



To: Executive Councillor for Strategy & Transformation:
Councillor Lewis Herbert

Report by: Chief Executive, Director of Customer and Community
Services, Director of Environment, Director of Business
Transformation and Head of Finance

Relevant scrutiny
committee: Strategy and Resources
Scrutiny Committee 19 January 2015

Wards affected: All Wards

**Strategy and Resources – Strategy & Transformation Portfolio
Revenue and Capital Budget Proposals for 2014/15 to 2018/19**

Key Decision

1. Executive summary

Revenue and Capital Budgets

1.1 The following report details the budget proposals relating to this portfolio that are included in the Budget-Setting Report (BSR) 2015/16 which will be considered at the following meetings:

| Date | Committee | Comments |
|------------------|----------------------|---|
| 19 January 2015 | Strategy & Resources | Consider proposals / recommendations from all Scrutiny Committees in relation to their portfolios |
| 22 January 2015 | The Executive | Budget amendment may be presented |
| 13 February 2015 | Strategy & Resources | Consider any further amendments including opposition proposals |
| 26 February 2015 | Council | Approves General Fund Budget and sets Council Tax |

1.2 The report also includes consideration of any recommendations concerning the review of charges and project appraisals for schemes in the capital plan for this portfolio.

2. Recommendations

The Executive Councillor is recommended to:

Review of Charges:

- a) There are none requiring formal approval within this Portfolio (so no Appendix A).

Revenue:

- b) Consider the revenue budget proposals as shown in Appendix B.

Capital:

- c) Consider the capital budget proposals as shown in Appendix C.
- d) Delete some schemes from the Capital Plan as shown in Appendix C.
- e) There are no project appraisals requiring approval (so no Appendix D).
- f) Adjust capital funding for items 2 (c) to 2 (e) as appropriate.

3. Background

- 3.1 At its meeting on 6 November 2014, Council gave initial consideration to the budget prospects for the General Fund for 2015/16 and future years in the Mid-Year Financial Review (MFR) 2014.
- 3.2 The overall Budget Strategy Report (BSR) to Strategy & Resources Scrutiny Committee on 19 January 2015 will include a review of all the factors relating to the overall financial strategy that were included in the MFR.
- 3.3 The report to The Executive on 22 January 2015 may include details of the Government's Final Settlement for 2015/16. The announcement is likely to be made shortly after the conclusion of the consultation period, which ends in January 2015.
- 3.4 Further work may be required on detailed budgets so delegation to the Head of Finance will be sought from Council for authority to finalise changes relating for example to the reallocation of departmental administration, support service and central costs, in accordance with the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP).

Budget 2015/16 - Overall Revenue Budget Position

- 3.5 The budget proposals for this portfolio, as summarised in table 1, will be considered by the Executive at its meeting on 22 January 2015.

Table 1: Overall Revenue Proposals (see Appendix B)

| Savings and Bids | 2014/15 Budget £ | 2015/16 Budget £ | 2016/17 Forecast £ |
|-------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Savings: | | | |
| Increased Income | - | - | - |
| Programme Office | - | 199,800 | (191,090) |
| Savings | - | (110,800) | (110,800) |
| Total | - | 89,000 | (301,890) |
| Bids: | | | |
| Unavoidable Revenue Pressures | - | - | - |
| Reduced Income | - | - | - |
| Total | - | - | - |
| Net (savings)/bids | - | 89,000 | (301,890) |

| | | | |
|----------------------|---|---|---|
| External Bids | - | - | - |
|----------------------|---|---|---|

| | | | |
|--|---|---------------|---------------|
| Priority Policy Fund (PPF) Bids | - | 31,000 | 31,000 |
|--|---|---------------|---------------|

Capital

- 3.6 The 2014 Mid-Year Financial Review proposed a review of the capital plan to address its size and complexity. A number of concerns were identified, including:
- Capacity to deliver projects to time, cost and quality;
 - Dependency on revenue funding; and
 - Inclusion of items, such as unallocated funds, projects at an early stage of development, and items more properly treated as small enhancements or maintenance spend.
- 3.7 Phase 1 of the review examined the current plan in order to release internal funding (e.g. DRF, R&R, capital receipts, etc), by identifying projects that are not yet ready for delivery, are no longer required, or are not true capital projects. This will make the plan more deliverable.
- 3.8 The funding identified will be released into General Fund reserves where it will be available for use on current priorities.
- 3.9 The review has also piloted a method of prioritising capital spending. Table 2 summarises, and Appendix C sets out in detail, any schemes for this portfolio that are recommended for closure, deletion or require further development, and the funding released as a result.

