

**SERVICE COMMITTEE REVIEW OF THE FINAL DRAFT 2015-20 REVENUE PROPOSALS**

*To:* **Highways and Community Infrastructure Committee**

*Meeting Date:* **18 November 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:* **This report provides the Committee with an overview of the final draft Business Plan Revenue Proposals for Economy, Transport and Environment**

*Recommendation:*

- a) It is requested that the Committee note the overview and context provided for the 2015-20 Revenue Proposals for Economy, Transport and Environment**
- b) It is requested that the Committee comment on the final draft proposals for Economy, Transport and Environment's 2015-20 revenue budgets and endorse them**
- c) It is requested that the Committee consider the proposed levels of fees and charges for Economy, Transport and Environment in 2015-20 and endorse them**

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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. The Business Plan is reviewed each year by Members and Officers prior to consideration by Full Council each February. This report forms part of the process set out in the Medium Term Financial Strategy whereby the Council updates, alters and refines its revenue proposals in line with new savings targets. This committee considered draft revenue budget proposals for Economy, Transport and Environment at its October meeting. Since then, further work has been undertaken by officers to produce the final draft budget tables set out in **Appendix 1**.
- 1.2 Following consideration by this committee and incorporation of any revisions requested, final budget tables will be reviewed by General Purposes Committee in December before recommending the programme in January as part of the overarching Business Plan for Full Council to consider in February.
- 1.3 The Council is facing some cost pressures that could not be absorbed within the cost of those service areas without significant impact on the delivery of those services. These were reported to General Purposes Committee in September who agreed to note the pressures.

Service Block / Description	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
CFA: Young Carers – assessments and support	175	-	-	-	-
CFA: Deprivation of Liberty Standards	2,340	-1,540	-	-	-
CFA: Emergency Duty Team	300	-	-	-	-
CFA: Older People Service	3,000	-	-	-	-
ETE: City Deal - Adult Learning Skills	200	-	-	-	-
ETE: Waste PFI	916	336	319	341	-59
CS: Business Planning Support	50	-	-	-	-
CS: Reinstatement of Voluntary Sector Infrastructure Budget	48	-	-	-	-
CS: Exploitation of Digital solutions ( <i>investment</i> )	258	-	-258	-	-
<b>Total</b>	<b>7,282</b>	<b>-1,204</b>	<b>61</b>	<b>341</b>	<b>-59</b>

*Note: £50k CS: Business Planning Support pressure no longer required.*

- 1.4 At the October meeting of General Purposes Committee it was requested that, at this stage in the Business Planning process, budgets should be presented on the basis of services funding any pressures/investments being put forward. The committee will consider pressures/investments individually to determine whether they will be funded corporately by sharing the additional savings burden which this would give rise to across the Council. All Committee Chairs and Vice Chairs will bring forwarded their proposals to a General Purposes Committee workshop in November for further discussion prior to the formal General Purposes Committee meeting on 2 December 2014. Until the pressures/investments are reviewed by the committee, Service cash limits / savings targets have been amended to reflect this adjustment as shown below. The budget tables in Appendix 1 reflect these updated figures.

Service Block	2015-16 £'000	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Children, Families and Adults	-334	+667	+43	+242	-42
Economy, Transport and Environment	-58	-500	-311	-297	+52
Public Health	-	-49	+4	+22	-4
Corporate and Managed Services	+84	-69	+261	+19	-3
LGSS Operational	+308	-49	+2	+14	-2

## 2. SUMMARY OF THE FINAL DRAFT REVENUE BUDGET

- 2.1 In order to balance the budget, savings of £32.1m are required for 2015-16 and a total of £121.7m across the full five years of the Business Plan. 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	-764	-140	-131	-758	-416
Corporate and Managed Services	-882	-2,365	-443	-326	-568
LGSS Operational	-735	-793	-1,037	-774	-391
<b>Total</b>	<b>-32,110</b>	<b>-34,203</b>	<b>-24,824</b>	<b>-20,806</b>	<b>-9,718</b>

