

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

To: **General Purposes Committee**

Date: **4 November 2014**

From: **Corporate Director, Customer Service & Transformation
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
Corporate and LGSS Managed Services.**

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

- a) note the overview and context provided for the 2015-20 Revenue Proposals for Corporate and LGSS Managed Services;**
- b) comment on and endorse the final draft proposals for Corporate Services and LGSS Managed Services 2015-20 revenue budgets;**
- c) consider and endorse the proposed levels of fees and charges for Corporate Services in 2015-20; and**
- d) agree the Key Performance indicators to be adopted as part of the 2015-20 Business Plan.**

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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 Corporate Services at its October meeting. Since then, further work has been undertaken by officers to produce the final draft budget tables set out in **Appendix A**.
- 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	-	-
Total	7,282	-1,204	61	341	-59

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. 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 A 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 £32.6m are required for 2015-16 and a total of £119.8m 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	-26,238	-24,187	-18,888	-15,667	-6,773
Economy, Transport and Environment	-4,011	-5,381	-3,962	-2,942	-1,228
Public Health	-764	-140	-131	-758	-416
Corporate and Managed Services	-882	-2366	-443	-326	-568
LGSS Operational	-735	-793	-1037	-774	-390
Total	-32,630	-32,867	-24,461	-20,467	-9,375

- 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	-176	-13,576	-10,992	-15,666	-6,773
Children, Families and Adults (DSG funded)	-	-318	-361	-400	-400
Economy, Transport and Environment	-58	-1,496	-917	-2,876	-1,170
Public Health	-	-	-	-	-
Corporate and Managed Services	-	-343	184	-31	-289
LGSS Operational	-	-	-	-	-388
Total	-234	-15,733	-12,086	-18,973	-9,020

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, in some areas there has not been a consistent review mechanism to ensure that the Council considers 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 C**. The 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;
- fees and charges that are not standard across the whole county;
- formally individually agreed leases; and
- anything that generates less than £100k.

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 D** 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
Change since October	-889	-100	825	544	558

- 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 CORPORATE AND LGSS MANAGED SERVICES DRAFT REVENUE PROGRAMME

- 5.1 Following the General Purposes Committee (GPC) discussion of the revenue business planning proposals at its last meeting on 7 October this paper confirms the overall position for Corporate and LGSS Managed Services and provides specific updates.
- 5.2 The Committee is asked to comment on and endorse these proposals so that they can be fed into the County Council's draft Business Plan which will be reported to GPC on 2 December ahead of it going to Full Council for agreement on 17 February 2015.
- 5.3 The discussion at the October (GPC) meeting, and the subsequent debate at Full Council, sharply articulated the challenges facing the Council and the need to explore all available solutions to meet our ongoing financial pressures. Corporate & LGSS Managed Services will be working alongside the rest of the Council to meet these challenges and to drive through the delivery of new ways of working. These proposals are intended to ensure that there is sufficient resource and expertise to be able to do this effectively.

Summary of Proposals – Corporate Services

- 5.4 As summarised in the October paper to GPC, the Corporate Services: Customer Service and Transformation Directorate's contribution is focused on helping the rest of the Council to achieve efficiencies by:
- Accelerating our focus on **Digital First** as a means of improving services for our customers and reducing costs for the Council;
 - Continuing our delivery of **Smarter Business**, in partnership with our colleagues in LGSS, through the inter-play of rationalising our property estate, developing and exploiting our IT & web/digital infrastructure and supporting the related culture change across our staff to achieve more flexible working;
 - Supporting an emerging cross council approach to tackling key issues such as **managing demand** for high cost services through supporting colleagues and partners to **build community resilience**;
 - Taking a **system wide, whole council approach to service re-design** wherever possible so that we can remove cost whilst improving the customer experience, meeting customer needs at the first point of contact wherever possible;
 - Working primarily to **help people to help themselves**, and to **help people to help each other**, by maximising the availability of advice, information and services through web & digital channels.
- 5.5 We achieve these changes alongside delivering some of the Council's critical corporate functions. These services include research, policy and business intelligence, leading to the transformation of council services; emergency planning and business continuity; customer services; web & digital services;

communications & marketing; information governance & management; community engagement; support for council wide business planning, General Purposes Committee, the Civic Offices and the Chief Executive; and responsibility for the client relationship with LGSS.

