

**COUNCIL'S BUSINESS PLAN AND BUDGET PROPOSALS 2014-15**

**To: County Council**

**Date: 18 February 2014**

**From: Councillor Martin Curtis**

**Electoral division(s): All**

- Purpose:**
- (a) To advise Council of the amendments and changes Cabinet has made to the Business Plan prior to submission to Council as provided in writing and orally at the Cabinet meeting.**
  - (b) To advise Council of any amendments and changes made to the Business Plan subsequent to Cabinet on the 14 January 2014 before issue to Council on the 10 February 2014 under appropriate delegations by the Leader of the Council in consultation with the Chief Finance Officer.**

***The amendments are in accordance with the appropriate delegations and do not alter the recommendations made by Cabinet on the 14 January 2014***

- (c) To advise Council of Cabinet's consideration and recommendations on the Business Plan.**

**Recommendation: To agree the recommendations from Cabinet including the amendments and reasons for the amendments.**

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## 1. CONSIDERATION BY CABINET

1.1 The Business Plan considered by Cabinet on the 14 January 2014 contained as full a view as possible of the levels of funding, costs and reserves available to the Authority.

1.2 The recommendations agreed by Cabinet were:

- a) That approval is given to the Service/Directorate cash limits as set out in Section 4 of the Business Plan.
- b) That approval is given to a total County Budget Requirement in respect of general expenses applicable to the whole County Area of £751,663,000 as set out in Section 3, Table 4.1 of the Business Plan.
- c) That approval is given to a recommended County Precept for Council Tax from District Councils of £234,636,698 (to be received in ten equal instalments in accordance with the fall-back provisions of the Local Authorities (Funds) (England) (Amendment) Regulations 1995), as set out in Section 3, Table 4.1 of the Business Plan.
- d) That approval is given to a Council Tax for each Band of property, based on the number of "Band D" equivalent properties notified to the County Council by the District Councils (209,135), as set out in Section 3, Table 4.2 of the Business Plan reflecting a 1.99% increase:

<b>Band</b>	<b>Ratio</b>	<b>Amount (£)</b>
A	6/9	747.96
B	7/9	872.62
C	8/9	997.28
<b>D</b>	<b>9/9</b>	<b>1,121.94</b>
E	11/9	1,371.26
F	13/9	1,620.58
G	15/9	1,869.90
H	18/9	2,243.88

- e) That approval is given to the Prudential Borrowing, Prudential Indicators as set out in Section 3, Table 6.3 of the Business Plan.
- f) That approval is given to the Treasury Management Strategy as set out in brief in Section 3 and comprehensively in Section 8 of the Business Plan.
- g) That approval is given to the report of the Chief Finance Officer on the levels of reserves and robustness of the estimates as set out in Section 3 of the Business Plan.
- h) That approval is given to Capital Payments in 2014-15 up to £180.4m arising from:

- i) Commitments from schemes already approved; and
- ii) The consequences of new starts (for the five years 2014-15 to 2018-19) shown in summary in Section 3, Table 5.3 of the Business Plan.

## 2. AMENDMENTS TO THE BUSINESS PLAN SINCE CABINET

- 2.1 No adjustments have been requested by Cabinet, either in writing or orally at the Cabinet meeting.
- 2.2 Some adjustments have been made to financial data in the Business Plan as a result of receiving later and better information. These adjustments are made under the delegations agreed by Cabinet on 14 January 2014. These are summarised in **Appendix A**.
- 2.3 The adjustments referred to above are summarised in the table below in order to assist Members in understanding the financial changes that have been made. As can be seen these changes have led to an improvement in the Council's overall financial position in the sum of £445k.

	2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	Total £000
<b>Changes to Funding:</b>						
Business Rates - Updated forecasts	-1,145	960	-96	3	3	-275
Council Tax - Updated forecasts	854	-756	5	5	5	113
RSG - Updated forecasts	17	-17	-13	-11	-11	-35
Grants - Updated forecasts	886	-674	130	21	95	458
	<b>612</b>	<b>-487</b>	<b>26</b>	<b>18</b>	<b>92</b>	<b>261</b>
<b>Changes to Expenditure, Fees, Charges &amp; Ring-fenced Grants and Transfers to/from Reserves:</b>						
Base adjustments	168	-	-	-	-	168
Transfers of functions	273	-	-	-273	-	-
Investments	155	-155	-	-	-	-
Income	-429	155	-	274	-	-
Reserves - Updated to balance changes	445	-487	26	17	92	93
	<b>612</b>	<b>-487</b>	<b>26</b>	<b>18</b>	<b>92</b>	<b>261</b>
<b>Net Change:</b>	-	-	-	-	-	-
<i>Note: positive figures equal an increase in funding / transfer to reserves</i>						

