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Cambridge City Council

THE EXECUTIVE

To: Councillors Herbert (Chair), Price (Vice-Chair), Blencowe, Johnson, Roberts, Robertson and Smith

Despatched: Wednesday, 18 January 2017

Date: Thursday, 26 January 2017

Time: 6.00 pm

Venue: Committee Room 1 & 2, The Guildhall, Market Square, Cambridge, CB2 3QJ

Contact: James Goddard

Direct Dial: 01223 457013

AGENDA

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST

3 MINUTES OF THE PREVIOUS MEETING (*Pages 3 - 10*)

4 PUBLIC QUESTIONS

5 BUDGET SETTING REPORT 2017/18 Head of Finance (*Pages 11 - 14*)

The Budget Setting Report is published on the agenda for the Strategy and Resources Scrutiny Committee (which is meeting prior to the Executive) on Monday 23 January. See that agenda from Page 211 (item 14). Link to the report is:

<http://democracy.cambridge.gov.uk/ieListDocuments.aspx?CId=159&MId=3082&Ver=4>

Information for the public

Public attendance

You are welcome to attend this meeting as an observer, although it will be necessary to ask you to leave the room during the discussion of matters which are described as confidential.

Public Speaking

You can ask questions on an issue included on either agenda above, or on an issue which is within this committee's powers. Questions can only be asked during the slot on the agenda for this at the beginning of the meeting, not later on when an issue is under discussion by the committee.

If you wish to ask a question related to an agenda item contact the committee officer (listed above under 'contact') **before the meeting starts**. If you wish to ask a question on a matter not included on this agenda, please contact the committee officer by 10.00am the working day before the meeting. Further details concerning the right to speak at committee can be obtained from the committee section.

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THE EXECUTIVE

21 January 2016

6.00 - 7.10 pm

Present: Councillors Herbert (Chair), Blencowe, Johnson, Owers, Price and Roberts

Officers Present:

Director of Business Transformation: Ray Ward

Director of Environment: Simon Payne

Head of Finance: Caroline Ryba

Head of Strategic Housing: Alan Carter

Committee Manager: James Goddard

Councillor Blencowe left after the questions regarding his portfolio

Other Councillors in attendance:

Councillor Bick

Councillor Cantrill

FOR THE INFORMATION OF THE COUNCIL

16/6/Exec Apologies for absence

Apologies were received from Councillor O'Reilly.

16/7/Exec Declarations of Interest

No declarations of interest were made.

16/8/Exec Minutes of the previous meeting

The minutes of the meeting held on 22 January 2015 were approved as a correct record and signed by the Chair.

16/9/Exec Public Questions

There were no public questions.

16/10/Exec Budget Setting Report 2016/17

Matter for Decision

At this stage in the 2016/17 budget process the range of assumptions on which the Mid-Year Forecast (MFR) was based need to be reviewed, in light of the latest information available, to determine whether any aspects of the strategy need to be revised. This then provides the basis for the budget considerations.

The Budget-Setting Report (BSR) provided an overview of the review of the key assumptions. It includes the detailed revenue bids and savings and sets out the key parameters for the detailed recommendations and budget finalisation being considered at this meeting. This report reflects The Executive's final budget recommendations to Council, for consideration at its meeting on 25 February 2016.

The recommendations that follow refer to the strategy outlined in the BSR and all references to Appendices, pages and sections relate to the Budget-Setting Report 2016/17 (Version 1 – Strategy & Resources) as reported to and recommended by the Strategy & Resources Scrutiny Committee on 18 January 2016.

Decision of The Executive

The Executive resolved **by 5 votes to 0** to recommend the Budget Setting Report 2016/7 to Council on 25 February 2016, subject to any amendments at the Strategy & Resources Scrutiny Committee meeting on 18 January 2016, namely:

General Fund Revenue Budgets: [Section 5, page 28 refers]

- i. Agreed to recommend to Council:
 - Revenue Pressures shown in Appendix B(a) and Savings shown in Appendix B(b).
 - Bids to be funded from External or Earmarked Funds as shown in Appendix B(c).
 - Non Cash Limit items as shown in Appendix B(d).
- ii. Recommended to Council formally confirming delegation to the Chief Financial Officer (Head of Finance) of the calculation and determination of the Council Tax taxbase (including submission of the National Non-Domestic Rates Forecast Form, NNDR1, for each financial year) as set out in Appendix A(a).
- iii. Recommended to Council the level of Council Tax for 2016/17 as set out in Section 4 [page 25 refers].

