

County Councillor's Report to Parish Councils. May 2011

1.	We have to make savings of £160.6 million over the next 5 years. For 2011-12 this is £50.4 million.
2.	Making savings, in my experience, involves 3 stages: first we cut anything which is inefficiently done; second we cut staff and finally we cut services themselves. We are now firmly in the third phase.
3.	Councils must be run as businesses and take the same attitude to cost-cutting as businesses. So it is entirely appropriate that we should have a leader-elect who has run a business. He takes over on 17 th . May
4.	The need for cuts in services follows directly from cuts in our grant from Central Government. In turn, the Westminster Government took this action in order to reduce its borrowing and hence the interest and repayments it would have to make. All interest payments have to be made out of taxes we pay and whilst interest payments are about 10% of tax revenue that is manageable. Now they are closer to 20% and we are spending more on interest payments than educating our children. The last Government borrowed heavily and taxed heavily to support a spending programme which was not affordable. Yet this leaves off the costs of building schools, hospitals and other social projects met through the Private Finance Initiative (PFI). Under PFI private money came in to pay for the buildings and so on but it has to be paid back like a mortgage over 25 years. This is an extra drain on the Government's tax revenue which hasn't been given the same attention as the 1997-2010 borrowing bill.
5.	We have frozen the Council Tax at 2010 levels. The Government gave us extra grant to offset any planned rise. The tax is also frozen for 2011-12 but we still face inflation of 2.5% due to built-in payroll costs, energy consumption and the cost of road maintenance.
5a.	We are the 7 th . lowest Council taxed area in England. The highest Shire County is Nottinghamshire and the lowest, Somerset. We sit between North Yorkshire and Kent. Our Band D benchmark Council Tax is £1,047.78 a year. Nottinghamshire is about 30% more.
6.	Cambridgeshire is the fastest growing County in the UK. We also have a population of over-65s which is rising very quickly as people live longer. This is especially true for South Cambridgeshire which has the highest life-expectancy in the country (average 82 for men and 85 for women). Not all old people need the Council's Social Services, but many do, especially when they pass 90.
7.	The money going to schools has not been cut. In 2011-12 this will be £460 million and is 55% of our spending. We just managed to get the outgoing Government in a PFI contract to build and refurbish schools in Fenland before the door slammed shut. Schools in Huntingdonshire and East Cambridgeshire lost out.
7a.	I remain uneasy about schools becoming Academies though it is Conservative policy. A school choosing this route is freed from County Council control so that local Councillors are not wanted as Governors. There are attractive cash incentives leading to schools becoming academies at the rate of 4 a day. However, they must also take on full legal responsibilities for their staff, including the (huge) costs of any redundancies. In the Bourn Division, Comberton Village College has opted out but is still the hub of a network of feeder primary schools which are in local Council control. The changed relationship between the College and its primary schools is a work in progress and not proceeding quickly. There is some urgency because Comberton VC is the preferred operator of the new Cambourne Secondary School, according to a parents' survey and our relationship will have to be clarified if we are to work together smoothly.
8.	We get grants towards Capital spending on, for example, schools and roads of £54 million this year. But this is not enough and we must borrow £43.5 million

	<p>this year. The new Secondary School at Cambourne will almost certainly have to be financed this way. We still have to repay the borrowing and interest over the years to come though the size of the Council's debt will fall to around £275 million from a peak of £360 million in 2012-13.</p>
9.	<p>Where will the axe fall? There will be increases in spending on Waste Management and Debt repayment. All other services will be cut. The Youth Service will be cut by nearly a third and Children's services overall will fall by £5m (and by £44m over the next 5 years); Adult Social Services by £10.6m (£83 million over the next 5 years); Environment Services by £7m (£18.1m); and central administration by £1.1m (£8.4m). We have already made one Corporate Director redundant and another has taken early retirement. Redundancies do not show up as savings until 3 to 4 years later due to the cost of severance payments. But you can see the general direction.</p>
10.	<p>Cambridgeshire has been one of the first Counties to pool some of its services with another County Council. In our case, it's Northamptonshire. We will share the costs of Human Resources, IT, and Legal and Financial Services. There are significant economies of scale to be had here so there will be real savings rather than raw cutbacks although the amounts are quite large.</p>
11.	<p>We have won national awards for our financial management and prudent budgeting. We will continue to make the best use of taxpayers' money and take as little of it as possible.</p>
12.	<p>With a new Leader and Cabinet in place, expect to find a more hawkish approach to Council spending and getting value for money from all our contractors. Watch also the increasing cost of the Guided Bus route. I need to say this but when we agreed to this project, we as Councillors were promised that it would not involve "a penny of taxpayers' money". Now that means Cambridgeshire Council-tax payers because the scheme is Government funded with a massive grant plus extra cash coming from Section 106 money creamed off the Developers of Northstowe, for example. The total project was costed at £116 million and the builders signed up to that. Currently, the cost is over £161 million and the County will end up paying some of this and there will be some kind of judgement of costs in the High Court. We have already paid out over £4 million in legal fees so far. The builders are still working on the job and it's now over 2 years late with no sign of the 6 major defects being put right. Though we are deducting £14,000 a day for the delay no-one knows where the share of cost-overruns will fall. I remain both embarrassed and appalled by the conduct of this contract, the more so because nobody who lives in the Bourn Division will ever use the Guided Bus, unless they move to St. Ives. I do not, generally, have much sympathy for Stagecoach but they bought specially built buses to run on this track, genuinely believing the planned opening date. They are having to pay for these vehicles somehow and they are another victim to add to the list of losers over this fiasco.</p> <p>If the Busway Builders continue to fail us we have engaged Jacksons, the Civil Engineering Group to finish the job. They are the company which built the Caxton by-pass.</p>

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Cambridgeshire County Council
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