- 2.4 In addition the Council has recently been notified of two additional transformation grants for 2014/15 as follows: -

- The Adoption Reform Grant – This grant has been made to recognise the programme of change and transformation underway in the area of adoption. One-off grant - £579,941

- SEN Reform Grant – This grant has been made to recognise the programmes of change and transformation underway in the areas of Special Educational Needs. One-off grant - £810,875

Both of these grants are to support transformation in these areas and will therefore be ring-fenced to those services. They have been awarded for one financial year only and will therefore not be included within the service budgets beyond 2014/15. Although the funding has been identified for one year only, this new funding stream is very welcome and will facilitate service improvements to activities that are supporting some of the most vulnerable children in our community.

- 2.5 Some adjustments have been made to the text and layout of the Business Plan as a result of receiving later and better information. These adjustments are made under the delegations agreed by Cabinet on 14 January 2014. These are also summarised in **Appendix A**.
- 2.6 Every Member of Council received a copy of the full draft Business Plan before the Cabinet meeting. Although there have been some changes to the Plan since the Cabinet meeting, it is not proposed, for cost reasons, to reprint the document or sections of the document again for Members.
- 2.7 A complete copy of the updated Business Plan, incorporating changes since Cabinet will be available at the Council's website.
- 2.8 All Members of Council will receive a copy of the final Plan after it has been approved by Council.
- 2.9 The recommendations, in principle, made by Cabinet on the 14 January 2014 in respect of the Business Plan still stand.

### **3. RECOMMENDATIONS BY CABINET**

- 3.1 Following the draft Business Plan considered by Cabinet on 14 January 2014 and the amendments and adjustments as summarised in Appendix A, Cabinet recommends to Council:
  - a) That approval is given to the Service/Directorate cash limits as set out in Section 4 of the Business Plan.
  - b) That approval is given to a total County Budget Requirement in respect of general expenses applicable to the whole County Area of £752,673,000 as set out in Section 3, Table 4.1 of the Business Plan.
  - c) That approval is given to a recommended County Precept for Council Tax from District Councils of £234,668,336 (to be received in ten equal instalments in accordance with the fall-back provisions of the Local

Authorities (Funds) (England) (Amendment) Regulations 1995), as set out in Section 3, Table 4.1 of the Business Plan.

- d) That approval is given to a Council Tax for each Band of property, based on the number of “Band D” equivalent properties notified to the County Council by the District Councils (209,163), as set out in Section 3, Table 4.2 of the Business Plan reflecting a 1.99% increase:

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- e) That approval is given to the Prudential Borrowing, Prudential Indicators as set out in Section 3, Table 6.3 of the Business Plan.
- f) That approval is given to the Treasury Management Strategy as set out in brief in Section 3 and comprehensively in Section 8 of the Business Plan.
- g) That approval is given to the report of the Chief Finance Officer on the levels of reserves and robustness of the estimates as set out in Section 3 of the Business Plan.
- h) That approval is given to Capital Payments in 2014-15 up to £179.6m arising from:
- i) Commitments from schemes already approved; and
  - ii) The consequences of new starts (for the five years 2014-15 to 2018-19) shown in summary in Section 3, Table 5.3 of the Business Plan.

<b>Source Documents</b>
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Cabinet Business Plan Report of 14 January 2014
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Updated Business Plan Documentation to Council 18 February 2014
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## Appendix A – Addendum

The following table summarises the financial, textual and layout amendments made to the Business Plan. A fully updated version of the documentation is available on our web site.

