

**Agenda Item No: 8****SERVICE COMMITTEE REVIEW OF DRAFT BUSINESS PLANNING PROPOSALS  
FOR 2016/17 TO 2020/21**

**To:** Economy and Environment Committee

**Meeting Date:** 19 January 2016

**From:** Graham Hughes, Executive Director (Economy, Transport, Environment)

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 Economy, Transport and Environment (ETE), and specifically those that are within the remit of the Economy and Environment Committee.

**Recommendation:** It is requested that Committee:

- 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 November.
- b) comment on the draft revenue savings proposals that are within the remit of the Economy and Environment 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) comment on the changes to the capital programme that are within the remit of the Economy and Environment Committee and endorse them
- d) Note the ongoing stakeholder consultation and discussions with partners and service users regarding emerging business planning proposals

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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. This paper presents an overview of the proposals being put forward 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 analyzed 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 1.

## 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 (CFA)	-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
<b>Total</b>	<b>-42,956</b>	<b>-29,353</b>	<b>-21,162</b>	<b>-17,560</b>	<b>-10,326</b>

- 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.
- 2.3 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:

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

2.4 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.

2.5 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:

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

2.6 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.

2.7 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.

2.8 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

The following savings are also proposed to be removed:

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	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	
<b>Total</b>			1,229	0

### 3. OVERVIEW OF ECONOMY, TRANSPORT AND ENVIRONMENT'S DRAFT REVENUE PROGRAMME

- 3.1 In addition to the changes recommended by Committees and included in section 2 of this report, ongoing reviews of the business plan proposals by officers have resulted in further proposed changes. These are detailed in the table below and are also included in the budget tables at Appendix 2:

Ref	Title	Previous figures	Change
B/R.6.100	Replace traffic route and accrued streetlights with LEDs (Light-emitting Diodes)	2016/17 – £50k 2017/18 – £50k	Further analysis has shown that the original savings figures are unachievable and so these have been reduced by £13k to £37k in 2016/17 and by £36k to £14k in 2017/18
B/R.6.106	Downscale the team managing the Streetlighting Private Finance Initiative (PFI) contract	2016/17 - £70k	Reduced by £26k to £44k
B/R.6.114	Withdraw County Council funding for school crossing patrols	2016/17 - £202k	Further analysis has shown that it may not be possible to withdraw from all of the crossing patrols so this has been reduced by £80k to £122k
B/R.6.123	Remove RECAP (Recycling in Cambridgeshire & Peterborough) Funding	2016/17 – £37k	Further analysis has shown that continuing funding the RECAP Partnership but at a reduced level could give significant future savings in waste disposal costs for the Council so the saving has been reduced by £19k to £18k
B/R.6.125	Highways Reactive Maintenance	2016/17 – £364k	Increased by £88k to £452k to return the figure to that originally proposed
B/R.6.127	Replace traffic route and accrued streetlights with LEDs – Repayment of	2016/17 £0k	£47k. The overall cash limit has been adjusted to take account of this adjustment.

	Financing costs		
B/R.6.128	Road Safety projects & campaigns – savings required due to change in Public Health Grant	2016/17 £0k	£36k. This funding will be reduced from the Public Health Grant and the activity will reduce by a corresponding amount.
B/R.6.129	Review Trading Standards Public Health Activities – savings required due to change in Public Health Grant	2016/17 £0k	£15k
B/R.6.205	Remove one planning enforcement post	2016/17 - £30k	Further analysis of planning enforcement activity has shown that reducing capacity by one post will present significant risks to the Council so it is proposed that this proposal is removed.
B/R.6.213	Market Town Transport Strategy – savings required due to change in Public Health Grant	2016/17 £0k	£40k
B/R.6.214	Fenland Learning Service – Savings required due to change in Public Health Grant	2017/18 £0k	£90k
B/R.7.118	Review of charges across ETE	2016/17 £45k	Increased by £80k to £125k to fund the shortfall in B/R.6.114 Withdrawal of funding for school crossing patrols.

#### 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 (GPC) 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 may also result in changes to the programme and consequently changes to the revenue costs of the capital programme.
- 4.4 New proposal added, B/C.3.109 Replacement of accrued streetlights with LEDs. The cost of this scheme is £705k and is funded by repayable borrowing. This investment is linked to revenue savings proposals B/R.6.100 and B/R.6.127.

## 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

The services discussed in this report play a significant role in enabling the Council to achieve this priority. If services are cut then the impact on communities across Cambridgeshire could be severe. Further details are contained in the Community Impact Assessments (CIAs) that are being considered at the meeting.

### 6.2 Helping people live healthy and independent lives

The services discussed in this report play a significant role in enabling the Council to achieve this priority. If services are cut then the impact on communities across Cambridgeshire could be severe. Further details are contained in the CIAs that are being considered at the meeting.

### 6.3 Supporting and protecting vulnerable people

The services discussed in this report play a significant role in enabling the Council to achieve this priority. If services are cut then the impact on communities across Cambridgeshire could be severe. Further details are contained in the CIAs that are being considered at the meeting.



## **7. SIGNIFICANT IMPLICATIONS**

### **7.1 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 making the most effective use of available resources across the range of ETE services. The implications of the proposals will be considered throughout the Business Planning process and the Committee will be fully informed of progress.

### **7.2 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.

### **7.3 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 are being considered at the meeting.

### **7.4 Engagement and Consultation Implications**

Our Business Planning proposals are informed by our knowledge of what communities want and need. They will also be informed by the County Council public consultation on the Business Plan and will be discussed with a wide range of partners throughout the process (some of which has begun already). Community Impact Assessments (CIAs) on those 2016/17 proposals where they are needed are being considered at the meeting.

### **7.5 Localism and Local Member Involvement**

The proposals set out in this report 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. As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities. Communities will have varying degrees of capacity to address these issues and this will require further consideration. As part of this we will have detailed conversations with members about the implications of these proposals for specific localities.

### **7.6 Public Health Implications**

A number of the proposals within this report will have potential implications for public health. We are working closely with Public Health colleagues to ensure our emerging Business Planning proposals are aligned.

**SOURCE DOCUMENTS GUIDANCE**

<b>Source Documents</b>	<b>Location</b>
The 2015/16 Business Plan	<a href="http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2015_to_2016">http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2015_to_2016</a>