Transformation Programmes have been established to identify the specific proposals that will meet these outcomes within the resources available to the Council.

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

1.4 These Transformation Programmes are the lens through which this year's Business Planning Process has been approached, and will feature in the material considered by Members in workshops and Committees. There are 11 Programmes, made up of "vertical" service-based Programmes, and "horizontal" cross-cutting Programmes:

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

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

## 2. FINANCIAL OVERVIEW

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

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

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

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

- 2.3 In some cases services have planned to increase locally generated income instead of cutting expenditure. For the purpose of balancing the budget these two approaches have the same effect and are treated in the same way.
- 2.4 Delivering the level of savings required to balance the budget becomes increasingly difficult each year. Work is still underway to explore any alternative savings that could mitigate the impact of our reducing budgets on our front line services, and Business Planning proposals are still being developed to deliver the following:

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

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

- 2.5 The level of savings required is based on a 2% increase in Council Tax, through levying the Adults Social Care precept in all years it is available (up to and including 2019-20), but a 0% general Council Tax increase. This assumption is built into the Medium Term Financial Strategy (MTFS) which was discussed by GPC in July. For each 1% more or less that Council Tax is changed, the level of savings required will change by approximately +/-£2.5m.
- 2.6 There is currently a limit on the increase of Council Tax of 2% and above. Should Councils wish to increase their council tax above this it can only do so having sought the views of the local electorate in a local referendum. It is estimated that the cost of holding such a referendum would be around £100k, rising to as much as £350k should the public reject the proposed tax increase (as new bills would need to be issued). The MTFS assumes that the council tax limit of 2% and above will remain in place for all five years.
- 2.7 Following December service committees, GPC will review the overall programme in early January, before recommending the programme in late January as part of the overarching Business Plan for Full Council to consider in February.

### **3. TRANSFORMATION UPDATE**

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

Investments requested:

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

Savings aligned to workstreams:

Transformation Workstream	2017-18 £'000	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Finance & Budget Review	-5,041	-5	2,283	-10	-
Customer & Communities	-687	-606	-168	-27	-
Assets, Estates & Facilities Management	-174	-19	-19	-561	2
Commissioning	-8,429	-5,223	-2,506	-2,752	-
Contracts, Commercial & Procurement	-4,717	-3,978	-1,000	-	-
Workforce Planning & Development	-4,589	-3,668	-	-	-
Adult Services	-2,836	-1,457	-1,062	-1,057	-
Children's Services	-2,108	-1,834	-1,414	-1,157	-
Economy, Transport & Environment	-459	-135	-134	-127	-127
Corporate & LGSS	-468	-706	-619	-607	-566
Public Health	-606	-	-	-	-
Changes to fees, charges & ring-fenced grants	-1,154	14	-29	-29	-13
Proposals to be finalised	-2,340				
<b>Subtotal</b>	<b>-33,608</b>	<b>-17,617</b>	<b>-4,668</b>	<b>-6,327</b>	<b>-704</b>
Unidentified savings		-1,823	-12,224	-12,168	-9,879
<b>Total</b>	<b>-33,608</b>	<b>-19,440</b>	<b>-16,892</b>	<b>-18,495</b>	<b>-10,583</b>

#### 4. CAPITAL PROGRAMME UPDATE

- 4.1 The draft capital programme was reviewed individually by service committees in September and was subsequently reviewed in its entirety, along with the prioritisation of schemes, by General Purposes Committee in October. No changes were made as a result of these reviews, though work is ongoing to revise and update the programme in light of continuing review by the Capital

Programme Board, changes to overall funding or to specific circumstances surrounding individual schemes.

- 4.2 The Council is still awaiting funding announcements regarding various capital grants which are expected to be made during December/January, plus the ongoing nature of the capital programme inevitably means that circumstances are continually changing. Therefore Services will continue to make any necessary updates in the lead up to the January GPC meeting at which the Business Plan is considered.