- 2.2 In some cases services have opted 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 following year. At this stage in the Business Planning Process 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	-	-13,572	-10,992	-15,666	-6,773
Children, Families and Adults (DSG funded)	-	-318	-361	-400	-400
Economy, Transport and Environment	-	-1,496	-917	-2,876	-1,170
Public Health	-	-	-	-	-
Corporate and Managed Services	-	-343	184	-31	-289
LGSS Operational	-	-	-	-	-388
<b>Total</b>	<b>-</b>	<b>-15,729</b>	<b>-12,086</b>	<b>-18,973</b>	<b>-9,020</b>

## 3. FEES AND CHARGES

- 3.1 Fees and charges are a very important source of income to the Council, enabling important services to be sustained and provided. As outlined in the Medium Term Financial Strategy, some fees and charges have not been

routinely reviewed by Council to consider how income generated through fees and charges can support the delivery of corporate objectives. Therefore, as part of this year's Business Planning process, a schedule of proposed fees and charges relating to the areas within their remit is being presented to each Service Committee for their review.

3.2 The schedule of fees and charges is set out in **Appendix 2**. The Highways and Community Infrastructure Committee is asked to consider the proposals for 2015-16 charges. The schedule outlines standard fees and charges levied to the public. It excludes:

- service user contributions where these are linked to their ability to pay;
- individually negotiated fees and charges and
- formally individually agreed leases.

3.3 The fees and charges policy, included within the Medium Term Financial Strategy considered by General Purposes Committee in September, can be found in **Appendix 3** for reference.

#### 4. CAPITAL PROGRAMME UPDATE

4.1 The draft Capital Programme was reviewed individually by Service Committees in September and has been subsequently reviewed in its entirety, along with the prioritisation of schemes, by General Purposes Committee in October. No changes have been made as a result of these reviews. However, Services have continued working on the programme to update it for the latest known position. These amendments include the following changes to borrowing:

- updates for the Ely Crossing scheme, including rephasing, increased cost (£1m) and reduction of other funding sources (£5m);
- updates to the general capital receipts estimates, including rephasing and increased receipts (-£1.7m);
- reduction in capital receipts for Morley Memorial school (£1m);
- increased cost for Maple Grove school as a result of including additional early years capacity (£1.1m);
- reduced cost for the Swavesey Village College expansion due to reduction in scope as the school cannot attract match funding (-£1.7m)
- addition of the Heritage Lottery Fund contribution scheme (£0.2m);
- removal of the St Peter's school, Huntingdon scheme (-£1.1m);
- updates to 2015-16 spend as a result of the revised 2014-15 forecast outturn position (i.e. rephasing) for various schemes; and
- updates to indexation for some school schemes.

4.2 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	36,716	41,554	42,283	42,354	42,501
<b>Change since October</b>	<b>-889</b>	<b>-100</b>	<b>825</b>	<b>544</b>	<b>558</b>

- 4.3 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.

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

### **REVENUE PROPOSALS**

- 5.1 There have been two changes to proposals since October Committees. These are outlined in paragraphs 5.2 to 5.5 below.
- 5.2 It is proposed to reduce the cut to the winter maintenance budget by £150k, and fund this by capitalising a further £150k of the revenue budget for road patching repairs.
- 5.3 This change would leave a £600k reduction in funding for the winter maintenance service in 2015/16 (compared with £750k previously proposed). Savings would be achieved through efficiencies, including route optimisation to reduce the fleet, leasing vehicles and improved forecasting information. Further savings would be achieved by reducing network coverage, and the overall effect of the proposed £600k reduction would be a reduction in the county's road gritted from 44% to 38%. This contrasts with the original proposal presented to Committee that would have reduced gritting to 31% of the network.
- 5.4 The second change is to address the £58k shortfall for 2015/16 identified in paragraph 1.4 above, which will also be addressed by capitalising a further £58k of the revenue budget for road patching repairs.
- 5.5 Increasing the amount being capitalised by £208k to £1,040k will have an impact on highway maintenance budgets in terms of needing to capitalise further revenue work. In turn this will affect the number of highway improvement schemes able to be delivered.