- 5.6 The savings outlined in Appendix A for Corporate Services in 2015/16 total £410k out of a net revised opening budget of £5.825m. This follows a number of years of savings within this Directorate, the most recent being £625k in 2013/14 and a further £732k in 2014/15.
- 5.7 To meet the savings for 2015/16 inevitably means reductions in staffing as that is where the majority of this budget is spent. Accordingly, we propose to achieve £349k saving through a staff re-structure in Corporate Services: Customer Service & Transformation, as outlined in October.

In addition, we propose to achieve £61k saving through a combination of a reduction in funding to HealthWatch and the introduction of a single advocacy provision for Cambridgeshire.

- 5.8 As the majority of the revenue budget in Corporate Services is related to staffing it is difficult to plan in any detail how to achieve the savings targets for 2016/17 and beyond and they are predicated on achieving an effective re-structured service in 2015/16. In some teams staff are already approaching the minimal level to be able to deliver an effective service so further cross Council consideration of how best to maintain critical services will required to be able to deliver the Council's budget requirements for 2016/17 and beyond.
- 5.9 A Community Impact Assessment (CIA) has been carried out at this stage of proposals, and will continue to be developed in more detail alongside proposals if endorsed by the Committee. The CIA is available as **Appendix E** of this report.
- 5.10 At the last Committee meeting it was noted that "a Business Case and further information on service pressures for Corporate Services... would be brought before the Committee for consideration at its meeting on 4 November." Since the last meeting the Director: Customer Service and Transformation has outlined to Group Leaders the business case for these service/investment pressures. Further detail on these service/investment pressures can be found in **Appendix B**. We can confirm that these service/investment pressures, along with the revenue savings, can be met from within Corporate Services' cash limit for 2015/16. In accordance with the current position outlined in paragraph 1.4, the investment required for Digital Exploitation will be taken forward on an 'Invest to Save' basis. This means that the cashable benefits that will accrue from the implementation of digital systems and processes will be realised to offset the investment required to maintain the Corporate Services' team engaged in rolling out these systems over the next two years. The result of this work will be a sustainable reduction in the Council's revenue base budget.

Summary of proposals – LGSS Managed Services

- 5.11 The savings and additional income generation proposals outlined in Appendix A for LGSS Managed Services in 2015/16 total £472k against a net budget of £9.3m. These proposals have not changed since being agreed by the Committee in October.

- 5.12 The Managed Services budget contains many of the fixed costs associated with Cambridgeshire County Council, such as the centrally managed property portfolio, the cost of maintaining IT systems, payment of allowances to Members and the external audit fees' budget. High levels of savings have been applied to these budgets in recent years - £1.9m in 2014/15 and £1.6m in 2013/14. The majority of the non-property related budgets have already been cut to the minimum sustainable level.
- 5.13 Recent Business Plans have included challenging savings targets for the rationalisation of the centrally managed property portfolio. By the start of 2015/16 it is expected that £736k of the savings applied to date will have been delivered, this includes the cessation of the Castle Court running costs. Work is ongoing to deliver the existing £300k target for 2015/16 and it is expected that additional savings, resulting from the disposal of Castle Court, should be available to contribute to the 2016/17 target of £815k.
- 5.14 There are some small efficiencies available against external audit fees (£10k), corporate subscriptions (£15k) and the Effective Property Asset Management budget (£59k) in 2015/16, but no further savings are expected to be available from these areas in future years.
- 5.15 An additional income target of £75k for each of the next three years is being applied to the County Farms budget. The material income proposal in 2016/17 represents the current expected return from the Renewable Energy Soham capital scheme, this will repay the capital investment.

