

OVERVIEW OF BUSINESS PLANNING PROPOSALS

To: General Purposes Committee

Date: 2 December 2014

From: Director: Customer Service & Transformation/
Chief Finance Officer

Electoral division(s): All

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

Purpose: To update the General Purposes Committee on the Business Planning Process and make associated recommendations.

Recommendation: The General Purposes Committee is requested to:

- a) comment on the Business Planning proposals that have been approved by Service Committees;
- b) agree the Strategic Framework for the 2015-20 Business Plan;
- c) note the remaining milestones in the Business Planning Process;
- d) confirm the use of £2.5m funding held in retention for the Business Planning Process;
 - i) agree which of the distribution approaches, as set out in paragraph 5.3 of the report, should be adopted;
 - ii) delegate how the £2.5m should be used to the respective service committees.
- e) note and endorse the updates provided around revenue and capital funding for Customer Service & Transformation, and LGSS Managed services.

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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 This report for the General Purposes Committee (GPC) 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:
- **December Service Committees** – receive an update on the Business Planning Process
 - **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 this Committee 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 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. 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. SUMMARY OF BUSINESS PLANNING PROPOSALS (REVENUE)

- 3.1 General Purposes Committee has a coordinating and strategic oversight role in the Business Planning Process, and as such this report is an opportunity for GPC to comment on any of the business planning activity that has been discussed and approved by Service Committees. As outlined in paragraph 1.3 this is in advance of the 27 January GPC meeting when the Committee must recommend the Business Plan to Full Council.
- 3.2 The Strategic Framework is the section of the Business Plan which sets out the vision and priorities of the Council, alongside the ways in which we intend to achieve those with the resources we have available. This year the Strategic Framework has been updated to reflect the discussions and decisions of all Committees, and based upon consultation with Group Leaders.
- 3.3 The Strategic Framework includes the Key Performance Indicators that Committees have chosen to adopt, which this year features the indicators chosen in response to the Council's motion on tackling deprivation and reducing inequalities.
- 3.4 Proposals from all Committees are attached to this report as Appendix A (with associated Community Impact Assessments attached as Appendix B).
- 3.5 The draft Strategic Framework is included as Appendix C of this report.

4. CONSULTATION

- 4.1 The Council carries out an extensive consultation process to inform the business planning process. This consists of door-to-door surveys, an online survey, consultation with the business community and engagement with the voluntary and community sector.
- 4.2 The results of this consultation activity have been reported to Councillors through two Members' Seminar sessions, and have also been circulated to all Councillors on 17 November. The full set of consultation material can be found on the Council's website at: http://www.cambridgeshire.gov.uk/site/custom_scripts/cons_details.aspx?ref=319.

5. PROPOSALS FOR USE OF £2.5m BUSINESS PLAN FUNDING

- 5.1 Earlier in the business planning cycle this year GPC agreed the retention of £2.5m of revenue funding to be used pending proposals. This was intended as a resource to enable GPC to respond the emerging pressures during a significantly challenging budget setting process.

- 5.2 Following an informal workshop to explore current pressures and further engagement with Councillors, GPC are now asked to allocate the £2.5m in a targeted way that enables the resource to go towards services of most need. At this informal workshop Members received prioritised savings proposals for consideration against the available £2.5m. This informal process highlighted that within the Highways & Community Infrastructure Committee and the Economy & Environment Committee, a figure around £0.5m would allow for the mitigation of the most unpalatable savings proposals. This was complemented by feedback from representation of the Adults and Children's Committees.
- 5.3 At this informal workshop it was also discussed that a proposed saving of £300,000 (ref, A/R 6.204) against falls prevention should be considered as a Public Health initiative and therefore should be taken up by the Health Committee with the strong view to further support delivery of this saving.
- 5.4 Therefore it is recommended that the £2.5m fund be allocated to the Children, Families and Adults (CFA), and Economy, Transport and Environment (ETE) directorates. This, in turn, will allow the following Service Committees to agree the best use of the £2.5m:
- Adults Committee
 - Children's Committee
 - Highways and Community Infrastructure Committee
 - Economy and Environment Committee
- 5.5 There are many approaches that GPC could adopt to allocate this funding. However given where the Council is within the Business Planning process it is considered appropriate to restrict this to two relatively simple options. These options are:
- To allocate the funding through use of the existing cash limit principles. Given the rationale for the establishment of this budget is felt appropriate to exclude Corporate Services and Transformation and LGSS from this process. This will ensure the funding is allocated to front line services. This would result in an allocation of £2.111m to CFA and £0.379m to ETE.
 - The second approach would be to adopt a broad allocation methodology of £2m to CFA and £0.5m to ETE.
- 5.6 GPC is asked to confirm the funding split to be adopted. GPC is further requested to confirm that the utilisation of the sums allocated be delegated fully to the service committees to resolve.
- 5.7 Should it be required, if Council forecasts for the Revenue Support Grant or Council Tax collection are significantly out of line with what we receive, then GPC retains the right to revisit the cash limits to address the situation. If the forecasts are wrong within a reasonable margin, then the difference will be covered corporately without the need to revisit the cash limits.

