

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Scrutiny and Overview Committee

18th August 2005

AUTHOR/S: Chief Executive

DEVELOPING THE RESPONSE TO COUNCIL TAX CAPPING

Purpose

1. To seek Members' views on possible service cutbacks, efficiency savings and income generation opportunities, so that the Committee – in its overview role - can provide advice to the Cabinet on the way forward. This advice can then be taken into account by both the Cabinet and full Council in future discussions on responding to council tax capping and setting a revised budget for 2005/06.
2. This covering report sets out the significant challenge of council tax capping and the implications for services in general. Appendix A outlines areas of underspend in the 2004/05 budget, providing some indication of where there may be some over-provision in current 2005/06 budget, which may be available to offset the need for some cutbacks in Council services: this information was previously reported to the Cabinet on 14 July 2005.
3. There are two other appendices, not available to the public, which are about reviews of particular services and delivery arrangements and options for possible savings. Whilst it is important that this Committee has the opportunity to brain-storm ideas and ask challenging questions, this has to be balanced with the need to minimise the worry and uncertainty for service users and staff. The Committee is asked to consider a presentation by the Chief Executive (see paragraph 10) and Appendices B and C in closed session in accordance with the provisions of Section 100(A)(4) of the Local Government Act 1972 (exempt information as defined in paragraphs 1, 9 and 11 of Part 1 of Schedule 12A of the Act).

Effect on Corporate Objectives

4. The 2005 Performance Plan sets out improvement plans, milestones and targets for 2005/06 onwards in order to: achieve the Council's corporate objectives, priorities and strategies, Community Strategy aims and national & local performance targets; and to address major issues facing South Cambridgeshire. It is available on the Council's website: <http://www.scambs.gov.uk/CouncilandDemocracy/CouncilPerformance/BVPP.htm>. In line with official requirements, the Performance Plan (BVPP) had to be produced by the end of June 2005 – before the capping decision was confirmed. As the BVPP makes clear, our plans for services, improvements and performance targets will now have to be scaled back considerably in the light of capping.
5. Capping will have severe implications for the range of services provided by this Council, including statutory ones. It is likely to have an adverse impact on the support given to voluntary organisations and community groups serving South Cambridgeshire. It will also affect joint initiatives with other partner organisations, including the Local Strategic Partnership, the Community Safety Partnership and Cambridgeshire Horizons.

Background

6. **Capping Order:** The Parliamentary Order on 20 July 2005, capping SCDC's council tax in the current year from £140 to £92.93 for a 'band d' property, requires the Council to reduce spending by £2.6 million in 2005/06 onwards. This represents an 18.5% cut on the original 2005/06 budget and a 13% cut on the 2004/05 budget.
7. **SCDC's Medium-Term Financial Strategy:** On 28 July, the Council decided to cut spending in 2005/06 by as much as possible as soon as possible, recognising that the full £2.6 million cannot be expected within the remaining 8 months of the financial year. The residual savings requirement from 2005/06 will be spread out over the next four years, as well as realising the full annual saving from 2006/07 onwards. The Council's revised medium-term financial strategy projects annual council tax rises of 5.5%, allowable under the Government's current capping criteria.
8. **Prioritisation Exercise:** Ahead of the final capping announcement, the Cabinet and Corporate Management Team has held a number of informal workshop sessions since April in order to anticipate the possible implications of capping and to initiate a service prioritisation exercise. This has helped to group services into four priority categories, based on Members' rating of each service's importance to the public, plus its relevance to local and national priorities and statutory requirements.
9. **Next Steps:** Based on this prioritisation exercise, Management Team has developed a Savings Model for achieving the £2.6 million annual savings – with varying budget reductions proposed for each Priority category (ie, least cuts for the highest priority services) and plans for reducing central overhead costs. This will be reported for consideration by Cabinet on 8 September and full Council on 28 September. Once the Council has agreed a general Savings Model, the plan is for Portfolio-holders to be able to report proposals for specific budget savings to the next available Cabinet and Council meetings (ie, 13 October and 27 October respectively).

Considerations

10. While the proposals are still 'in the melting pot', the Committee is keen to take the opportunity - before the Cabinet's September meeting - to contribute positively to this process. The Chief Executive will make a presentation to the Committee in order to outline the Prioritisation exercise and the latest version model of the Savings Model, and to seek comments from Members.
11. **Service reviews:** The Committee Chairman has requested information to enable the Committee to review the following services (as set out in Appendix B).

Service	See page
Arts Development Grants	23
Building Control	24
Conservation	25
Grants to Voluntary Groups	27
Grounds Maintenance	29
Member Allowances	30
Milton Country Park	31
Police Community Support Officers	32

Service	See page
Planning Policy	33
Public Relations, Library and Information (incl. South Cambs Magazine)	35
Refuse and Recycling Collection	40
Sports Development	42
Street Cleansing	44
Tourism	45
Warden Service for Sheltered Housing	46

12. The service reviews are based on a standard format covering these issues:
- Legal status of the service (ie, is it a statutory or non-statutory service?)
 - Brief description of the service
 - Service costs
 - Could the service be provided with reduced staff or by another body?
 - Performance indicator information.
13. It is important to emphasise that the service reviews are aimed at helping the Committee to widen its understanding of these services and develop its understanding of the complexities of reducing Council spending. The Committee will provide advice to the Cabinet. No decisions have yet been made or will be made at the 18 August meeting. **All** services, not just those covered by the service reviews, will be expected to tighten their belts.
14. Committee Members have also asked for an update on the following issues, which can be found in Appendix C.