- 3.10 The Council now maintains two lists of projects which may become capital proposals in due course. The hold list contains projects that have been approved in principle but are awaiting funding. A new list, the projects under development list, has been set up following Phase 1 of the capital plan review. It lists projects which are subject to feasibility studies and outline project planning, including timescales, milestones and indicative costings. When ready, these projects will be proposed for funding and approval in line with revised capital processes and procedures.

Table 2: Overall Capital Proposals (see Appendix C)

| | 2014/15 £ | 2015/16 £ | 2016/17 £ | 2017/18 £ | 2018/19 £ |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Capital Deletions | (700,000) | - | - | - | - |
| Capital Bids | - | - | - | - | - |
| Net Capital Bids | (700,000) | - | - | - | - |

Public Consultation

- 3.11 The 2014 Budget Consultation was undertaken by MEL Research Ltd on behalf of Cambridge City Council in September 2014 and published in November 2014. The main method of collecting information was through an interactive online programme "YouChoose".
- 3.12 Details of the results of the survey will be published on the Council's website.

4. 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 staffing, equal opportunities, environmental 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 2015/16.

(b) Staffing Implications

See text above.

(c) Equality and Poverty Implications

A consolidated Equality Impact Assessment for the Council's Budget Setting Report will be submitted to the Executive at its meeting on 22 January 2015. Individual Equality Impact Assessments have been conducted to support this, and will be available on the Council's website.

(d) **Procurement Implications**

Any procurement implications will be outlined in the Budget Setting Report 2015/16.

(e) **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.

(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:

<https://www.cambridge.gov.uk/current-consultations>

(g) **Community Safety Implications**

Any community safety implications will be outlined in the Budget Setting Report 2015/16.

5. Background papers

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

- Budget Setting Report 2015/16
- Mid-Year Financial Review (MFR) 2014
- Individual Equality Impact Assessments

6. Appendices

The following items, where applicable, are included for discussion:

| Appendix | Proposal Type | Included |
|-----------------|---|-----------------|
| A | Scale of Fees & Charges | |
| B | Revenue Budget Proposals for this portfolio | ✓ |
| C | Capital Budget Proposals for this portfolio | ✓ |
| D | Project Appraisal | |

7. Inspection of papers

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

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Authors' Phone Number: 01223 - 458143
Authors' Email: John.harvey@cambridge.gov.uk

2015/16 Budget - General Fund

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| Reference | Item Description | 2014/15 Budget £ | 2015/16 Budget £ | 2016/17 Budget £ | 2017/18 Budget £ | 2018/19 Budget £ | Contact | Climate Effect Rating |
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Programme

Strategy & Transformation

| | | | | | | | | |
|-----------------|--|---|----------|----------|----------|----------|-----------------|-----|
| PROG3558 | Savings resulting from the introduction of a self-service telephony and electronic enquiry services | 0 | (50,000) | (50,000) | (50,000) | (50,000) | Clarissa Norman | Nil |
|-----------------|--|---|----------|----------|----------|----------|-----------------|-----|

A self-service telephony and electronic enquiry services solution will provide Cambridge City Council customers with the choice to access Council services without the need to go through the Customer Service Centre and speaking to an advisor. The proposal will release skilled advisors from simple, repetitive calls leading to cashable savings, improved productivity and processing times and increase capacity to deal with the more complex urgent enquiries.

| | | | | | | | | |
|-----------------|--|---|----------|----------|----------|----------|-----------------|-----|
| PROG3561 | Savings resulting from the introduction of a self-service voice activated switchboard | 0 | (15,000) | (15,000) | (15,000) | (15,000) | Clarissa Norman | Nil |
|-----------------|--|---|----------|----------|----------|----------|-----------------|-----|