<b>Section 1 – Vision and Priorities</b>	
Page	Explanation of amendment
12	<p>Paragraph two, first sentence now reads “Over the next few years we need to take some very tough decisions to get ourselves into a more sustainable position.”</p> <p>Fourth paragraph, typo corrected.</p> <p>Last paragraph, second line now reads “... and are now working out the finer details.”</p>
13	<p>Fourth paragraph now reads “but I also look forward to seeing us build on them...”</p> <p>Paragraph five, grammar corrected.</p>
14	Last sentence now reads “Above all, despite the tough...”
<b>Section 2 – Strategic Framework</b>	
18	<p>Figures in the first three bullet points under Public Health amended to read 21,000; 3,500 and 19,000 respectively.</p> <p>Bullet points for LGSS updated to read:</p> <ul style="list-style-type: none"> <li>• Provide CCC with appropriate professional , transactional and support services</li> <li>• Deliver year-on-year cost savings to CCC for back office and support services by operating as a shared service with neighbouring authorities and public bodies.</li> <li>• Generate over £35m per year of external income by providing back office services to other authorities and public bodies.</li> <li>• Provide strategic asset management and property advice for the management of over 1,400 buildings over 600 sites, and manage 216 County Farms.</li> </ul>
39	Paragraph on “Our shared services” rewritten to be more comprehensive.
43-45	Performance Indicators table updated.
<b>Section 3 – Budget Strategy</b>	
50	Paragraph four now reads “For 2014-15, Cambridgeshire will receive £538.9m of funding excluding £213.8m grants retained by its schools. The key sources of funding are Council Tax, for which a provisional increase of 1.99% has been assumed and Central Government grants (excluding grants to schools) which see a like for like reduction

	of 5.3% compared to 2013-14.”.
54	Table 2.1: Total funding 2014-15 to 2018-19 has been updated to reflect changes to funding outlined below (Table 4.1, pages 64, 65) and in later years.
56	Table 2.2: Comparison of Cambridgeshire’s 2013-14, 2014-15 and 2015-16 overall Government funding has been updated to reflect changes to funding outlined below (Table 4.1, pages 64, 65) and in later years.
57	Table 2.3: Comparison of Cambridgeshire’s 2013-14, 2014-15 and 2015-16 overall Government funding has been updated to reflect changes in final Local Government Finance Settlement: increase of £3m in Spending Control Total and RSG (England) figures for 2014-15, decreases of £2m in 2016-17, £4m in 2017-18 and £5m in 2018-19.
59	Table 2.4: Unringfenced grants for Cambridgeshire 2014-15 to 2015-16 has been updated to reflect changes to funding outlined below (Table 4.1, pages 64, 65) and in later years.
60	<p>First paragraph now reads “As an estimate, based on our knowledge of schools converting to academies, we have used a figure of £239.8m in this report”.</p> <p>Table 3.1: Changes to service gross budgets 2013-14 to 2018-19 has been updated to reflect changes to budgets outlined below (Table 4.1, pages 64, 65).</p> <p>Table 3.2: Service gross budgets 2014-15 to 2018-19 has been updated to reflect changes to budgets and reserves outlined below (Table 4.1, pages 64, 65) and in later years.</p>
63	<p>Graph has been updated.</p> <p>Table 3.3: Analysis of budget gap 2014-15 to 2018-19 has been updated to reflect changes to budgets and funding outlined below (Table 4.1, pages 64, 65).</p>
64, 65	<p>Table 4.1: Build-up of recommended Council Tax Requirement and derivation of Council Tax precept 2014-15 has been updated as follows:</p> <p><i>Changes to funding:</i></p> <ul style="list-style-type: none"> <li>• Business Rates plus Top-up has decreased by £1,145k from £59,072k to £57,927k to reflect updated forecasts from billing authorities.</li> <li>• Revenue Support Grant has increased by £17k from £72,000k to £72,017k to reflect change in final local government finance settlement.</li> <li>• Unringfenced Grants (including schools) has increased by £886k from £26,653k to £27,539k to reflect new Business Rates Compensation grants and updated Education Services Grant and New Homes Bonus forecasts.</li> </ul>