Other Revenue:

- iv. Recommended to Council delegation to the Head of Finance authority to finalise changes relating to any corporate and/or departmental restructuring and any reallocation of support service and central costs, in accordance with the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP).
- v. Recommended to Council approval of the new remit for the “Invest for Income Earmarked Reserve” [page 22 refers].
- vi. Recommend to Council approval of the new remit for the “Office accommodation strategy fund” [page 25 refers].

Capital: [Section 7, page 33 refers]Capital Plan:

- vii. Recommended to Council the proposals outlined in Appendix D(a) for inclusion in the Capital Plan, or put on the Projects Under Development List, including any additional use of revenue resources required.
- viii. Recommend to Council the revised Capital Plan for the General Fund as set out in Appendix D(c), the Funding as set out in Section 7, page 37 and note the Projects Under Development list set out in Appendix D(d).

General Fund Reserves:

- ix. Noted the impact of revenue and capital budget approvals and approve the resulting level of reserves to be used to support the budget proposals as set out in the table [Section 8, page 40 refers].

Scrutiny Considerations

The Committee received a report from the Head of Finance.

Opposition Councillors questioned Executive Councillors regarding Budget Setting Report information under their portfolios. Executive Councillors answered as set out below.

Executive Councillor for Planning Policy and Transport

- i. (X3825 on BSR P64) The University of Cambridge has started a large amount of development work in the west of the city. More may come forward in future. The City Council would consider planning applications through its Planning Policy as per its statutory duty.

- ii. The University paid a fee to guarantee a ring-fenced staff resource to consider its applications. Staff would undertake work for the University and City Council to meet all service level agreement and statutory duty requirements. All applications would be treated fairly.
The Leader said the budget allowed for extra resource to be allocated in proportion to the extra income.
- iii. (II3817 on BSR P59) It was deemed appropriate to leave car park charges unchanged as there had been an overachievement in budget income. Funding would be used to invest in car parks and maintain services.
- iv. The impact of car parks on other transport modes had been considered.

The Leader said the City and County Councils were looking to align transport policies through the City Deal to reduce the number of cars coming into the city. Actions had not always been joined up in the past. For example, the City Council were not informed when the County Council raised Park&Ride charges.

Executive Councillor for Environment and Waste

- v. (II3778 on BSR P58) £60,000 of increased income for the Council was expected from the Cambridge BID contract.
- vi. The BID had purchased a service from the Council. The Council would allocate 2 existing staff members to undertake duties such as litter picking over and above the normal street cleaning service provided (ie extra hours of work, not extra staff members). If the BID wanted to change any specifications, these would have to be negotiated with the Council.

The Director of Environment said a contract was being developed.
- vii. (II3794 on BSR P58) Joint work by the City and South Cambridgeshire Councils on the Commercial Waste Service would lead to economies of scale and a larger customer base. BSR projected income figures were realistic.
- viii. Figures in URP3799 (BSR P57) reflected the national Central Government Landfill Tax. There was no additional charge from the City Council.

The Director of Environment undertook to confirm to Councillors there was no local additional charge from the City Council.

Executive Councillor for Communities

- ix. The revised Sports & Physical Activity plan was approved in March 2015 which set out the program of activities. Figures in S3760 (BSR P60) showed that savings could be made without reducing activities available. A more defined service, with fewer staff was delivering the aims set out in paragraph 3.4 of the Sports & Physical Activity Plan. The City Council were continuing to deliver a wide range of sport activity but there is now more emphasis on partnership work with other agencies. The current administration was refocussing the priorities of the Sports and Development Service originally set up by the previous administration to be better aligned to the council's anti-poverty and equality work.
- x. The Council had good relations with agencies such as Sports England, governing bodies, sports clubs and other agencies, in assisting with the delivery of the Activity Plan.
- xi. Cambridge City Council was currently one of a few cities with a sports development service.
- xii. The Executive Councillor asked the Director of Customer and Communities to email the Sports & Physical Activity Plan to Councillors and provide information on activities to date regarding events and partnership work.