6. CUSTOMER SERVICE AND TRANSFORMATION UPDATE

- 6.1 As outlined in the October and November GPC revenue budget papers Customer Service and Transformation (CS & T) has to deliver £349k of savings in 2015/16 and this has to be achieved through a staff re-structure.
- 6.2 The proposals for this re-structure were launched with staff in CS & T on 10 November. Staff consultation will run for a minimum of 45 days with implementation of the new structure beginning early in the New Year. In summary our proposals are:

- To merge our communications team with our community engagement team so that all our interaction and engagement with the public is delivered by the same team;
- To merge the research and transformation team so that there is a closer relationship between these two functions and the support they offer to the council and its partners;
- To merge the policy and business support teams to bring together our support for GPC and Group Leaders, the Chief Executive, the Civic Office and the rest of the CS & T Directorate;
- To revise the way we deliver fault reporting and feedback through a range of websites by removing Shape Your Place and channelling all our fault reporting and feedback through one route, our Feedback System on the County Council's main website;
- To revise the way we deliver community and events information through Cambridgeshire.net by channelling this information through our main website, and partner sites that already host community information thereby removing Cambridgeshire.net

6.3 These proposals will result in savings in management costs, administrative costs, a reduction in the workforce in some teams and the removal of the specific capacity we require to support Shape Your Place and Cambridgeshire.net.

6.4 Through these proposals we can deliver the required savings and focus future online access to information & services, including feedback on council services, on our main website www.cambridgeshire.gov.uk.

Capital Update

6.5 This section of the report provides GPC with an updated draft of the Corporate and Managed Services capital programme, first reported to the September committee. The programme remains largely unchanged, though the following changes have been made to existing material schemes:

6.6 Optimising the benefits of IT for Smarter Business working (ref C/C.2.001) – The scheme budget has been revised in the light of our better understanding of the resources we require to deliver the infrastructure and the equipment to support mobile working across the Council. The budget has been updated as follows:

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Existing scheme costs	600	1,000	500	0	0	0	2,100
Revised scheme costs	675	1,840	860	0	0	0	3,375
Change	75	840	360	0	0	0	1,275
<i>Increase in borrowing costs</i>	<i>0</i>	<i>19</i>	<i>79</i>	<i>100</i>	<i>98</i>	<i>96</i>	

6.7 Renewable Energy – Soham (ref C/C.2.102) - Government policy for renewable energy is in transition and there is a move to a Contract for Difference arrangement with competitive annual auctions for contracts. The first auction is in November 2014 with results due in January 2015. Further, the connection date for the proposed site has moved from 2015 to 2017. As a result, the scheme has been rephased by one year, with investment of £10m being deferred from 2015/16 to 2016/17.

6.8 GPC is asked to note and endorse these revisions to the Corporate and Managed Services capital programme.

7. ALIGNMENT WITH CORPORATE PRIORITIES

This report gives an overview of the Business Planning Process which itself is the document that sets out how the Council will meet the corporate priorities.

Section 6 of this report refers specifically to the proposed changes to the Customer Service & Transformation directorate. These changes are intended to support the Council to focus on achieving its corporate priorities in the context of significant service pressures.

8. SIGNIFICANT IMPLICATIONS

8.1 Resource Implications

This report outlines the overall resource position for the Council over the business planning cycle 2015-20.

8.2 Statutory, Risk and Legal Implications

Business planning proposals will inevitably carry statutory, risk and legal implications. These are addressed alongside each proposal where appropriate, and also in more detail at service committee meetings.

8.3 Equality and Diversity Implications

Community Impact Assessments have been completed for the proposals considered in this report, and are attached as appendixes.

8.4 Engagement and Consultation Implications

Significant consultation has been taken out as part of the Business Planning Process. This is highlighted within section 4 of this report.

8.5 Localism and Local Member Involvement

Business Planning Proposals have been developed with significant Member involvement and consideration of the implications for localism.

8.6 Public Health Implications

These are dealt with specifically in the proposals relating to the Health Committee, and where there are implications for work of other Committees these are highlighted.

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