	<ul style="list-style-type: none"> <li>• Ringfenced Grants has increased by £429k from £41,006k to £41,435k to reflect new ETE 'Walking in Cities' and Bus Service Operators grants.</li> <li>• Surplus/deficit on collection fund has increased by £823k from £182k to £1,005k to reflect updated forecasts from billing authorities.</li> <li>• Council Tax requirement has increased by £31k from £234,637k to £234,668k to reflect updated taxbase information.</li> <li>• District taxbase has increased by 28 from 209,135 to 209,163 to reflect updated forecasts from billing authorities.</li> </ul> <p><i>Other changes:</i></p> <ul style="list-style-type: none"> <li>• Adjusted base budget has increased by £158k from £749,892k to £750,050k to reflect CFA adjustments (see section 4 below).</li> <li>• Transfer of function has increased by £283k from £2,954k to £3,237k to reflect CFA adjustment and new ETE Bus Service Operators budget (see section 4 below).</li> <li>• Investments has increased by £155k from £795k to £950k to reflect ETE investment in DfT-funded 'Walking in Cities' project (see section 4 below)</li> <li>• Change in reserves/one-off items has increased by £445k from £5,057k to £5,501k to balance all other updates above.</li> </ul>
67	External Environment: Insertion of paragraph regarding the £32m shortfall in funding for Basic Need – based on paragraph included within the Cabinet version of the Capital Strategy.
68, 69	Tables 5.1-5.3: Funding and expenditure for the capital programme for 2014-15 to 2018-19 has been updated as result of changes to CFA and ETE capital tables (see section 4 below). Amendments to grants, contributions and prudential borrowing figures for 2014-15 and 2015-16 (Table 5.1), ETE 2014-15 expenditure (Table 5.2) and 2014-15 'Commitments' (Table 5.3).
72	Table 6.3: Prudential indicators have been updated. Net Revenue Expenditure figure for 2014-15 has decreased by £0.3m, figure for 2015-16 has decreased by £0.1m and figures for 2016-17, 2017-18 and 2018-19 have decreased by £0.2m.
76	Table 7.1: Estimated level of reserves by type 2014-15 to 2018-19 has been updated to reflect changes outlined above (Table 4.1, pages 64, 65), a rebalancing of the General Fund to 3% of gross budget in each year and an increase of Office Reserves of £0.5m.
77	Table 7.2: Target general reserve balance by 2014-15 has been updated to reflect better information available.
<p><b>Section 4 – Finance Tables</b></p> <p><i>Note: The effects of the changes below on other figures in the finance tables (i.e., sub-totals and totals) are not listed below.</i></p>	
89-91, 92-94	CFA Table 1 and Table 2: The Supporting People policy line has now been removed from tables 1 and 2 and the corresponding budgets moved to where they will be managed from April 2014. This change has impacted the following policy lines:



	<p><i>Adult Social Care:</i></p> <p>Supporting People -£8,979k</p> <p>ASC Strategy, Transformation &amp; Workforce Development +£1,285k</p> <p>LD Head of Services +£855k</p> <p>PD Head of Services +£163k</p> <p><i>Older People and Mental Health:</i></p> <p>Director of Older People and Mental Health +£2,013k</p> <p>Mental Health +£2,223k</p> <p><i>Strategy and Commissioning:</i></p> <p>LAC Placements +£1,787k</p> <p><i>Children's Enhanced and Preventative Services:</i></p> <p>Safer Communities Partnership +£653k</p>
90	CFA Table 1: Net Budget and 2014-15 Gross Budget figures for Central Financing increased from £1,401k to £1,569k and remaining Gross Budget figures (2015-16 to 2018-19) increased from £1,351k to £1,519k to reflect increase in CFA gross spend to match income and grant adjustments already made.
90, 91	CFA Table 1: The balance of core funding and capital funding has changed between the Strategy, Performance and Partnerships team within Strategy and Commissioning; the Business Improvement and Development team in the Executive Director budget, and the Buildings and Capital team within Learning. The gross budget across these teams remains unchanged.
93	CFA Table 2: Gross Revised Opening Budget figure for CFA Finance increased from £1,994k to £2,162k and Gross Budget figure increased from £1,401k to £1,569k to reflect increase in CFA gross spend to match income and grant adjustments already made.
93, 94	CFA Table 2: The balance of core funding and capital funding has changed between the Strategy, Performance and Partnerships team within Strategy and Commissioning; the Business Improvement and Development team in the Executive Director budget, and the Buildings and Capital team within Learning. The gross budget across these teams remains unchanged.
95, 108	CFA Table 3: Proposal A/R.1.001 figure in 2014-15 increased from -£804k to -£636k to reflect increase in CFA gross spend to match income and grant adjustments already made. Proposal A/R.8.001 figure in 2014-15 increased from -£250,748k to -£250,916k to reflect corresponding impact on funding.
99, 103, 107	CFA Table 3: Proposal A/R.6.122 figure in 2014-15 decreased from -£337k to -£115k to reflect apportionment of Supporting People savings to across a number of directorates. New proposal A/R.6.210 (savings of -£78k in 2014-15) titled "Rationalisation of housing related support contracts (previously part of the Supporting People Programme)" added to balance partly. Proposal A/R.6.702 figure in 2014-15 increased from -£1,889k to -£2,033k to balance fully.
116	CFA Table 4: Basic Need figure in 2015-16 increased from £2,140k to £3,794k to include brought forward funding and Basic Need