Head of Finance and Head of Strategic Housing on behalf of the Executive Councillor for Housing

- xiii. The Housing Company (BSR P74) was set up on a 3 year pilot project basis. It would then be reviewed.
- xiv. The Head of Finance undertook to send councillors interest rate information regarding the loan to the Housing Company (BSR P59).
- xv. The Council charged the Housing Company a fixed rate of interest during the pilot period to avoid a conflict of interest. The Housing Company would pay a higher rate of interest for the loan than the Council could have received by investing the capital as cash and receiving interest. Rates would be reviewed in future if the pilot was successful.
- xvi. The Housing Company had a draft business plan, which included financial modelling. This had already gone to committee for pre-scrutiny.

Executive Councillor for Finance and Resources

- xvii. The Director of Business Transformation undertook to provide councillors with details regarding Office Accommodation Strategy capital and revenue figures as set out in NCL3848 (BSR P65).
- xviii. The Apprentice Scheme Budget (NCL3766 on BSR P65) was cost neutral. Budget assumptions had been made in 2014, but these needed to be amended. The Council were learning from the experience as not all apprenticeships were alike. The Executive Councillor had liaised with the

Head of Human Resources and Organisational Development Manager to ensure wage rates were appropriate.

- xix. A number of risks to the Council were highlighted in the budget:
- The Spending Review, although the intention was for the Council to be less dependent on Central Government funding by 2020.
 - Car parking income was dependent on the wider economy.
 - Council tax income.
 - The New Homes Bonus, as a cut was expected.
- xx. BSR Appendix D set out general fund capital proposals. Projects ready for implementation were listed in the Capital Bids section. They would be monitored and may move to Projects Under Development if they were no longer viable eg insufficient funding available.
- xxi. The Director of Environment undertook to provide Councillors with details regarding the C3841 (BSR P72) Cherry Hinton Hall grounds improvement project.

Leader and Executive Councillor for Strategy and Transformation

- xxii. The City Council had allocated funding in its budget (B3821 on BSR P55) to keep city streetlights on in partnership with the County Council. A formula had not been agreed with the County Council as a committee decision was pending. However the City Leader and County portfolio holder had met to discuss costs and lighting levels. An update would be given at a future Council meeting.
- xxiii. UD017 (BSR P83) referred to the yearly review of vehicle replacement so that it could be planned in advance. Vehicles needed to be replaced incrementally to maintain efficiency. The Projects Under Development section covered a 12 month period, the Capital Plan looked further ahead.
- xxiv. UD038 (BSR P84) covered crematorium access from the A14.

The Executive noted there was a non-material amendment to P90 of the BSR where the bid figure in B3821 should read £45,500 not £45,550. This change did not affect the recommendations.

The meeting ended at 7.10 pm

CHAIR

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To: The Leader
Report by: Head of Finance
Relevant scrutiny committee: The Executive 26 January 2017
Wards affected: All Wards

Budget-Setting Report (BSR) 2017/18

Key Decision

1. Executive summary

Overview of Budget-Setting Report

- 1.1 At this stage in the 2017/18 budget process the range of assumptions on which the Medium-Term Financial Strategy (MTFS) was based need to be reviewed, in light of the latest information available, to determine whether any aspects of the strategy need to be revised. This then provides the basis for the budget considerations.
- 1.2 The Budget-Setting Report (BSR), which is attached, includes the detailed revenue bids and savings and capital proposals and sets out the key parameters for the detailed recommendations and budget finalisation being considered at this meeting. This report reflects The Executive's final budget recommendations to Council, for consideration at its meeting on 23 February 2017.
- 1.3 The recommendations that follow refer to the strategy outlined in the BSR and all references to Appendices, pages and sections relate to the Budget-Setting Report 2017/18 (Version 1 – Strategy & Resources) as reported to and seeking recommendations at Strategy & Resources Scrutiny Committee on 23 January 2017.

2. Recommendations

The Executive recommends the Budget Setting Report 2017/18 to Council on 23 February 2017, subject to any amendments at the Strategy & Resources Scrutiny Committee meeting on 23 January 2017, namely:

General Fund Revenue Budgets: [Section 5, page 28 refers]

a) Agree any recommendations for submission to the Executive in respect of:

- Revenue Pressures shown in Appendix C (a) and Savings shown in Appendix C (b).