A self-service switchboard solution will provide Cambridge City Council customers with the choice to access Council services without the need to go through the switchboard. This will be quicker and more seamless than the current system. The proposal will also release capacity and staff savings in the contact centre and improve call duration times.

| | | | | | | | | |
|-----------------|---|---|--------|---|---|---|---------------|-----|
| PROG3616 | Sustainable Tourism Model- Destination Management Organisation | 0 | 40,000 | 0 | 0 | 0 | Emma Thornton | Nil |
|-----------------|---|---|--------|---|---|---|---------------|-----|

This proposal is for the estimated set up costs associated with setting up a Destination Management Organisation (DMO) for the future delivery of tourism for Cambridge and the surrounding area. It includes IT (£20K), Property issues (£5K), Corporate ID and branding (£5K), possible VAT issues (£5k) and legal costs (£5k). [Linked to PROG3617]

| | | | | | | | | |
|-----------------|---|---|--------|---------|----------|----------|---------------|-----|
| PROG3617 | Sustainable Tourism Model- Destination Management Organisation | 0 | 49,800 | (5,090) | (17,390) | (17,390) | Emma Thornton | Nil |
|-----------------|---|---|--------|---------|----------|----------|---------------|-----|

This proposal supports the development of a Destination Management Organisation (DMO), which is a business led partnership model for the future delivery of tourism for Cambridge and the surrounding area. This move provides the opportunity to increase investment in tourism, safeguarding the visitor economy as a key economic driver for the city and the surrounding area and to reduce the cost to the City Council. The target launch for the DMO would be January 2016. This proposal excludes the savings which will be delivered as a result of the DMO project, through the Support Services Review so the overall saving from the DMO will be significantly higher. [Linked to PROG3616]

| | | | | | | | | |
|-----------------|---|---|---------|--------|--------|----------|-------------|-----|
| PROG3681 | Transfer of arts and recreation provision to a charitable trust (Cambridge Live) | 0 | 112,000 | 48,000 | 55,000 | (15,000) | Debbie Kaye | Nil |
|-----------------|---|---|---------|--------|--------|----------|-------------|-----|

2015/16 Budget - General Fund

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Programme

Net revenue cost / (saving) arising from the creation of the Arts Trust (Cambridge Live). The creation of the trust model will allow the council to review over £625,000 of central costs in the Support Services Review as part of the business transformation programme and will also maintain this cultural offer in the city. Substantial central cost savings will arise as a result although direct service delivery savings of some £50,000 per annum are anticipated from Year 5. [Linked to URP3682].

| | | | | | | | | |
|-----------------|--------------------------------|---|-----------|-----------|-----------|-----------|----------|-----|
| PROG3686 | Support Services Review | 0 | (103,000) | (368,000) | (526,000) | (600,000) | Ray Ward | Nil |
|-----------------|--------------------------------|---|-----------|-----------|-----------|-----------|----------|-----|

As the Council moves to other ways of delivering services and our own support service needs reduce, the Council needs to review its support service functions and reduce our costs relating to property, people, technology and other supplies and services. We are undertaking a phased approach to this project as we are at the early stages of developing and implementing alternative service delivery models.

Phase 1 of this project will focus on reducing costs from ICT and transactional finance activity; Phase 2 will focus on removing costs from business support activity and other support functions and Phase 3 will review all remaining areas particularly those required to initially support the Transformation Programme. [Linked to PROG3661, PROG3662, PROG3746]

| | | | | | | | | |
|-----------------|---------------------------|---|----------|-----------|-----------|-----------|----------|-----|
| PROG3687 | ICT Shared Service | 0 | (75,000) | (113,000) | (150,000) | (188,000) | Ray Ward | Nil |
|-----------------|---------------------------|---|----------|-----------|-----------|-----------|----------|-----|

The shared ICT service with South Cambridgeshire District Council and Huntingdonshire District Council will produce savings by reviewing management arrangements; delivering a package of IT standardisation and reducing external expenditure. This proposal represents the General Fund element of the total saving. [Linked to PROG3709 - HRA element of saving.]