### **KEY RISKS**

- 5.6 Four key risks have been identified. These are outlined in paragraphs 5.7 to 5.9 below.
- 5.7 There is a risk associated with the review of the Waste PFI contract to identify future savings. This is a large and complex contract, and will require negotiations with the contractor.
- 5.8 A comprehensive review of library services will seek to deliver substantial savings through greater working with communities, leading to a reduction in Council provided services, further to previous savings of £2M. The scale, complexity and timescale of the review present a challenge, and there are associated risks in terms of deliverability.
- 5.9 As outlined above, capitalising road patching repairs presents a risk as there is a finite capital budget available, and this reduces the amount available for other infrastructure works.

- 5.10 There is a risk of not fully securing all predicted income from fees and charges.

## **FEES AND CHARGES**

- 5.11 The Business Plan 2013/14 outlined the need to review charges in ETE as part of a longer term strategy to ensure that we align our charging policies.
- 5.12 Building on the work started last year, and on the outcomes of ongoing income monitoring, ETE fees and charges have been reviewed and, if appropriate, revised, to ensure that the full cost of providing services is covered.
- 5.13 Increases in fees and charges will impact on those who pay them, but the following guiding principles were adopted when setting charges. These will help to mitigate against the risk of disproportionately affecting any particular groups of people:
- The user pays
  - The Council accepts some risk by setting realistic charges
  - Use benchmarking to compare with other authorities and mitigate risk
  - Ensure that that all aspects of overheads are included, and that this is done in a consistent way
  - Recognise that if we do not ensure full recovery of costs, services to the public will need to be reduced
  - It may be necessary to introduce a charge for a service in order to retain that service
  - Up-rate fees and charges by the Council's standard inflation rate each year where it is appropriate to do so.
- 5.14 As an example of the approach adopted, increases in highways charges are in line with those permitted by the associated legislation and substantiated by benchmarking against other Local Authorities. This includes charges made under the New Roads and Street Works Act, for example defect charges, and advertising traffic regulation orders as per the Traffic Regulation Act. These charges are required in order to ensure organisations working on the highway network give sufficient thought to the works they are carrying out. In turn this allows us as the Highway Authority to better manage the highway network, minimise disruption to road users and conform to the Network Management Duty placed on us under the 2004 Traffic Management Act.
- 5.15 A further example is the introduction of fees in Growth and Economy, which will ensure the County Council is able to continue to engage to provide discretionary pre-application advice relating to new development proposals which come forward in advance of the developers applying for planning permission..
- 5.16 All ETE fees and charges have been brought together in a single schedule that will be reviewed and updated each year as part of the Business Planning process. This is at appendix 2.

## **PROPOSED PERFORMANCE INDICATORS FOR THE BUSINESS PLAN**

- 5.17 As part of the Business Planning process, ETE has reviewed its full set of performance indicators. This includes the subset that will be included in the Strategic Framework section of the Business Plan.
- 5.18 A paper covering the proposed performance indicators is being considered on the same agenda.

## **6. NEXT STEPS**

- 6.1 The table below sets out the activity over the coming months to build the Business Plan for 2015/6 and the next four years. We will update the Committee on progress throughout the coming months.

December	Ongoing work to develop budget plan and deliver savings proposals.
January	General Purposes Committee review draft Business Plan for 2015/16.
February	Draft Business Plan for 2015/16 discussed by Full Council.
March	Publication of final CCC Business Plan for 2015/16. Ongoing work to deliver savings proposals.

## **7. ALIGNMENT WITH CORPORATE PRIORITIES**

### **7.1 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 CIAs that were considered at the October E&E Committee meeting.

### **7.2 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 were considered at the October E&E Committee meeting.

### **7.3 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 were considered at the October E&E Committee meeting.

## **8. SIGNIFICANT IMPLICATIONS**

### **8.1 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 implications of the proposals will be considered throughout the Business Planning process and the Committee will be fully informed of progress.

### **8.2 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.

### **8.3 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 E&E Committee meeting.

### **8.4 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 2015/16 proposals where they are needed were considered by the September meeting of the E&E Committee.

### **8.5 Localism and Local Member Involvement**

The proposals set out in this report, 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. As the proposals develop, we will have detailed conversations with Members about the impact of the proposals on their localities.

### **8.6 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	Location
The 2014/15 Business Plan	<a href="http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2014_to_2015">http://www.cambridgeshire.gov.uk/info/20043/finance_and_budget/90/business_plan_2014_to_2015</a>