Issue	See page
Cambridge Office	47
e-Government and the Contact Centre.	48

Financial Implications

15. The savings exercise required in response to capping is set alongside the Gershon requirements for 2.5% efficiency savings. This raises a number of difficulties.
- The need for £300,000 'cashable' efficiency savings per year was already factored into the Council's original Medium-Term Financial Strategy, so the £2.6 million capping savings need to be found on top of this.
 - To realise efficiency savings that count towards the annual target, we need to demonstrate to the auditor that service performance is not adversely affected over the next three years. However, in the context of capping and enforced service cutbacks, it is inevitable that service performance will drop in many areas. Officers have already entered into discussions with the external auditor about whether there is a way to show underlying efficiency improvements in spite of planned service reductions. This is important in the context of Comprehensive Performance Assessment (CPA).

16. In spite of these difficulties, we need to be open to ways of providing services more efficiently (possibly in partnership with others) which could help us to get a better deal and reduce service cuts.

Legal Implications

17. Service cutbacks present a serious challenge to the Council's ability to operate within legal requirements. As well as providing statutory services for the public, the Council is obliged to demonstrate how it is performing and improving other services, including those that are discretionary. The Audit Commission has published new guidance for county and unitary authorities under the title "CPA – the harder test". (The draft for district councils is due next month). It seems that the next generation of Comprehensive Performance Assessments is set to focus more fully on:
 - a. community leadership, achievement of local priorities and value for money (linked to progress in meeting Gershon efficiencies);
 - b. service assessments, including sustainable communities, safer and stronger communities, and healthier communities;
 - c. corporate assessment, covering ambition for the community, prioritisation, capacity, performance management and achievement. This will be underpinned by a new annual 'Use of Resources' Assessment (which the Council needs to complete by the end of September), inspections (with more focus on performance indicators), progress in implementing planned improvements; and external audit approval of performance indicators and the Performance Plan.
18. If the Council cannot or chooses not to comply with these official requirements and expectations, there is an increasing risk of being labelled as a 'weak/poor' or 'inefficient' council. This in itself would incur greater Audit Commission inspection and Government intervention, could damage the Council's reputation amongst local residents and make it harder to recruit/retain high calibre staff.

Staffing Implications

19. As Members are already aware, the realisation of savings resulting from the capping Order will require considerable staff redundancies from services financed by the General Fund. As it is, the Council's workforce is already significantly lower than many comparable district councils serving a similar size of population. Morale amongst our hard-working and committed staff is low, and we need to guard against speculation and uncertainty that will make matters worse. We also face the risks of increasing turnover and staff shortages.
20. Management Team continues to provide staff with regular updates. One of the concerns raised during a recent briefing session was that existing work pressures could intensify excessively on those staff still employed by the Council following the capping cuts. This is a useful reminder of the magnitude of the changes that the Council needs to make in the coming months. All services will be reduced: parts of some services may have to cease entirely so that other priority services can continue with fewer cutbacks. Whilst there are a number of measures already being taken to improve staff productivity, it is vital that the demands made of our staff continue to be reasonable in future.

Risk Management Implications

21. Now that council tax capping has become a reality, this has considerable implications for other risks identified in our Corporate Risk Register (see the report to Cabinet on 12 May 2005). The potential knock-on effects for CPA, Gershon and staff recruitment and retention have been mentioned, but there are also others for SCDC's approach to Planning for Growth and Traveller Issues, for example.
- a. In response to this, we are already in discussions with partner organisations (eg, Cambridgeshire Horizons) about how they can help to support the Council's work.
 - b. We are also focusing on priority workloads. For example, the Council has recently launched new web pages on Traveller Issues so that staff can spend less time answering frequently asked questions (which can be very time-consuming) and focus resources on developing a fair and realistic way forward.

Consultations

22. The Committee's comments are welcomed alongside the discussions that Management Team has already undertaken with the Cabinet and the on-going involvement of managers and staff. The Chief Executive and Director of Finance and Resources previously briefed this Committee on the capping situation last May.

Recommendations

23. Members' views would be welcome on:
- a. the Chief Executive's presentation about the prioritisation exercise, latest version of the Savings Model and the next steps;
 - b. the Service Reviews set out in Appendix B;
 - c. the Updates requested by Members in Appendix C;
 - d. any other suggestions for responding to council tax capping that the Committee would want to be brought to the attention of the Cabinet on 8 September.

Background Papers

The following background papers were used in the preparation of this report:

- 2005 Performance Plan, SCDC, June 2005
- Annual Efficiency Statement, SCDC, April 2005 and June 2005
- "CPA – The Harder Test", Audit Commission, June 2005.

Contact Officer: Tim Wetherfield, Head of Policy and Communication
e-mail: tim.wetherfield@scams.gov.uk
Telephone: (01954) 713200