| | | | | | | | | |
|-----------------|-----------------------------|---|----------|----------|----------|----------|----------|-----|
| PROG3688 | Legal Shared Service | 0 | (23,000) | (23,000) | (23,000) | (23,000) | Ray Ward | Nil |
|-----------------|-----------------------------|---|----------|----------|----------|----------|----------|-----|

The shared Legal service with South Cambridgeshire District Council and Huntingdonshire District Council will produce savings through a number of measures including reviewing the current legal personnel structure, ensuring that we assign activity more efficiently; reviewing our use of external legal advice in light of the expertise and capacity that exists across the shared service and reviewing the current legal support administrative arrangements, bringing together the systems and processes of all three councils into one consistent approach. This proposal represents the General Fund element of the total saving. [Linked to PROG3710 - HRA element of saving.]

| | | | | | | | | |
|-----------------|--|---|---------|---------|---------|---------|----------|---|
| PROG3746 | Programme Office and Central Support Services | 0 | 314,000 | 435,000 | 383,000 | 100,000 | Ray Ward | ? |
|-----------------|--|---|---------|---------|---------|---------|----------|---|

Programme Office and Central Support Services costs arising as a result of the transformation programme. These are the costs of delivering the projects that have been identified within the Business Transformation Programme. This is made up of delivery cost (such as the additional costs of financial, HR, legal and business analysis support) and the costs of change within specific projects such as the Support Services Review. [Linked to PROG 3661, PROG3662, PROG 3686]

| | | | | | | | | |
|-----------------|------------------------------------|---|---|----------|----------|----------|------------|-----|
| PROG3747 | Shared Planning Service [1] | 0 | 0 | (50,000) | (50,000) | (50,000) | Patsy Dell | Nil |
|-----------------|------------------------------------|---|---|----------|----------|----------|------------|-----|

Development of a shared Planning Service with South Cambridgeshire District Council and Huntingdonshire DC will enable efficiency and effectiveness in service delivery and savings in management and service delivery to be realised

2015/16 Budget - General Fund

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Programme

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|----------|---|---|----------|----------|----------|----------|------------|-----|
| PROG3748 | Shared Planning and Building Control (2) New Model for Building Control | 0 | (50,000) | (50,000) | (50,000) | (50,000) | Patsy Dell | Nil |
|----------|---|---|----------|----------|----------|----------|------------|-----|

The Building Control Service will be part of the shared service transformation programme. Savings have been identified in 2015/16 ahead of full development of the new model of service delivery. These savings are exclusive of corporate overheads and repair and renewal fund savings being addressed elsewhere in the budget process. Further savings are anticipated once the new model of service delivery has been implemented but these require further work and approval of the new model before they can be confirmed.

Total Programme in Strategy & Transformation

| | | | | |
|---|---------|-----------|-----------|-----------|
| 0 | 199,800 | (191,090) | (443,390) | (908,390) |
|---|---------|-----------|-----------|-----------|

Total Programme

| | | | | |
|---|---------|-----------|-----------|-----------|
| 0 | 199,800 | (191,090) | (443,390) | (908,390) |
|---|---------|-----------|-----------|-----------|

2015/16 Budget - General Fund

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Savings

Strategy & Transformation

| | | | | | | | | |
|--------------|--|---|----------|----------|----------|----------|----------------|-----|
| S3528 | End financial contribution to Cambridgeshire Constabulary | 0 | (51,000) | (51,000) | (51,000) | (51,000) | Lynda Kilkelly | Nil |
|--------------|--|---|----------|----------|----------|----------|----------------|-----|

Cambridgeshire Constabulary asked districts across the county in 2005 for a funding contribution towards the cost of Police Community Support Officers. Other districts ceased these payments several years ago. There is no longer any specific benefit linked to this funding and the Constabulary have made recent changes to PCSO numbers without reference to district councils. After discussions with both Cambridge police and the Commissioner's office, it is proposed to make this saving and reinvest the majority in continuing Neighbourhood Resolution Panels and new initiatives to tackle domestic violence, including working to obtain 'White Ribbon' status for the Council as part of the Council's community safety ongoing commitments of over £300,000 each year.