- Bids to be funded from External or Earmarked Funds as shown in Appendix C (c).
 - Non-Cash Limit items as shown in Appendix C (d).
- b) Recommend to Council formally confirming delegation to the Chief Financial Officer (Head of Finance) of the calculation and determination of the Council Tax taxbase (including submission of the National Non-Domestic Rates Forecast Form, NNDR1, for each financial year) which will be set out in Appendix B (a).
- c) Recommend to Council the level of Council Tax for 2017/18 as set out in Section 4 [page 25 refers].

Note that the Cambridgeshire Police and Crime Panel will meet on 1 February 2017 to consider the precept proposed by the Police and Crime Commissioner, Cambridgeshire & Peterborough Fire Authority will meet on 9 February 2017 and Cambridgeshire County Council will meet on 14 February 2017 to consider the amounts in precepts to be issued to the City Council for the year 2017/18.

Other Revenue:

- d) Recommend to Council delegation to the Head of Finance authority to finalise changes relating to any corporate and/or departmental restructuring and any reallocation of support service and central costs, in accordance with the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP).
- e) Recommend to Council delegation to the Head of Finance, as Section 151 Officer, to make the necessary detailed budgetary adjustments in the GF, to reflect the impact of the triennial valuation of the Cambridgeshire Local Government Pension Scheme.
- f) Recommend to Council approval of a temporary earmarked fund to be set up to accumulate surplus NHB contributions to meet the requirement for funding of projects to mitigate the impacts in Cambridge of the A14 upgrade – the “A14 Mitigation Fund” [page 25 refers].

Capital: [Section 7, page 33 refers]

Capital Plan:

- g) Recommend to Council the proposals outlined in Appendix E (a) for inclusion in the Capital Plan, or put on the Projects Under Development List, including any additional use of revenue resources required.
- h) Recommend to Council the revised Capital Plan for the General Fund as set out in Appendix E (d), the Funding as set out in Section 7, page 36 and note the Projects Under Development list set out in Appendix E (e).

General Fund Reserves:

- i) Note the impact of revenue and capital budget approvals and approve the resulting level of reserves to be used to support the budget proposals as set out in the table [Section 8, page 38 refers].

3. Implications

All budget proposals have a number of implications. A decision not to approve a revenue bid will impact on managers' ability to deliver the service or scheme in question and could have financial, staffing, equality and poverty, environmental, procurement, consultation and communication and / or community safety implications. A decision not to approve a capital or external bid will impact on managers' ability to deliver the developments desired in the service areas.

(a) Financial Implications

Financial implications of budget proposals are summarised in the Budget-Setting Report 2017/18.

(b) Staffing Implications

See text above

(c) Equality and Poverty Implications

A consolidated Equality Impact Assessment for the budget proposals is included in the BSR, reporting separately on this agenda. Individual Equality Impact Assessments have been conducted to support this and will be available on the Council's website.

A local poverty rating (using the classifications outlined in the BSR, preface to Appendix C) has been included in each budget proposal to assist with assessment.

(d) Environmental Implications

Where relevant, officers have considered the environmental impact of budget proposals which are annotated as follows:

- +H / +M / +L: to indicate that the proposal has a high, medium or low positive impact.
- Nil: to indicate that the proposal has no climate change impact.
- -H / -M / -L: to indicate that the proposal has a high, medium or low negative impact.

(e) Procurement Implications

Any procurement implications will be outlined in the Budget-Setting Report 2017/18.

(f) **Consultation and Communication Implications**

As outlined in 3 above, budget proposals are based on the requirements of statutory and discretionary service provision. Public consultations are undertaken throughout the year and can be seen at:

cambridge.gov.uk/current-consultations

(g) **Community Safety Implications**

Any community safety implications will be outlined in the Budget-Setting Report 2017/18.

4. Background papers

These background papers were used in the preparation of this report:

- Budget-Setting Report 2017/18
- Medium-Term Financial Strategy (MTFS) October 2016
- Individual Equalities Impact Assessments

5. Appendices

In this Report:

- Budget-Setting Report 2017/18 Version 1, February 2017 (covering 2016/17 to 2021/22)

6. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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