## **5. OVERVIEW OF CORPORATE, LGSS MANAGED AND CROSS-COUNCIL DRAFT REVENUE PROGRAMME**

- 5.1 General Purposes Committee has led the redesign of the business planning process as detailed above (Section 1 of this report) and as a result will be considering cross-council proposals as well as proposals relating to Corporate and LGSS Managed Services.
- 5.2 **Appendix A** of this report outlines the proposals that have been developed along with other key financial information. Key lines within the table are:
- 5.3 **Base Adjustment C/R.1.008.** Following the completion of the Corporate Capacity Review Phase One an adjustment has been made to the base budget to support staff moving from other Directorates into Corporate Services.
- 5.4 **Council-wide demography (C/R4.007) and Contact Centre demography (C/R 3.001).** As per the agreement of General Purposes Committee at its meeting on 20 September 2016, this year the Council is taking a new approach to funding the impact of population growth on its services. Funding to meet the demands of general population growth, expected to be 1.4%, will be held centrally by GPC and provided to Services Committees as and when actual demography impact is felt and when the Service Committees request funding.
- 5.5 However, services that demonstrate they will experience an increase in demand above and beyond the 1.4% general population growth will receive additional demography funding. This is the case for the Contact Centre which is affected by a rise in the number of older people in Cambridgeshire above 1.4% this group tend to use Contact Centre services more than the wider population.
- 5.6 **Apprenticeship Levy (C/R4.005).** The Government's Apprenticeship Levy will come into force in 2017/18. This requires that large employers such as the Council pay 0.5% of their salary budget into a pool that will fund apprenticeship schemes nationwide. The expected cost of this for the Council is £500k. The Council is developing plans to increase apprenticeship opportunities across its services and therefore expects to access this national fund to support the development of apprenticeships across the Council.
- 5.7 **Elections C/R.4.006.** Following the decision to proceed with devolution across Cambridgeshire and Peterborough further work is taking place to confirm the costs of the 2017 County Council elections. We will work to maximise the economies of scale we can achieve with partners by running the Mayoral and County Council elections together.

- 5.8 **Investments** in section five of the table refer largely to investments that have either been approved by GPC as part of the Transformation Fund or are in the Transformation Pipeline for consideration later in the year. All investments are shown here to provide GPC with oversight of the entire Transformation Fund, although many of the savings related to these investments are shown within the Service Committee finance tables which “own” these savings.
- 5.9 **Savings** in section 6 are the savings that are “owned” by GPC. These include savings achieved through more effective contract management; through further organisational reviews and re-structures across the Council; and through the Citizen First Digital First programme which was approved by GPC in July 2016 and is supported by the Transformation Fund.
- 5.10 **C/R.6.109 and C/R.6.110** are savings achieved by capitalising the costs of the Transformation team and by further transformation savings that we expect to be brought forward for 2017/18.
- 5.11 All these proposals are subject to further consideration and development prior to approval at Full Council in February 2016 when the final proposals become the Council’s Business Plan.

## 6. OVERVIEW OF CORPORATE AND LGSS MANAGED DRAFT CAPITAL PROGRAMME

- 6.1 The capital programme is shown in full in **Appendix A** as part of the finance tables. Since the Capital Programme was presented in October there have been a number of significant changes to schemes:

**C/C.1.005 Capitalisation of Transformation Team** – This proposal was previously funded by revenue. We are now using the flexibility of capital receipts to fund these costs from capital instead of being funded by revenue.

**C/C.2.005 Microsoft Enterprise Agreement for CCC** – This scheme was agreed as part of the 2016-17 Business Planning process, with costs to be incurred in 2016-17, however it is now expected costs of £500k will now occur in 2017-18.

## 7. NEXT STEPS

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

January	General Purposes Committee will review the whole draft Business Plan on 10 <sup>th</sup> January and review again on 24 <sup>th</sup> January for recommendation to Full Council
February	Full Council will consider the draft Business Plan

## 8. ALIGNMENT WITH CORPORATE PRIORITIES

- 8.1 **Developing the local economy for the benefit of all**  
The Council’s business planning process, which is represented in this report, is the core way the organisation plans to meet its corporate priorities with the resources available in the coming five years.

## **8.2 Helping people live healthy and independent lives**

The Council's business planning process, which is represented in this report, is the core way the organisation plans to meet its corporate priorities with the resources available in the coming five years.

## **8.3 Supporting and protecting vulnerable people**

The Council's business planning process, which is represented in this report, is the core way the organisation plans to meet its corporate priorities with the resources available in the coming five years.

# **9. SIGNIFICANT IMPLICATIONS**

## **9.1 Resource Implications**

This report is about the business planning process so has a direct impact on resources.

## **9.2 Statutory, Risk and Legal Implications**

There are no significant implications within this category.

## **9.3 Equality and Diversity Implications**

These implications are set out in the Community Impact Assessments which accompany these proposals.

## **9.4 Engagement and Consultation Implications**

Consultation on the Business Plan has been carried out with the public and reported to the last meeting of GPC.

## **9.5 Localism and Local Member Involvement**

There are no significant implications within this category.

## **9.6 Public Health Implications**

There are no significant implications within this category.



## 10. SIGNIFICANT IMPLICATIONS

### 10.1

Implications	Officer Clearance
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Chris Malyon
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	No N/A
<b>Are there any Equality and Diversity implications?</b>	Yes these are set out in the Community Impact Assessments which accompany these proposals (Appendix B) Name of Officer: Sue Grace
<b>Have any engagement and communication implications been cleared by Communications?</b>	Yes Name of Officer: Mark Miller
<b>Are there any Localism and Local Member involvement issues?</b>	No N/A
<b>Have any Public Health implications been cleared by Public Health</b>	No N/A

Source Documents	Location
None	N/A