	Funding Shortfall figure in 2015-16 decreased from £17,810k to £16,156k to balance.
116	CFA Table 4: Capital Maintenance figure in 2014-15 increased from £6,146k to £6,294k to reflect final funding allocations and Prudential Borrowing figure in 2014-15 decreased from £27,793k to £27,645k to balance.
121	ETE Table 1: Fees, Charges & Ring-fenced Grants figure for Major Infrastructure Delivery decreased from -£219k to -£184k and Net Budget figure increased from -£35k to £0k to reflect Public Health funding moved between service areas. Balanced by increase in Fees, Charges & Ring-fenced Grants figure for Supporting Business & Communities from -£3,395k to -£3,431k and decrease in Net Budget figure from £1,349k to £1,313k.
121	ETE Table 1: Fees, Charges & Ring-fenced Grants figure for Major Infrastructure Delivery increased from -£184k (see previous amendment) to -£339k to reflect new grant funding for 'Walking in Cities' project and 2014-15 Gross Budget figure increased from £184k to £339k to balance.
122	ETE Table 2: Investments figure for Major Infrastructure Delivery increased from £0k to £155k to reflect new grant funding for 'Walking in Cities' project and Gross Budget figure increased from £184k to £339k to balance.
124, 126, 127, 128	ETE Table 3: Proposal B/R.5.008 added to reflect investment in 'Walking for Cities' project (investment of +£155k in 2014-15 and corresponding removal of investment in 2015-16 of -£155k). Proposal B/R.7.001 figure in 2015-16 increased from -£23,309k to -£23,737k to reflect associated increase in previous year's grants brought forward. Proposal B/R.7.203 added to reflect corresponding change in ring-fenced grants in 2014-15 (-£155k grant added in 2014-15 and corresponding removal of grant in 2015-16 of +£155k). Proposal B/R.8.007 added to reflect new 'Walking for Cities' grant in funding section (-£155k grant added for 2014-15 only).
130, 131	ETE Table 4: Proposal B/C.4.017 figure in 2014-15 decreased from £1,360k to £550k to reflect impact of correction to Cambridge Cycling Infrastructure Section 106 contributions. Agreed Developer Contributions figure in 2014-15 decreased from £6,482k to £5,672k to balance.
147	LGSS Table 1: Net Budget figure for CFA Finance increased from £1,493k to £1,508k and all Gross Budget figures (2014-15 to 2018-19) increased from £1,978k to £1,993k to reflect base adjustment to correct opening budgets after Finance restructure. Balanced by decrease in Net Budget figure and all Gross Budget figures (2014-15 to 2018-19) for CF, ETE, CS & LGSS Finance from £691k to £676k.
149	LGSS Table 2: Gross Revised Opening Budget figure for CFA Finance increased from £1,930k to £1,945k and Gross Budget figure increased from £1,978k to £1,993k to reflect base adjustment to correct opening budgets after Finance restructure. Balanced by decrease in Gross Revised Opening Budget figure for CF, ETE, CS &

	LGSS Finance from £674k to £659k and Gross Budget figure from £691k to £676k.
156	PH Table 1: Policy Line title “Trading Standards – grants to encourage sporting activities” in memorandum now reads “Trading Standards – To encourage sporting activities”.
<b>Section 5 – Consultation</b>	
	No changes since Cabinet.
<b>Section 6 – Community Impact Assessments</b>	
	No changes since Cabinet.
<b>Section 7 – Capital Strategy</b>	
183	12.2: Paragraph amended to remove typo on grant funding, and subsequently change it to a reduced figure of £586m due to inclusion of the following sentence regarding the £30m shortfall in funding for Basic Need.
<b>Section 8 – Treasury Management Strategy</b>	
	No changes since Cabinet.