| | | | | | | | | |
|--------------|---|---|----------|----------|----------|----------|----------------|-----|
| S3529 | Reduction in Safer City Revenue Grants | 0 | (20,800) | (20,800) | (20,800) | (20,800) | Lynda Kilkelly | Nil |
|--------------|---|---|----------|----------|----------|----------|----------------|-----|

This saving assumes that the one-off reduction in Safer City revenue grants, included as part of the 2014/15 budget process, is continued on an ongoing basis, and reflects the reduced level of take up that has been experienced during 2014/15 to date.

| | | | | | | | | |
|--------------|--|---|----------|----------|----------|----------|-------------|-----|
| S3547 | Chief Executive's Department administrative savings | 0 | (20,000) | (20,000) | (20,000) | (20,000) | Andrew Limb | Nil |
|--------------|--|---|----------|----------|----------|----------|-------------|-----|

Combination of a number of small administrative items from the Chief Executive's Department, including the Corporate Strategy and Corporate Policy cost centres, deliverable due to efficiencies in the service, salary budget adjustments and reduction in contingency provision.

| | | | | | | | | |
|--------------|--|---|----------|----------|----------|----------|------------|-----|
| S3551 | Members' Allowances - saving arising from inflationary uplift in budget while allowance scheme frozen | 0 | (14,000) | (14,000) | (14,000) | (14,000) | Gary Cliff | Nil |
|--------------|--|---|----------|----------|----------|----------|------------|-----|

This saving is possible as Councillors have not taken an increase in their allowances over a period of years in which the budget has increased with inflation.

| | | | | | | | | |
|--------------|---|---|---------|---------|---------|---------|-----------------|-----|
| S3559 | Removing 5k from the Customer Service Centre training budget | 0 | (5,000) | (5,000) | (5,000) | (5,000) | Clarissa Norman | Nil |
|--------------|---|---|---------|---------|---------|---------|-----------------|-----|

Cambridge City Council will no longer be members of the Customer Contact Association (CCA) in 2015. We will therefore not be attending the annual conference and other seminars and courses provided by the association throughout the year. £5k can therefore be removed from the budget.

| | | | | | | | | |
|---|----------|------------------|------------------|------------------|------------------|--|--|--|
| Total Savings in Strategy & Transformation | 0 | (110,800) | (110,800) | (110,800) | (110,800) | | | |
|---|----------|------------------|------------------|------------------|------------------|--|--|--|

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|-----------|------------------|------------------------|------------------------|------------------------|------------------------|------------------------|---------|-----------------------------|

Savings

| | | | | | | | | |
|---------------|--|---|-----------|-----------|-----------|-------------|--|--|
| Total Savings | | 0 | (110,800) | (110,800) | (110,800) | (110,800) | | |
| Report Total | | 0 | 89,000 | (301,890) | (554,190) | (1,019,190) | | |

2015/16 Budget - General Fund

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| Reference | Item Description | 2014/15 Budget £ | 2015/16 Budget £ | 2016/17 Budget £ | 2017/18 Budget £ | 2018/19 Budget £ | Contact | Climate Effect Rating |
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Capital Bids

Strategy & Transformation

| | | | | | | | | |
|-------|---|-----------|---|---|---|---|-----|-----|
| C3703 | Keep Cambridge Moving Fund Contribution [Delete from Plan] [Earmarked Reserves] | (700,000) | 0 | 0 | 0 | 0 | n/a | Nil |
|-------|---|-----------|---|---|---|---|-----|-----|

The funds for transport schemes related to A14 mitigation are unlikely to be required until 2020; earmarking the funds so far in advance is not an appropriate use of resources. However the Council is committed to the funding of a £1.5m scheme when planning approvals are considered and a full and detailed options appraisal is complete.

Total Capital Bids in Strategy & Transformation

| | | | | |
|-----------|---|---|---|---|
| (700,000) | 0 | 0 | 0 | 0 |
|-----------|---|---|---|---|

Total Capital Bids

| | | | | |
|-----------|---|---|---|---|
| (700,000) | 0 | 0 | 0 | 0 |
|-----------|---|---|---|---|

Report Total

| | | | | |
|-----------|---|---|---|---|
| (700,000) | 0 | 0 | 0 | 0 |
|-----------|---|---|---|---|