Key Performance Indicators

- 5.16 As part of the Directorate's business planning process the Key Performance Indicators for Corporate and LGSS Managed Services have been reviewed. These take account of the work that Corporate Services and LGSS Managed do to support Council activity, the contribution of Corporate Services to the Full Council Motion on tackling deprivation, and the contribution of Corporate Services to the Public Health Outcomes Framework.
- 5.17 The indicators agreed by the Committee will form part of the County Council's Business Plan Strategic Framework, alongside those indicators adopted by other Service Committees, which will be reported to GPC in December.

Indicator	Rationale for indicator	What is good?	Target	Existing / Proposed
Corporate Services				
Proportion of customer complaints received in the month before last that were responded to within minimum response times	GPC also receive <i>For Context</i> reports on number of complaints received annually per thousand population	High	90%	Existing
Proportion of FOI requests responded to within timescales	GPC also receive <i>For Context</i> reports on number of FOI requests received annually	High	95%	Existing
The percentage of all transformed transaction types to be completed online	The importance of Digital First in providing modern services expected by our communities, and driving out organisational savings and transformation	High	75%	Proposed
LGSS Managed				
Strategy and Estates – capital receipts target managed and achieved	The Strategy and Estates function plays an integral role in managing the Council's estate and driving the best possible value for taxpayers.	High	98% (£3.888m gross)	Existing
Strategy and Estates – farm estates income demanded and collected on time	The Strategy and Estates function plays an integral role in managing the Council's estate – including the Farms Estate and driving the best possible value for taxpayers.	High	95% (£3.625m gross)	Existing
IT – availability of Universal Business System	Availability of key IT systems plays a critical role in ensuring the Council is able to function effectively.	High	95%	Existing
IT – incidents resolved within Service Level Agreement	Availability of key IT systems plays a critical role in ensuring the Council is able to function effectively.	High	90%	Existing
Tackling Deprivation				
People using green space for exercise / health reasons	In Corporate Services there is targeted activity to promote the increased use of green spaces, which is an indicator around improving the wider determinants of health in the Public Health Outcomes Framework	High	TBC	Proposed
Physically active adults (Fenland)	In Corporate Services there is targeted activity to promote activity of adults, particularly in Fenland where significant inequalities exist, an indicator around health improvement in the Public Health Outcomes Framework	High	TBC	Proposed

6. ALIGNMENT WITH CORPORATE PRIORITIES

6.1 The nature of Corporate and Managed Services is that they support the Council to deliver efficient and effective services across all areas of activity. Therefore the proposals have a knock-on impact on the organisation's ability to achieve all corporate priorities:

- Developing the local economy for the benefit of all
- Helping people live healthy and independent lives
- Supporting and protecting vulnerable people

7. SIGNIFICANT IMPLICATIONS

7.1 Resource Implications

The whole report sets out details of significant resource implications for Corporate and Managed Services.

7.2 Statutory, Risk and Legal Implications

Key risks are identified in the report above under paragraphs 4.18 – 4.20. As proposals develop implications will be reported to Members.

7.3 Equality and Diversity Implications

A high-level Community Impact Assessment (CIA) is attached as **Appendix E** of this report. This assesses the potential impacts of these proposals at this stage. As the proposals are worked on in more detail, so too will the CIA be developed further.

7.4 Engagement and Consultation Implications

This report is an update on the October report to GPC which included details of consultation and engagement. Updates within this report also reference subsequent engagement and consultation with key stakeholders – such as Group Leaders.

7.5 Localism and Local Member Involvement

As above.

7.6 Public Health Implications

Corporate Services currently provide a wide range of support to the Public Health team within the County Council. There is therefore potential that these proposals will have a knock-on impact of the Council's ability to achieve Public Health priorities. This will be assessed further as details are developed, and will be mitigated in some part by regular communication with Public Health officers. In addition, the proposed set of Key Performance Indicators within this report reinforces the role that Corporate Services play in delivering Public Health Outcomes.

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